FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD

41st Annual Report

2016

ABN 68 087 651 429
AFSL 240898
Australian Credit Licence 240898

FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LIMITED
ABN 68 087 651 429

ANNUAL FINANCIAL REPORT
YEAR ENDED 30 JUNE 2016

Directors
G Bester- Chairman
L de Mann- Deputy Chairman
B Robertson
T Hall
A Roberts
R Allen
P Flavelle
P Pereira (Associate Director)

General Manager and Secretary

M R Enticott

Registered Office

408 Brunswick Street
Fitzroy, Victoria, 3065
(03) 8417 1777

Solicitors

Wisewould-Mahonys

Bankers

CUSCAL

Auditors

JTP Assurance

Contents **Page**

VISION AND MISSION STATEMENT

VISION

To be the preferred provider of financial services to our members .

MISSION

Firefighters and Affiliates Credit Co-Operative is committed to helping members achieve financial security by providing excellent savings, lending and other financial services.

VALUES

We see our Co-operative as being:

- For service to our members, not just for profit;
- Strong, safe and secure;
- Accessible and responsive to the needs of our members;
- A well managed and efficient organisation, providing competitive financial services in a socially responsible way;
- Democratic, with a Board of Directors elected by our Members;
- Ethical, friendly and caring in our approach to members; and
- Equitable and open in our dealings with Members and Staff.

We are autonomous within a strong, mutually supportive network of Credit Unions.

CHAIRMAN'S REPORT

Dear Fellow Members

On behalf of the Board of Directors, I hereby report on the progress of Firefighters & Affiliates Credit Co-Operative Ltd over the past year.

REVIEW OF OPERATIONS

The financial result was marginally above expectations due to tax adjustments, however the impacts of continued decline in demand for housing and personal loans, is of concern against the continued deposit growth together with the continued downwards pressure on interest rates, has also had an effect on profitability of the Credit Co-Operative. In the past the Credit Co-Operative has had the ability to offer interest rates above market to allow members unprecedented returns on their investments, whilst maintaining competitive lending interest rates. This is not sustainable in the current economic climate. Given these factors, the result is considered to be satisfactory despite the current difficult economic climate.

Our surplus for the year was $ 35,000 after tax (2015: $50,000). The decrease was due to tax effect on Future Income tax benefits of some $21,000. Deposits at the 30 June, 2016 were $50.7m (2015 $43.9m) an increase of 15.5 %. Loans outstanding amounted to $27.8m (2015 $26.5m) an increase of 4.9% over than last year, reflecting the state of the current economic climate, given the Credit Co-Operative is striving for increased market share with competitive rates and products suitable to the membership. Asset growth continued with a 14.7% increase for the year with on balance sheet assets now totalling in excess of $56.2m.

AVAILABILTY OF FUNDS

Liquidity has again increased over the past year and we are in a good position to meet loan demand and service our debts. However with this increased liquidity it places pressure on margins. As always, the ability to provide loans is somewhat restricted by the quantity and quality of loan applications submitted for approval and the receipt of deposit funds from members.

SECURITY DEPOSITS

Funds invested with Firefighters & Affiliates Credit Co-Operative Ltd remain well protected. This is assured because:

Directors adopt a conservative approach to loan approvals.

The Credit Co-Operative is a member of the Credit Union Financial Support Scheme (CUFSS).

It is our policy to maintain a liquidity level consistent or above of the requirements of our regulators.

INTEREST RATES

Interest rates continued to decrease in this Financial Year, and the strategies to maintain the financial health of the credit co-operative employed by the Board have been successful during this difficult period. It has involved careful monitoring and management of interest rate risk, which has resulted in the Board continually adjusting the Co-Operatives retail interest rates consistent with the market to ensure it remains relative during this difficult climate. The strategies put in place by the Board continue to ensure the Credit Co-Operative remains competitive.

SUMMARY

The continual increasing cost of regulatory compliance with all the required financial regulators is noted as continually placing an ever increasing burden on profitability and resources.

The Board is concentrating its resources for the year on careful management of balance sheet growth and a mix of assets that ensure a strong capital position is maintained, which includes maintaining a high standard of loan assessment and meeting all the regulatory compliance requirements. Included in this is decreasing interest rate market which requires the Board and management to ensure margins are maintained, resulting in the appropriate income being generated to cover operating costs.

Capital growth during the year is expected to continue however at a slower rate due to smaller profits being generated. I am also pleased to report to members that all Prudential Standards and requirements are being adhered to and that the Credit Co-Operative has sufficient allocated provisions for bad debts, in accordance with the prudential standards.

During the year David Whyte and Mike Enticott attended CFA Urban Championships in Mildura, and also the CFA Junior Championships in Tatura. As well as these attendances Michael Enticott, Allan Roberts and David Whyte continued attending graduations at the recruit courses for the MFB and CFA, where presentations were made.

