

FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LIMITED

ABN 68 087 651 429

CONCISE REPORT FOR THE YEAR ENDED 30 JUNE 2019

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The concise financial report is an extract from the full financial report for the year ended 30 June 2019. The financial statements, specific disclosures and other information included in the concise financial report are derived from, and consistent with, the corresponding full financial report of Firefighters & Affiliates Credit Co-operative Limited.

The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financial investing activities of Firefighters & Affiliates Credit Co-operative Limited as the full report.

Copies of the full financial report and auditor's report containing more detailed information, can be obtained free of charge on request by contacting the registered office of Firefighters & Affiliates Credit Co-operative Limited on (03) 8417 1777.

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 results for the year were:

Deposits have increased during the year as competition for rates continue and the low margins on interest rates being paid by our competitors. The demand for loans has continued to improve with our lending rates being reviewed to be competitive with our competitors. The effect has seen increased lending for the Credit Co-Operative.

Our profit after tax of \$33,000 (Loss 2018 \$7,000) showed a turn around from the previous year. Deposits at the 30th June, 2019 were \$60.03m (2018 \$59.56m) which is up 0.79% on last year. Loans outstanding amounted to \$37.68m (2018 \$34.62m) representing an increase of 8.83% over last year. The increase in deposits is welcome but in this low Interest rate environment it adds to the cost of funds.

AVAILABILITY OF FUNDS

Liquidity has decreased slightly due to increased loan demand over the past year but we remain in a good position to meet loan demand and service our debts. 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 have seen a reduction with the RBA reducing the cash rate during the year, and the return from our surplus funds which we invest with major banks has reduced as they have significantly reduced their interest rates on Investments, which we hold with them. During this year as with previous years, 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 economic climate during the year has kept the Board busy monitoring margins to achieve a surplus. It is expected that the profitability in the coming year will be positive and consistent with maintaining an acceptable financial position. The continual increasing cost of regulatory compliance with all the items required by financial regulators is continuing to place an ever increasing burden on profitability and resources.

The Board has concentrated 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 a reducing 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 due to more RBA reductions in the cash rate. 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 Marian Elliott attended CFA Urban competition in Bendigo and Allan Roberts and David Whyte attended the CFA Rural Competition in Bendigo as well as Allan Roberts, Michael Enticott and David Whyte attending graduations at the recruit courses for the MFB and CFA.

Staff Changes – During the year we saw an End of an Era, with Mike Endicott, leaving the Credit Co-Operative after 31 years with the Co-Operative. On behalf of the Members, Staff and Board of Directors we wish him well for the future and thank him for his involvement to the Co-Operative. I would also like to thank all staff for their commitment and support during this last year. On behalf of the Board and members I extend my sincere thank you to everyone and special thank you to Rhonda Kirby has taken on the role of Acting Manager till we were able to appoint a new General Manager.

Directors - During the year Director Allan Roberts resigned from the Board, his contribution has been of great value to the Co-Operative and the Board. Director Allan Roberts served on the Board for 13 years, I thank Allan for his time on the Board. This involvement included being Chairman from 2011 to 2013 and chairing many Board Committees during his time on the Board. He has also been of great assistance attending Graduations as well as Urban and Junior Championships. On behalf of the Board, Management and Staff we wish him well for the future. Following Director Roberts resignation the Board appointed Associate Director Pat Pereira to the position of Director, welcome Pat and thank for taking on this position.

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 present their report on Firefighters & Affiliates Credit Co-Operative Ltd for the financial year ended 30 June 2019.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

G Bester	Chairman of the Board
Qualifications	Former IMG Credit Union Ltd Director and Chairman Director and Secretary North West Dispensaries Friendly Society Ltd Managing director and Secretary Bester Nominees Pty Ltd
Experience	Director since January 2005
Special responsibilities	Ex officio committees
T Hall	
Qualifications	Retired BOC employee and former Chairman of IMG Credit Union Ltd
Experience	Director since January 2005
Special responsibilities	Chairman: Risk Committee
J Dullard	
Qualifications	Operations Officer Development Training, Firefighter, Country Fire Authority
Experience	Director since September 2016
Special responsibilities	Marketing Committee
B Robertson	Retired November 2018
Qualifications	AFSM. Retired Firefighter, Metropolitan Fire and Emergency Services Board, Vice President Fire Services Museum
Experience	Director since November 2002
Special responsibilities	Chairman: Marketing Committee
A Roberts	Retired April 2019
Qualifications	MAMI, Retired Firefighter, Metropolitan Fire and Emergency Services Board. Member Australian Institute of Company Directors. CFA Volunteer 54 years
Experience	Director since July 2006
Special responsibilities	Deputy Chairman of the Board Chairman: Finance Committee

P Flavelle

Qualifications B.Business (Acc), CPA, Fellow of Governance Institute of Australia. Current finance consultant and former Executive Manager Financial Accounting Metropolitan Fire & Emergency Services Board.

