

**FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE  
LIMITED**

**ABN 68 087 651 429**

**CONCISE REPORT FOR THE  
YEAR ENDED 30 JUNE 2011**

The concise financial statements are an extract from the full financial statements on Firefighters & Affiliates Credit Co-operative Limited. The financial statements and specific disclosures included in the concise financial statements have been derived from the full financial statements of Firefighters & Affiliates Credit Co-operative Limited, and cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the Co-operative as the full financial statements.

Further financial information can be obtained from Firefighters & Affiliates Credit Co-operative Limited's full financial statements, a copy of which, together with a copy of the independent auditors' report is available to all members

## CHAIRMAN'S REPORT

Dear Fellow Members

On behalf of the Board of Directors, I hereby report on the progress of Fire Fighters & Affiliates Credit Co-operative over the past year.

### REVIEW OF OPERATIONS

The financial result fell below expectations due to the decline in demand for housing and personal loans and increased deposit growth and consolidating of debt following the renovations of our premises. However the result is considered to be satisfactory in light of the current difficult economic climate.

Our surplus for the year was \$ 41,000 after tax (2010: \$134,000). Deposits at the 30 June, 2011 were \$38.1m (2010 \$34.4m) an increase of 1.5 %. Loans outstanding amounted to \$ 31.4m (2010 \$31.3m) an increase of 0.32% over than last year.

Asset growth continued with a 6.6% increase for the year with on balance sheet assets now totalling in excess of \$44m.

### AVAILABILITY OF FUNDS:

Liquidity has increased over the past year, even after reducing the renovation debt, and we are in a good position to meet loan demands and service our debts currently. 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 OF DEPOSITS:

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

- (a) Directors adopt a conservative approach to loan approvals.
- (b) The Credit Union is a member of Credit Union Financial Support Scheme (CUFSS)
- (c) It is our policy to maintain a liquidity level consistent or above that of the requirements of our regulators.

### INTEREST RATES:

Interest rates continued to be volatile within the first half of the Financial Year, and the strategies to maintain the financial health of the credit union employed by the Board were successful during this difficult period. It involved careful monitoring and management of interest rate risk where the Board have continually adjusted the Credit Union's retail interest rates consistent with the market to ensure it remains competitive during this difficult economic climate. Interest rates in the last 6 months of the financial year have been stable proving the strategies put in place by the Board continue to ensure that the Credit Union remains competitive.

### PREMISES:

Interior furnishing of the Credit Union newly renovated premises has continued throughout the year with the display of Fire Brigade memorabilia and it is envisaged that this collection will continue to grow over the next few years.

SUMMARY:

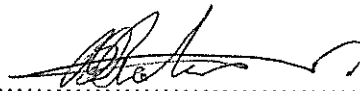
The volatile economic climate during the year has impeded the Board's ability to project a reasonable level of profitability over the next 12 months; however it is expected that profitability will be positive and consistent with maintaining an acceptable financial position, after having met all building renovation and core banking platform costs. The continual increasing cost of financial regulatory compliance with all the required financial regulators is also placing an ever increasing burden on profitability.

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 the high standard of loan assessment, meeting all the requirements of the new National Consumer Credit Protection Act. Included in this is the volatile interest rate market which requires management to ensure margins are maintained resulting in the appropriate income being generated to cover operating costs. Once again the Board returned profits to members with the introduction of a member loyalty program, providing members with additional fee free transactions in consideration for the support and loyalty to the Credit Union. Capital growth during the year is expected to continue however at a slower rate due to smaller profits being generated.

In summary, the Board is confident that the Credit Union's robust financial position is capable of surviving the current economic situation.

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.

I would like to thank all those involved in the Credit Co-operative over the past year, our General Manager – Mike Enticott and his staff who continue to provide an excellent level of service, and my fellow Directors for their involvement and commitment over the past twelve months.



.....  
B Robertson (Chairperson)

## 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 2011. 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:

**A Roberts, MAMI, (Deputy Chairman)**, Director since July 2006  
Retired Firefighter, Melbourne Fire and Emergency Services Board  
Facilitator: Human Resources Portfolio

**T Teklenburg, MAMI**, Director since September 1998  
Retired General Manager and Secretary of the Firefighters & Affiliates Credit Co-operative Limited  
Facilitator: Corporate Governance Portfolio

**B D Robertson, AFSM, MAMI, (Chairman)**, Director since November 2002  
Retired Firefighter, Vice President Fire Services Museum  
Facilitator: Marketing Committee Portfolio

**G O Casagrande, MAMI**, Associate Director since November 2009  
Former Melbourne Fire and Emergency Services Board employee of the Technical Services Division.