The Credit Co-operative's Senior Loans Officer, Tsivia Golek, tendered her resignation in July after some 7 years, to pursue her career in lending. The Credit Co-Operative has appointed Mark Goodman to fulfil the position. Mark has extensive knowledge and experience in lending as well as being conversant with the UltraData lending system, which has aided his ability to adjust to our culture and assist members immediately with their lending enquiries.

Following the unexpected resignation of Lex de Man from the Board of Directors, the Board is glad to announce the Board appointment of Firefighter James Dullard from the CFA for a term of 3 years.

To my fellow Directors and Staff, who are committed to the Credit Co-Operative and work hard to ensure that your Co-Operative continues to prosper and provide excellent services to members, Thank you.

The Board appreciates the continued loyalty of its members and assures members that its primary objective remains at all times to serve their best interests.

Gary S Bester
Chairman

Directors' report

The Directors of Firefighters & Affiliates Credit Co-operative Limited submit herewith the annual financial report of the Co-operative for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

The names and particulars of the Directors of the Co-operative during or since the end of the financial year are:

G Bester,(Chairman), Director since January 2005
Former IMG Credit Union Director
Ex officio all committees.

L de Mann, (Deputy Chairman) AFSM, MBA Director since June 2015
Resigned : 02 August 2016

A Roberts, MAMI, Director since July 2006
Retired Firefighter, Metropolitan Fire and Emergency Services Board
Member: Australian Institute of Company Directors
CFA Volunteer 54 years
Chair: Finance Committee

B D Robertson, **AFSM,** Director since November 2002
Retired Firefighter, Vice President Fire Services Museum
Chair: Marketing Committee

R Allen, FNIA, Director since April 2007
Registered Tax Agent, Retired Public Accountant and Fellow of the National Institute of Accountants.
Member: Australian Institute of Company Directors
Chair Audit Committee

T Hall, Director since January 2005
Retired BOC employee and former Chairman of IMG Credit Union Ltd
Chair: Human Resources Committee

P Flavelle, Accountant (CPA), and Fellow of Governance Institute of Australia
Director since November 2009
Chair: Corporate Governance Committee
Current finance consultant and former Metropolitan Fire & Emergency Services Board, Executive Manager Financial Accounting of the Finance Division at Eastern Hill.

P Pereira, **B.Bus,** Associate Director since March 2013
Fire Services Communication Controller, Melbourne Fire and Emergency Services Board.

Each Director holds one (1) ordinary share in the Co-operative.

Principal Activity

The principal activity of the Co-operative is to raise funds from the Co-operative's members to enable it to provide best possible financial services to its members.

No significant change in the nature of the activity has occurred during the year.

Operating Results

During the year the Co-operative earned an operating surplus of $35,000 (2015: $50,000) after allowing for income tax expense/(revenue) of $21,000 (2015: ($8,000)).

Review of Operations

A review of operations and the results thereof are set out in the report by the Chairman and in the accounts.

Changes in the State of Affairs

There was no significant change in the state of affairs of the Co-operative during the year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years.

Future developments

Disclosures of information regarding likely developments in the operations of the Co-operative in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Co-operative. Accordingly, this information has not been disclosed in this report.

Environmental Regulation

The Directors are of the opinion that the Co-operative has complied with all relevant legislation. The Co-operative is not subject to any specific environmental licensing regulations.

Directors' Benefits

During or since the financial year no Director of the Co-operative has received or become entitled to receive, any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts or the fixed salary of a full-time employee of the Co-operative) by reason of a contract made by the Co-operative with any Director, or with a firm of which a Director has a substantial financial interest.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

	Directors Meetings (Total held: 12)	Committee Meetings attended
P Flavelle	10	4
A Roberts	11	7
R Allen	9	9
B Robertson	11	7
T Hall	9	5
G Bester	12	9
P Pereira	9	0
L de Mann	10	3

Indemnifying Officer or Auditor

Insurance premiums have been paid to insure each of the Directors and officers of the Co-operative, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Co-operative. In accordance with normal commercial practice disclosure of the premium amount and the nature of the insured liabilities, disclosure of the premium is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the Co-operative.

Proceedings on Behalf of Co-operative

No person has applied for leave of Court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

Non-audit Services

The board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2016:

	$
Taxation services	3,000
	3,000

Auditor's Independence Declaration

The auditor's independence declaration is included on page 9 of the annual report.

Rounding

The Co-operative is a Co-operative of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Director   Director
Dated Melbourne: /   /

JTP INDEPENDENCE DECLARATION

Statement of comprehensive income
for the financial YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Interest revenue	2	2,101	2,205
Interest expense	2	(768)	(895)
Net interest revenue	2	1,333	1,310
Other revenue	3	262	265
Total Operating Income		1,595	1,575
Employee Expenses	4	(606)	(583)
Administration	4	(800)	(781)
Depreciation and Amortisation	4	(131)	(146)
Bad and doubtful debts	4	(2)	(7)
Profit before income tax expense		56	58
Income tax (expense)/ revenue	5	(21)	(8)
Net Profit after Income tax expense		35	50
Other Comprehensive Income			
Gain arising on revaluation of land and buildings		321	-
Total Comprehensive Income		356	50