Experience Director since November 2009

Special responsibilities Chairman: Audit Committee

P Pereira

Qualifications B.Business, Fire Services Communication Controller, Metropolitan Fire & Emergency Services Board

Experience Associate Director since March 2013, appointed Director May 2019

Special responsibilities Chairman: Corporate Governance Committee

A Quinton

Qualifications MAMI, AICD, Retired Firefighter, Metropolitan Fire and Emergency Services Board

Experience Director since November 2017

Special responsibilities Deputy Chairman of the Board
Chairman: Human Resources Committee

S Rayner

Qualifications Accountant, MAMI, ASCPA

Experience Associate Director since November 2017, Elected Director November 2018

Special responsibilities Chairman: Finance Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Firefighters & Affiliates Credit Co-Operative Ltd during the financial year was to raise funds from the Co-operative's members to enable it to provide the best possible financial services to its members.

No significant changes in the nature of the Co-Operative's activity occurred during the financial year.

Short term objectives

The Co-Operative's short term objectives are to:

- To continue to provide the financial services to our members at the best possible rates we can offer and outstanding personal service.

Long term objectives

The Co-Operative's long term objectives are to:

- To grow the Credit Co-operative membership base to allow for continued improvements in rates and relevant financial services.
- To become the preferred main financial institution for emergency personnel.

Strategy for achieving the objectives

To achieve these objectives, the Co-Operative has adopted the following strategies:

- Increased presence in the emergency services sector.
- Continued assessment of financial products.

How principal activities assisted in achieving the objectives

The principal activities assisted the Co-Operative in achieving its objectives by:

- Increased deposit and loan base allowing for continued growth in service and products.

Performance measures

The following measures are used within the Co-Operative to monitor performance:

- Monthly review by Board and Management of key ratios including deposits, loans, expenses, capital adequacy and liquidity.

Members' guarantee

Firefighters & Affiliates Credit Co-Operative Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ NIL for members that are corporations and \$ NIL for all other members, subject to the provisions of the company's constitution.

At 30 June 2019 the collective liability of members was \$ NIL (2018: \$ NIL).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Co-Operative during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could 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 and results

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 issues

The Co-Operative's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Rounding of amounts

Firefighters & Affiliates Credit Co-Operative Ltd has applied the relief available to it in ASIC Corporations Instrument 2016/191 and accordingly certain amounts in the financial report have been rounded off to the nearest thousand dollars.

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 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.

Meetings of directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee
	Number eligible to attend	Number attended	Number attended
G Bester	13	13	13
T Hall	13	10	8
J Dullard	13	9	1
B Robertson	4	4	2
A Roberts	11	6	3
P Flavelle	13	13	9
P Pereira	13	9	1
A Quinton	13	11	10

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:



Director:



Dated this day of 2019

18th

NOVEMBER



JTP ASSURANCE

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

JTP ASSURANCE
Chartered Accountants

GUS SVENSON
Partner

Signed at Melbourne this 27 day of November 2019

Statement of comprehensive income for the financial YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Interest revenue	2	2,262	2,107
Interest expense	2	(786)	(743)
	2	1,476	1,364
Net interest revenue			
Other revenue	3	178	212
Total Operating Income		1,654	1,576
Employee Expenses		(672)	(652)
Administration		(792)	(794)
Depreciation and Amortisation		(137)	(123)
Bad and doubtful debts		(10)	(14)
Profit before income tax expense		43	(7)
Income tax expense		(10)	(29)
Net Profit after Income tax expense		33	(36)
Other Comprehensive Income			
Gain arising on revaluation of land and buildings		67	506
Total Comprehensive Income		100	470

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

Statement of financial position as at 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents		1,644	1,735
Accrued receivables		233	211
Financial assets held to maturity		23,122	25,560
Loans and advances		37,686	34,623
Property, plant and equipment		3,196	3,174
Intangible assets		183	192
Deferred Tax Asset		97	107
Total Assets		<u>66,161</u>	<u>65,602</u>
Liabilities			
Deposits		60,035	59,563
Trade and other payable		176	181
Deferred tax liability		-	-
Provisions		146	154
Total Liabilities		<u>60,357</u>	<u>59,898</u>
Net Assets		<u>5,804</u>	<u>5,704</u>
Members' fund			
Reserves		2,940	2,873
Retained profits		2,864	2,831
Total Members' Funds		<u>5,804</u>	<u>5,704</u>