**R Allen, MAMI, FNIA**, Director since April 2007  
Registered Tax Agent, Retired Public Accountant and Fellow of the National Institute of Accountants.

**T Hall, MAMI**, Director since January 2005  
Retired BOC employee and former Chairman of IMG Credit Union Ltd

**G Bester, MAMI**, Director since January 2005  
Former IMG Credit Union Director  
Facilitator: Finance Committee Portfolio

**P Flavelle, CPA, MAMI, Associate Director** since November 2010  
Former Melbourne Fire and Emergency Services Board employee of the Finance Division at Eastern Hill

**W Weir, MAMI**, Director since November 2009  
Firefighter, 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 \$41,000 (2010: \$134,000) after allowing for income tax expense of \$12,000 (2010: \$57,000).

### **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:

	<b>Directors Meetings (Total held: 12)</b>	<b>Committee Meetings attended</b>
P Flavelle	7	2
A Roberts	11	8
R Allen	10	13
T Teklenburg	11	14
B Robertson	9	6
G Casagrande	6	2
T Hall	10	6
G Bester	12	10
W Weir	8	1

### 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 2011:

Taxation services	\$ 7,000 <hr/> 7,000
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### Auditor's Independence Declaration

The auditor's independence declaration is included on page 8 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

Dated Melbourne: 19 October 2011



Director



Deloitte Touche Tohmatsu  
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Board of Directors  
Firefighters & Affiliates Credit Co-operative Limited  
408 Brunswick Street  
Fitzroy  
Victoria 3065

18 October 2011

Dear Chairman

**Auditor's Independence Declaration to Firefighters & Affiliates Credit Co-operative Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Firefighters & Affiliates Credit Co-operative Limited

As lead audit partner for the audit of the financial statements of Firefighters & Affiliates Credit Co-operative Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit

Yours faithfully

Deloitte Touche Tohmatsu

Robert D D Collie  
Partner  
Chartered Accountants



## Statement of comprehensive income for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Interest revenue	3	2,826	2,493
Interest expense	3	(1,269)	(909)
Net interest revenue	3	1,557	1,584
Other revenue	4	319	356
<b>Total Operating Income</b>		1,876	1,940
Bad and doubtful debts		(10)	(14)
Other expenses		(1,813)	(1,735)
<b>Profit before income tax expense</b>		53	191
Income tax expense		(12)	(57)
<b>Net Profit after Income tax expense</b>		41	134
<b>Other Comprehensive Income</b>			
Gain arising on revaluation of land and buildings		-	367
<b>Total Comprehensive Income</b>		41	501

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

## Statement of financial position as at 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Assets</b>			
Cash and cash equivalents		234	245
Accrued receivables		90	61
Financial assets held to maturity		9,193	6,700
Loans and advances		31,438	31,251
Financial assets		139	148
Property, plant and equipment		2,570	2,516
Intangible assets		262	276
Other assets		69	68
Deferred tax asset		4	4
Income tax receivable		11	-
<b>Total Assets</b>		44,010	41,269
<b>Liabilities</b>			
Deposits		38,108	34,419
Interest bearing liabilities		600	1,800
Trade and other payable		432	228
Income tax payable		-	6
Provisions		216	203
<b>Total Liabilities</b>		39,356	36,656
<b>Net Assets</b>		4,654	4,613
<b>Members' fund</b>			
Reserves		2,056	2,056
Retained profits		2,598	2,557
<b>Total Members' Funds</b>		4,654	4,613

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

## Statement of changes in equity for the financial year ended 30 June 2011

	Asset Revaluation Reserve \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Retained Profits \$'000	Total \$'000
<b>Balance as at 1 July 2009</b>	843	700	146	2,423	4,112
Net profit	-	-	-	134	134
Other comprehensive income	367	-	-	-	367
Total comprehensive income	367	-	-	-	561
<b>Balance as at 30 June 2010</b>	<u>1,210</u>	<u>700</u>	<u>146</u>	<u>2,557</u>	<u>4,613</u>
Net profit	-	-	-	41	41
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	41	41
<b>Balance as at 30 June 2011</b>	<u>1,210</u>	<u>700</u>	<u>146</u>	<u>2,598</u>	<u>4,654</u>