The accompanying notes should be read in conjunction with these financial statements

Statement of financial position as at 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Assets			
Cash and cash equivalents	6	709	1,220
Accrued receivables	7	123	92
Financial assets held to maturity	8	24,542	18,360
Loans and advances	9	27,877	26,582
Financial assets	10	135	135
Property, plant and equipment	11	2,707	2,392
Intangible assets	12	19	50
Other assets	13	92	131
Income Tax Receivable	5(c)	-	2
Deferred Tax Asset	5(d)	138	147
Total Assets		56,342	49,111
Liabilities			
Deposits	14	50,766	43,992
Income Tax payable	5(c)	-	-
Interest bearing liabilities	15	-	-
Trade and other payables	16	224	139
Deferred tax liability	5(d)	11	-
Provisions	17	135	130
Total Liabilities		51,136	44,261
Net Assets		5,206	4,850
Members' fund			
Reserves		2,377	2,056
Retained profits		2,829	2,794
Total Members' Funds		5,206	4,850

The accompanying notes should be read in conjunction with these financial statements

Statement of changes in equity for the financial YEAR ENDED 30 JUNE 2016

	Asset Revaluation Reserve $'000	**General Reserve $'000**	**Reserve for Credit Losses $'000**	**Retained Profits $'000**	**Total $'000**
Balance as at 1 July 2014	1,210	700	146	2,744	4,800
Net profit	-	-	-	50	50
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	50	50
Balance as at 30 June 2015	1,210	700	146	2,794	4,850
Net profit	-	-	-	35	35
Other comprehensive income	321	-	-	-	321
Total comprehensive income	321	-	-	35	356
Balance as at 30 June 2016	1,531	700	146	2,829	5,206

The accompanying notes should be read in conjunction with these financial statements

Statement of cash flows for the financial YEAR ENDED 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Interest received		2,101	2,205
Other non-interest income received		264	211
Interest paid		(769)	(895)
General expenses paid		(1,317)	(1,407)
Income tax paid		3	-
Net cash provided by operating activities	18(b)	282	114
Cash flows from investing activities			
Net (decreases)/increases in loans		(1,297)	2,808
Payments for property, plant and equipment and software		(113)	(68)
Proceeds from sales of property, plant and equipment		25	21
Net expenditure on investment securities		(5,682)	(2,050)
Net cash provided by/ (used in) investing activities		(7,067)	711
Cash flow from financing activities			
Repayment of borrowings		-	-
Net increase in members' deposits		6,774	(601)
Net cash provided by/ (used in) financing activities		6,774	(601)
Net (decrease)/increase in cash held		(11)	224
Add Opening Cash Brought Forward		320	96
Closing Cash Balance	18(a)	309	320

The accompanying notes should be read in conjunction with these financial statements

The financial statements cover Firefighters & Affiliates Credit Co-operative Limited as an individual entity, incorporated and domiciled in Australia. Firefighters & Affiliates Credit Co-operative Limited is a company limited by guarantee.

NOTE 1: Significant accounting policies

Basis of Preparation
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 19th October 2016 by the directors of the company.

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the credit co-operative will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1: Significant accounting policies (cont'd)

(b) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Bank overdrafts are shown within the interest bearing liabilities in the balance sheet.

(c) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets held to maturity

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the co-operative has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised costs using the effective interest rate method.

(d) Revenue

Loans Interest Revenue

Loan interest is calculated on the daily loan balance outstanding and is charged in arrears to the members loan account on the last day of each month.

Loan interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

When a loan is classified as non-accrual, the credit co-operative ceases to recognise interest and other income earned but not yet received.

Loan interest is not brought to account when the credit co-operative is informed that the member has deceased or generally if a loan has been transferred to a debt collection agency or a judgement has been obtained. No interest is charged on loans where repayments are in arrears and the prospects of a contribution from the member are minimal. However, accrued interest may be recovered as part of the recovery of the debt.

Investment Interest Revenue

Investment Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Fees & Commissions Revenue

Fees and commission are brought to account on an accrual basis once a right to receive consideration has been attained.

GST

All revenue is stated net of the amount of goods and services tax (GST).

Brokering Services
The Co-operative conducts a loan brokerage program for housing mortgage loans. The Co-operative receives various fee income for services provided. Fee income is recognised on an accrual basis in relation to the reporting period in which the costs of providing the services are incurred.

The Trustee of the program has funded the purchase of housing mortgage loans through the issue of securities. The securities issued by the Trust do not represent deposits or liabilities of the Co-operative. The Co-operative does not guarantee the capital value or performance of the securities, or the assets of the Trust. The Co-operative does not guarantee the payment of interest or the repayment of principal due on the securities. The co-operative is not obliged to support any losses incurred by investors in the Trust and does not intend to provide such support. The Co-operative has no right to repurchase any of the loans.

(e) Impairment – Loans & Advances
All loans are subject to continuous management review to assess whether there is any objective evidence that any loan or group of loans is impaired. Impairment loss is measured as the difference between the loan's carrying amount and the value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loan's original effective interest rate. Impairment losses are recognised in the statement of comprehensive income.