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

Statement of changes in equity for the financial YEAR ENDED 30 JUNE 2019

	Asset Revaluation Reserve \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Retained Profits \$'000	Total \$'000
Balance as at 1 July 2017	1,531	700	146	2,867	5,244
Net profit	-	-	-	(36)	(36)
Movement in Reserve	-	-	(10)	-	(10)
Other comprehensive income	-	-	-	506	506
Transfer to Reserve	506	-	-	(506)	-
Balance as at 30 June 2018	<u>2,037</u>	<u>700</u>	<u>136</u>	<u>2,831</u>	<u>5,704</u>
Net profit	-	-	-	33	33
Movement in Reserve	-	-	-	-	-
Other comprehensive income	-	-	-	67	67
Transfer to reserve	67	-	-	(67)	-
Balance as at 30 June 2019	<u>2,104</u>	<u>700</u>	<u>136</u>	<u>2,864</u>	<u>5,804</u>

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

Statement of cash flows for the financial YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Interest received		2,265	2,115
Other non-interest income received		178	212
Interest paid		(819)	(729)
Payments to suppliers and employees		(1,469)	(1,462)
Net cash provided by operating activities		155	136
Cash flows from investing activities			
Net (decreases)/increases in loans		(3,073)	(3,841)
Payments for property, plant and equipment and software		(104)	(168)
Proceeds from sales of property, plant and equipment		21	55
Purchase of investments		-	(20)
Net expenditure on investment securities		2,188	(3,868)
Net cash provided by/(used in) investing activities		(968)	(7,842)
Cash flow from financing activities			
Repayment of borrowings		-	-
Net increase in members' deposits		472	7,873
Net cash provided by/ (used in) financing activities		472	7,873
Net (decrease)/increase in cash held		(341)	167
Add Opening Cash Brought Forward		435	268
Closing Cash Balance		94	435

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

NOTE 1: Basis of Preparation of the Concise Financial Report

The concise financial report relates to Firefighters & Affiliates Credit Co-operative Limited at the end of the year ended 30 June 2019.

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, and Corporations Act 2001. The accounting policies adopted have been consistently applied to all financial periods presented unless otherwise stated.

The presentation currency used in this concise financial report is Australian dollars.

The entity has applied for relief available to it under ASIC Class order 98/100 and accordingly amounts in this concise financial report have been rounded to the nearest \$1,000.

2. INTEREST REVENUE AND INTEREST EXPENSE

The following tables show the balance at 30 June 2019 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	Average Rate %
Interest revenue 2019			
Financial Assets Held to Maturity	23,122	634	2.29%
Loans and advances	37,686	1,628	4.36%
	<u>60,808</u>	<u>2,262</u>	
Interest expense 2019			
Customer deposits	60,035	786	1.31%
Net interest income	<u>773</u>	<u>1,476</u>	
Interest revenue 2018			
Financial Assets Held to Maturity	25,560	582	2.57%
Loans and advances	34,623	1,525	4.62%
	<u>60,183</u>	<u>2,107</u>	
Interest expense 2018			
Customer deposits	59,563	743	1.34%
Net interest income	<u>620</u>	<u>1,364</u>	

3. REVENUE	2019 \$'000	2018 \$'000
Interest revenue	2,262	2,107
Non Interest Income		
Fee income	123	151
Insurance commission	14	14
Other commission	13	15
Bad debts recovered	-	2
Other income	27	30
Total Non interest revenue	<u>177</u>	<u>212</u>
Total Revenue	<u>2,439</u>	<u>2,319</u>

Directors' declaration

In accordance with a resolution of the directors of Firefighters & Affiliates Credit Co-operative Limited, the directors of the company declare that the concise financial report of Firefighters & Affiliates Credit Co-operative Limited for the financial year ended 30 June 2019, as set out on pages 2 to 16.

- (a) complies with Accounting Standard AASB1039: Concise Financial Reports; and
- (b) is an extract from the full financial report for the year ended 30 June 2019 and has been derived from and is consistent with the full financial report of Firefighters & Affiliates Credit Co-operative Limited.

Director



Director

Signed at Melbourne this 18th day NOVEMBER 2019



JTP ASSURANCE

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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LIMITED

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Firefighters & Affiliates Credit Co-operative Limited, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and related notes, derived from the audited financial report Firefighters & Affiliates Credit Co-operative Limited for the year ended 30 June 2019.

In our opinion, the concise financial report, of Firefighters & Affiliates Credit Co-operative Limited for the year ended 30 June 2019, complies with Accounting Standard AASB 1039: Concise Financial Reports.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Concise Financial Report

The concise financial report does not contain all the disclosures required by Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Concise Financial Report

The directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 Concise Financial Reports and whether the discussion and analysis complies with AASB 1039 Concise Financial Reports based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

JTP ASSURANCE
Chartered Accountants

GUS SVENSON
Partner

Signed at Melbourne this 27 day of November 2019