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

## Statement of cash flows for the financial year ended 30 June 2011

	<u>Note</u>	<u>2011</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>
<b>Cash flows from operating activities</b>			
Interest received		2,796	2,457
Other non-interest income received		309	356
Interest paid		(1,269)	(850)
General expenses paid		(1,461)	(1,548)
Income tax paid		(23)	(30)
Net cash provided by operating activities		<u>352</u>	<u>385</u>
<b>Cash flows from investing activities</b>			
Net (decreases)/increases in loans		(187)	2,024
Payments for property, plant and equipment and software		(234)	(1,257)
Proceeds from sales of property, plant and equipment		53	-
Net redemption of investment securities		(2,484)	(807)
Net cash used in investing activities		<u>(2,852)</u>	<u>(40)</u>
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(1,200)	-
Net increase in members' deposits		3,689	509
Net cash provided by financing activities		<u>2,489</u>	<u>509</u>
<b>Net (decrease)/increase in cash held</b>		(11)	854
<b>Add Opening Cash Brought Forward</b>		<u>245</u>	<u>(609)</u>
<b>Closing Cash Balance</b>		<u>234</u>	<u>245</u>

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

**NOTE 1: Basis of preparation**

The concise financial statements have been prepared in accordance with the Corporations Act 2011 and Accounting Standard AASB 1039 “Concise Financial Reports”. The concise financial statements are an extract from the full financial statements. The concise financial statements and specific disclosures included in the concise financial statements have been derived from the full financial statements of Firefighters & Affiliates Credit Co-operative Limited.

All amounts are presented in Australian dollars.

**NOTE 2: Adoption of new and revised Accounting Standards**

In the current year, the Co-operative has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

At the date of authorisation of the financial report, the directors anticipate that the adoption of Standards and interpretations that were issued but not yet effective will have no material financial impact on the financial statements of the Co-operative.

**NOTE 3: INTEREST REVENUE AND INTEREST EXPENSE**

The following tables show the average balance 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.

	<b>Average Balance \$'000</b>	<b>Interest \$'000</b>	<b>Average Rate %</b>
<b>Interest revenue 2011</b>			
Investment securities	9,402	417	4.51
Loans and advances	31,294	2,409	7.42
	40,696	2,826	7.49
<b>Interest expense 2011</b>			
Customer deposits	38,069	1,269	3.81
Net interest income	2,627	1,557	3.68
<b>Interest revenue 2010</b>			
Investment securities	6,700	241	3.54
Loans and advances	31,251	2,252	7.52
	37,951	2,493	7.58
<b>Interest expense 2010</b>			
Customer deposits	34,419	909	3.40
Net interest income	3,532	1,584	4.18

**NOTE 4: OTHER REVENUE**

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non Interest Income</b>		
Fee income	168	151
Insurance commission	20	20
Other commission	112	155
Bad debts recovered	12	4
Other income	7	26
	<u>319</u>	<u>356</u>

**NOTE 5: APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors and authorised for issue on 18 October 2011

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, the attached financial statements and notes thereto comply with Accounting Standard AASB 1039 "Concise Financial Reports"; and
- (b) the attached financial statements and notes thereto have been derived from the full financial report of the Co-operative.

Signed in accordance with a resolution of the directors

On behalf of the Directors



Director

Director



Dated at Melbourne: 18 October 2011



## Independent Auditor's Report to the members of Firefighters & Affiliates Credit Co-operative Limited

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 2011, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and related notes, derived from the audited financial report of Firefighters & Affiliates Credit Co-operative Limited for the year ended 30 June 2011 as set out on page 9 to 16. The concise financial report does not contain all the disclosures required by the 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 are necessary to enable the preparation of the concise financial report.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Firefighters & Affiliates Credit Co-operative Limited for the year ended 30 June 2011. We expressed an unmodified audit opinion on that financial report in our report dated 18 October 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.



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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Firefighters & Affiliates Credit Co-operative Limited would be in the same terms if given to the directors as at the time of this auditor's report.

*Opinion*

In our opinion, the concise financial report of Firefighters & Affiliates Credit Co-operative Limited for the year ended 30 June 2011 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "Robert DD Collie".

Robert DD Collie  
Partner  
Chartered Accountants  
Melbourne, 18 October 2011