The amount provided for impairment of loans is determined by management and the board. The Prudential Standards issued by APRA enable the minimum provision to be based on specific percentages of the loan balance, contingent upon the length of time the repayments are in arrears, and the security held. This approach is adopted by the credit co-operative. In addition, the board makes a provision for loans in arrears where the collectability of the debts is considered doubtful by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

In addition, a general reserve for credit losses is maintained to cover risks inherent in the loan portfolios. Movements in the general reserve for credit losses are recognised as an appropriation of retained earnings.

Bad debts are written off when identified. If a provision for impairment has been recognised in relation to a loan, write offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write offs for bad debts are recognised as expenses in the Statement of comprehensive income.

(f) Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

<u>Property</u>
Freehold land and buildings are measured at their fair value, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction, less subsequent depreciation. It is the policy of the credit co-operative to have an independent valuation every three years, with annual appraisals being made by the Directors.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrement on the same asset previously recognised in the statement of comprehensive income. A revaluation decrement is recognised in the statement of comprehensive income unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve. An annual transfer is made from the asset revaluation reserve to retained earnings for the depreciation charge recognised in the statement of comprehensive income relating to the revaluation surplus. On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings.

Plant and Equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. Any decrement in the carrying amount is recognised as an impairment expense in the net profit or loss in the reporting period in which the impairment loss occurs. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets but excluding freehold land, is depreciated over their useful lives to the credit co-operative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

Property, plant and equipment is depreciated on a diminishing and straight-line basis. A summary of the rates used is:

Buildings	2.5%
Computer Hardware	27.0%
Leasehold improvements	2.5%
Motor Vehicles	25.0%
Office Furniture and Equipment	15.0%

Assets under $1000 are not capitalised.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Intangible Assets

Software Licences
Costs relating to software licences have been classified as intangible assets and are amortised over the estimated useful life of the software.

(h) Deposits
Members' deposits are brought to account at cost. Interest on deposits is brought to account on an accrual basis. Interest accrued at balance date is shown as a part of members' deposits.

(i) Payables due to other financial institutions
Payables due to other financial institutions are primarily settlement account balances due to other financial institutions. They are brought to account at the gross value of the outstanding balance. Interest is brought to account in the Statement of financial position when incurred.

(j) Interest-Bearing Liabilities

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

(k) Employee Benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made.

Superannuation Contributions – Accumulation Fund

Contributions are made by the Co-operative to employee superannuation funds and are charged as expenses when incurred.

(l) Provisions

Provisions are recognised when the Co-operative has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation in the current year.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(o) Rounding of Amounts

The Co-operative has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars ($'000) unless otherwise stated.

(p) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Co-operative.

Key estimates — Impairment

The Co-operative assesses impairment at each reporting date by evaluating conditions specific to the Co-operative that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(q) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the credit co-operative. The credit co-operative has decided not to early adopt any of the new and amended pronouncements. The credit co-operative's assessment of the new and amended pronouncements that are relevant to the credit co-operative but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the credit co-operative on initial application of include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for unexpected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of this Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the credit co-operative's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

2. INTEREST REVENUE AND INTEREST EXPENSE

The following tables show the balance at 30 June 2016 for each of the major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Most averages are month end averages.

	Balance $'000	Interest $'000	Weighted Average Rate %
Interest revenue 2016			
Investment securities	25,250	652	2.61%
Loans and advances	27,877	1,449	5.31%
	53,127	2,101	5.34%
Interest expense 2016			
Customer deposits	50,732	768	1.66%
Net interest income	2,395	1,333	3.68%
Interest revenue 2015			
Investment securities	18,360	555	2.95%
Loans and advances	26,582	1,650	5.36%
	44,942	2,205	5.41%
Interest expense 2015			
Customer deposits	43,992	895	1.92%
Net interest income	950	1,310	3.49%

3. REVENUE

	2016 $'000	2015 $'000
Interest revenue	2,101	2,205
Non Interest Income		
Fee income	194	142
Insurance commission	13	15
Other commission	28	58
Bad debts recovered	-	-
Other income	27	50
Total Non interest revenue	262	265
Total Revenue	2,363	2,470

4. PROFIT BEFORE TAX

Profit from before income tax has been determined after:

Expenses:

	2016 $'000	2015 $'000
Interest expenses	768	895
Non interest expenses		
(i) Bad and doubtful debts		
Movement in bad and doubtful debt provision	-	1
Bad debts written off	2	6
	2	7
(ii) Depreciation of property, plant and equipment		
- Plant and equipment	71	65
- Buildings	22	23
	93	88
Amortisation of software cost	38	58
General Administration		
- Personnel costs	594	554
- Other	800	778
Other provisions		
- Provision for employee entitlements	(66)	(67)
Superannuation contributions		
- Defined contribution fund	78	99
Total Non interest expenses	1,539	1,517

5. INCOME TAX	**2016 $'000**	**2015 $'000**
(a) The Prima facie tax on profit before income tax is reconciled to the income tax provided in the financial report as follows;		
Prima facie tax (expense) on operating profit @ 30%	(17)	(17)
Add Tax effect of:		
Others	(26)	(25)
Under provision of Income Tax in the prior year	-	5
Less Tax effect of:		
Redeemable fully franked dividends	9	9
Recoupment of prior year tax losses	13	20
Income tax expense attributable to profit from operations	(21)	(8)
(b) The components of tax expense comprise:		
Current tax expense/(income)	13	20
Deferred tax expenses/(income) relating to the origination and reversal of temporary difference	21	13
Adjustments recognised in the current year in relation to the current tax of prior year	-	(5)
Recoupment of prior year tax losses	(13)	(20)
	21	8
(c) Current tax assets and liabilities		
Tax receivables/(payables)	-	2
(d) Deferred tax balances		
Deferred tax balances comprise:		
- Deferred tax assets	138	147
- Deferred tax liabilities	(11)	-
	127	147
Net deferred tax balances comprise:		
- Tax Losses carried forward	89	49
- Temporary differences	38	98
	127	147

The Directors estimate of the carried forward tax losses for the year ended 30 June 2016 is $125.797 (2015: $104,220).

6. CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash on hand	197	281
Cash at bank	112	39
	309	320
At call deposits	400	900
Total cash	**709**	**1,220**

7. ACCRUED RECEIVABLES

Interest receivable	123	92

8. FINANCIAL ASSETS HELD TO MATURITY

Certificates of Deposit	24,542	18,360
Maturity Analysis		
Not longer than 3 months	18,689	10,028
Longer than 3 months and not longer than 12 months	8,853	8,332
	24,542	18,360

9. LOANS AND ADVANCES

Overdrafts	151	236
Loans and advances	27,072	25,557
Related parties		
Directors and Director-related entities		
- loans to Directors (refer Note 21)	654	789
Gross loans and advances	27,877	26,582
Provision for bad debts	-	-
Net Loans and Advances	27,877	26,582

(a) Maturity analysis

Overdrafts	151	143
Not longer than 3 months	1	1
Longer than 3 and not longer than 12 months	35	56
Longer than 1 and not longer than 5 years	2,342	2,404
Longer than 5 years	25,358	23,978
	27,877	26,582

(b) Concentration of Risk

Details of loans which represent 10% or more of shareholders equity of the Co-operative are set out below

Aggregate value	3,277	1,017

The concentration which exists comprises of 5 (2015: 2) separate exposures relating to loans to members secured by registered first mortgages over real property.

9. LOANS AND ADVANCES (cont'd)

	2016 $'000	2015 $'000
(c) Prescribed provision for Impairment		
Opening balance	-	7
Bad debts provision	-	-
Bad debts written off	(2)	(8)
Write back of bad debt provision	-	1
Closing balance	-	-

As at balance date there were no Non Accrual Loans.

	2016 $'000	2015 $'000
Total loans past due 90 days with interest accruing	-	1

(d) Impairment of Loans and Advances

Past due loans
Past due loans are loans or similar facilities in arrears which have not been operated within their key terms by the borrower for at least 90 days and which are not impaired loans and includes Category One loans in accordance with Prudential Standard Guidance Note AGN 220.1 that are in arrears for at least 90 days and are well-secured.

In the case of loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful, provisions for impairment are recognised. Balances without a specific provision for impairment are believed to have adequate security to cover the outstanding balance of the loan. If an impairment provision is required, the loan is included in non-accrual loans. The factors taken into consideration when determining whether a loan is impaired are disclosed in Note 1 (e).

	2016 $'000	2015 $'000
Past due balance	0	1
Aging of past due but not impaired		
Less that 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	0	1
121+ days	-	-
	0	1

10. OTHER FINANCIAL ASSETS

	2016	2015
Cuscal commercial shares	132	132
Transaction Solutions shares	3	3
	135	135

The Shareholding in CUSCAL and Transaction Solutions are measured at cost. These companies were created to supply services to the member credit unions and do not have an independent business focus. These shares are held to enable the Credit co-operative to receive essential banking and data processing services (refer Note 20). The shares are not able to be traded and are not redeemable.

11. PROPERTY, PLANT AND EQUIPMENT

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Gross Cost	Freehold Land $'000	Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2014	1,480	897	498	2,875
Additions	-	2	52	54
Disposals	-	-	(43)	(43)
Closing balance as at 30 June 2015	1,480	899	507	2,886
Accumulated Depreciation				
Balance at 1 July 2014	-	(97)	(330)	(427)
Disposals	-	-	21	21
Depreciation expense	-	(23)	(65)	(86)
Closing balance as at 30 June 2015	-	(120)	(374)	(494)
Carrying amount at the beginning of year as at 1 July 2014	1,480	800	168	2,448
Carrying amount at the end of year as at 30 June 2015	1,480	779	133	2,392

	Freehold Land $'000	Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2015	1,480	899	507	2,886
Additions	321	-	113	208
Disposals	-	-	(195)	(195)
Closing balance as at 30 June 2016	1,801	899	415	3,115
Accumulated Depreciation				
Balance at 1 July 2015	-	(120)	(374)	(494)
Disposals	-	-	179	179
Depreciation expense	-	(22)	(71)	(93)
Closing balance as at 30 June 2016	-	(142)	(266)	(408)
Carrying amount at the beginning of year as at 1 July 2015	1,801	779	133	2,713
Carrying amount at the end of year as at 30 June 2016	1,801	757	149	2,707

The land and building was independently revalued at $2,700,000 in March 2016. Adjustments have been posted to the financial statements.

	2016 $'000	2015 $'000
12. INTANGIBLE ASSETS		
Computer Software	386	444
Accumulated Amortisation	(367)	(394)
	19	50
13. OTHER ASSETS		
GST Receivable	4	2
Other Debtors	36	71
Prepayments	52	58
	92	131
14. DEPOSITS		
Withdrawable shares at call (members)	34	36
Call deposits	31,017	24,514
Term deposits	19,698	19,428
Dormant funds	17	14
	50,766	43,992
Maturity analysis		
On call	36,997	28,726
Not longer than 3 months	5,863	4,632
Longer than 3 and not longer than 12 months	7,906	10,634
Longer than 1 and not longer than 5 years	-	-
	50,766	43,992
15. INTEREST BEARING LIABILITIES		
Borrowing - CUSCAL	-	-
Bank overdraft	-	-
	-	-

Standby borrowing facilities	**2016 $'000**	**2015 $'000**
The Co-operative has an overdraft arrangement with Credit Union Financial Services (Australia) Ltd secured by a floating charge over the Co-operative's assets.		
As at balance date, the total overdraft facility was available, being:	300	300

16. TRADE AND OTHER PAYABLES		
Accounts payable	-	8
Accrued interest payable	147	104
Other accruals	77	27
	224	139

The average credit period on purchases is 30 days. No interest is charged in accounts payable.

The Co-operative has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2016 $'000	2015 $'000
17. PROVISIONS		
Other Provisions	2	15
Employee entitlements	133	115
	135	130

Superannuation commitments

Firefighters and Affiliates Credit Co-Operative Ltd

All employees are entitled to benefits on retirement, disability or death. Contributions are paid by the Co-operative as follows:-

- 8% as part of employees' Enterprise Bargain Agreement; plus
- 9.50 % as required by Superannuation Guarantee system.

18. STATEMENT OF CASHFLOWS

a) Reconciliation of Cash

	2016	2015
Cash on hand	197	281
Cash at bank	112	39
	309	320
At call deposits	400	900
Total Cash	**709**	**1,220**

b) Reconciliation of cash flows from operations with profit after income tax.

	2016	2015
Net profit after income tax expense	35	50
Non cash flows in profit from operations:		
Depreciation of property, plant and equipment	93	88
Amortisation of software cost	38	58
Bad and doubtful debts	2	7
Profit on sale of asset	(6)	-
Movement in deferred taxes	20	8
Changes in Assets & Liabilities		
(Increase) / decrease in assets:		
Trade and other receivables	(31)	(14)
Prepayments	39	(40)
Increase / (decrease) in liabilities:		
Trade creditors and accruals	85	(31)
Interest payable on deposits	-	-
Employee entitlement provisions	5	(10)
Income tax payable	2	(2)
	282	114

19 CONTINGENT LIABILITIES

The Co-operative is a participant in the Credit Union Financial Support System (CUFSS). The purpose of CUFSS is to protect the interests of co-operative members, increase stability in the industry and provide liquidity in excess of current borrowing limits in times of need.

	2016 $'000	**2015 $'000**
Approved but undrawn loans and credit limits	918	223

20 ECONOMIC DEPENDENCY

The Co-operative has an economic dependency on the following suppliers of services:

(a) Credit Union Services Corporation (Australia) Limited
This entity supplies the Co-operative rights to Visa Card in Australia and provides services in the form of settlement with Bankers for ATM and Visa Card transactions, cheques, and the production of Visa cards for use by members. This entity also supplies institutional banking services to the Co-operative. The Co-operative has significant liquidity investments with CUSCAL and has also established its borrowing facilities with CUSCAL.

(b) Cuscal Limited
This company operates the switching computer used to link Visa Debit cards operated through Reditellers and other approved ATM suppliers to the Co-operative's computer systems.

(c) Transactional Solutions Pty Ltd (TAS).
This company operates the computer facility on behalf of the Co-operative in conjunction with other Credit Unions. The Co-operative has a management contract with the Bureau to supply computer support staff and services to meet the day-to-day needs of the Co-operative and compliance with relevant Prudential Standards.

21 KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

(a) Directors

The names of the Directors of the Co-operative who have held office during the financial year are:

- G Bester (Chairman)
- R Allen
- P Flavelle
- B Robertson
- T Hall
- A Roberts
- P Pereira, (Associate Director)
- L de Mann (Deputy Chairman)

(b) Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Co-operative, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

Key Management Persons (KMP) has been taken to comprise the Directors and the two members of the executive management responsible for the day-to-day financial and operational management of the Co-operative.

The aggregate Compensation of *Key Management Persons* during the year comprising amounts paid or payable or provided for was as follows:

		Directors		**Other KMP**	
		2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
(a)	short-term employee benefits	-	-	214	210
(b)	post-employment benefits – Superannuation contributions	-	-	38	38
(c)	other long-term benefits – net increases in Long Service leave provision	-	-	6	(26)
(d)	The total amount paid for remuneration of the Directors of the Board by way of attendance fees in respect of the financial year	31	30	-	-
Total		31	30	258	222

Remuneration shown as Short Term benefits means (where applicable) wages, salaries and superannuation contribution, paid annual leave and paid sick leave, profit-sharing and bonuses, value of Fringe Benefits received, but excludes out of pocket expense reimbursements.

All remuneration to Directors was approved by the members at the previous Annual General Meeting of the Co-operative.

21 KEY MANAGEMENT PERSONNEL AND RELATED PARTIES (Cont'd)

(c) Loans to Directors and other Key Management Persons

The Co-operative's policy for lending to Directors and management is that all loans are approved and deposits accepted on the same terms and conditions that applied to members for each class of loan or deposit.

All loans disbursed to Directors and other Key Management Personnel were approved on the same terms and conditions applicable to members for each class of loan. There are no loans that are impaired in relation to the loan balances with Directors and management.

There are no benefits or concessional terms and conditions applicable to the close family members of the Key Management Persons. There are no loans that are impaired in relation to the loan balances with related parties of Directors and management.

	2016 $'000	**2015 $'000**
The aggregate value of loans to Directors and other Key Management Personnel as at Balance date amounted to	654	789
The total value of overdraft credit facilities to Directors and other Key Management Personnel as at Balance date amounted to	40	40
Less amounts drawn down	-	-
Net balance available		
	40	40
During the year the aggregate value of loans disbursed to Directors and other Key Management Personnel amounted to:		
• Overdraft credit facilities		
• Personal loans		
• Term Loans	0	355
During the year the aggregate value of Overdraft Credit Facility limits Granted or Increased to Directors and other Key Management Personnel amounted to:		
Interest and other revenue earned on Loans and overdraft credit facilities to KMP	38	37
Total value Term and Savings Deposits from Directors and other KMP	280	361
Total Interest paid on deposits to Directors and other KMP	7	11

21 KEY MANAGEMENT PERSONNEL AND RELATED PARTIES (Cont'd)

(d) Other Transactions of Directors

Directors have received interest on deposits with the Co-operative during the financial year. Interest has been paid on terms and conditions no more favourable than those available on similar transactions to members of the Co-operative.

The Co-operative's policy for receiving deposits from other related parties and in respect of other related party transactions, is that all transactions are approved and deposits accepted on the same terms and conditions that apply to members for each type of deposit.

There are no benefits paid or payable to the Close family members of the Key Management Persons.

There are no service contracts to which Key Management Persons or their Close Family members are an interested party.

(e) Transactions with Key Management Personal of the Co-operative

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

22 AUDITORS REMUNERATION

	2016 $'000	2015 $'000
Auditing the financial report	26,400	26,400
Other Services	6,600	6,600
	33,000	33,000
Taxation services	3,000	3,000
Total	36,000	36,000

23 FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The Co-operative manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the management of its debt and equity balance.

The Co-operative's overall strategy remains unchanged from 2015.

The capital structure of the Co-operative consists of deposits from members, borrowings, cash and cash equivalents and withdrawal shares at call. The Co-operative is required to adhere to APS 110 Capital Adequacy and the key requirements are:
- have an internal capital adequacy assessment process;
- maintain minimum levels of capital, at both Level 1 and Level 2 as appropriate; and
- inform APRA of any significant adverse changes in capital

23 FINANCIAL INSTRUMENTS (Cont'd)

Capital Adequacy

The Co-operative reviews the capital structure on a continual basis as required by APRA under APS 110 Capital Adequacy. APRA may, in writing, require the Co-operative to amend its mix of capital.

	2016 $'000	2015 $'000
Capital Adequacy		
Tier 1 Capital		
General Reserves	700	700
Other Reserves	1,531	1,210
Retained and current year's earnings	2,846	2,801
Less deductions	(289)	(341)
Tier 1 Capital (net of deductions)	4,788	4,370
Tier 2 Capital (net of deductions)	146	146
Level 1 capital base	4,934	4,516
Total Risk Weighted Assets	28,682	22,941
Risk based capital ratio	17.20%	19.69%

(a) Financial Risk Management Objectives

The Co-operative's lending, deposit-taking and investing activities expose it to the following risks from its use of financial instruments:

- Credit Risk
- Interest rate risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Co-operative does not enter into or trade financial instruments, including derivatives, for speculative purposes.

(b) Market Risk

The Co-operative's activities expose it primarily to the financial risks of changes in interest rates. Market risk is managed through APRA Prudential Standard APS 116 and associated guidance notes as well as Board policy.

There has been no change to the Co-operative's exposure to the market risks or the manner in which it manages and measures the risk from the previous period.

(c) Interest Rate Risk Management

The Co-operative is exposed to interest rate risk through its operation of borrowing and lending to its members. The Co-operative also has significant liquidity investments and borrowing with CUSCAL. The risk is managed by adjusting interest rates charged to its members.

The Co-operative's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for Firefighters & Affiliates Credit Co-operative at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

The analysis assumed an extreme case of a single impact of plus or minus 200 basis points on interest rates in the market and the probable reaction of the Co-operative.

23 FINANCIAL INSTRUMENTS (Cont'd)

The analysis considered the impact upon net assets and profit and loss on the Co-operative.

2016	**Carrying Amount $'000**	**Interest Revenue & Expense**	**Impact +200 Basis Points $'000**	**Impact – 200 Basis Points $'000**
Interest Revenue				
Cash & Cash Equivalents	709			
Certificates of Deposits	24,542	652	361	(361)
Loans & Advances	27,877	1,449	554	(554)
	53,128	2,101	915	(915)
Interest Expense				
Members Deposits	50,732	768	1,014	(1,014)
Interest Bearing Liabilities	-			
	2,432	1,333	(99)	99
Net				

2015	**Carrying Amount $'000**	**Interest Revenue & Expense**	**Impact +200 Basis Points $'000**	**Impact – 200 Basis Points $'000**
Interest Revenue				
Cash & Cash Equivalents	1,220	-	-	-
Certificates of Deposits	18,360	555	367	(367)
Loans & Advances	26,582	1650	532	(532)
	46,162	2,205	899	(899)
Interest Expense				
Members Deposits	43,956	895	881	(881)
Interest Bearing Liabilities	-	-	-	-
	43,956	895	881	(881)
Net	2,050	1,310	18	(18)

(d) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligation resulting in financial loss to the Co-operative. The Co-operative has credit risk management policies, procedures and controls as required by APRA under Prudential Standard APS 220 "Credit Quality". Housing loans to members are secured by mortgages and some personal loans are secured by collaterals. APRA has to be consulted in relation to any loans that will expose the Co-operative to any large exposure.

Credit risk – loans
The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. The board policy is not to exceed a maximum of 75% of the loans in well-secured residential mortgages which carry an 80% Loan to Valuation ratio or less.

The Co-operative has a concentration in the retail lending for members who comprise employees and family in the Firefighting & BOC Gases industry. This concentration is considered acceptable on the basis that the Co-operative was formed to service these members, and the employment concentration is not exclusive. Should members leave the industry, the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans.

23 FINANCIAL INSTRUMENTS (Cont'd)

Credit risk – Liquid Investments
The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investee and the limits to concentration on one entity.

All investment must be with financial institutions with a credit rating in excess of BBB.

(e) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Co-operative's short, medium and long term funding and liquidity management requirements. The Co-operative set out their liquidity risk management based on Prudential Standards APS 210 "Liquidity" issued by APRA.

The Co-operative managed its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Refer to note 15 for additional undrawn facilities that the Co-operative has at its disposal to further reduce liquidity risk.

The Co-operative is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 24 hours under the APRA Prudential standards. The Co-operative policy is to apply 13% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The ratio is checked weekly. Should the liquidity ratio fall below this level the management and board are to address the matter and ensure that the liquid funds are obtained from new deposits and the borrowing facilities available.

Liquidity and interest risk tables
The following tables detail the Co-operatives remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the co-operative can be required to pay. The table includes both interest and principal cash flows:

Financial Liabilities	**Weighted average effective interest rate %**	**Less than 1 month $'000**	**1-3 months $'000**	**3 months – 1 year $'000**	**1-5 years $'000**	**5+ years $'000**	**Total**
2016							
CUSCAL overdraft & borrowings		-	-	-	-	-	-
Deposits	**2.61%**	37,952	2,102	10,644	-	-	50,698
Trade creditors & Accruals		221	-	-	-	-	221
Total Financial Liabilities		38,173	2,102	10,644			50,919
2015							
CUSCAL overdraft & borrowings	**-**	-	-	-	-	-	-
Deposits	**2.95%**	28,690	4,632	10,634	-	-	43,956
Trade creditors & Accruals		189	-	-	-	-	189
Total Financial Liabilities		28,879	4,632	10,634	-	-	44,145

	2016 '000	2015 '000
24 Commitments		
Capital expenditure Commitments	230	-

The directors are aware of future capital commitments of the entity.

25 Contingent Liabilities and Contingent Assets		
Contingent Liabilities and Contingent Assets	-	-

The directors are not aware of any contingent liabilities and assets.

26 Events after the Reporting Period

The directors are not aware of any events occurring after balance date which will have a material affect on the company's financial statements for the succeeding year.

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Director

Director

Dated at Melbourne: / /

JTP INDEPENDENT AUDITOR'S REPORT