



GOLDFIELDS CREDIT UNION



Your local Credit Union - Celebrating 21 Years

Winner of the GCU Colouring Competition - EMILY Aged 10

A N N U A L R E P O R T

S U M M A R Y

2003

CHAIRMAN'S REPORT

It gives me great pleasure to present this Chairman's Report as part of the Annual Report to GCU members for the 21st year of successful operation.

This year GCU achieved a unique milestone in having written its 100th million dollar of lending since opening for business in 1982. This achievement reinforces the decision taken to open the credit union by our founders.

Goldfields Credit Union's mission is to provide a superior, professional and friendly banking service to our 4,000 members living in the Goldfields-Esperance region of Western Australia.

Because GCU is a financial cooperative owned by the members, all profits are reinvested back into the credit union resulting in fair fees, great access and a wide choice of products and services for members.

GCU's strategic direction is to continue to adopt the latest technology wherever possible to deliver a flexible and efficient banking service which suits individual members' needs.

Our members can conduct their banking business anywhere in Australia, 24 hours a day, 7 days a week, using our phone banking, Bpay, Internet banking services and by using the credit union industry ATM network.

Members can also visit any of our three branches to undertake friendly and personalized "over the counter" banking services.

Our Kalgoorlie branch remains the only banking institution open on a Saturday morning providing the full range of banking services to members. We remain committed to satisfying our member's needs.

Regulatory Compliance

The Board is committed to being fully compliant with regulations set by the industry regulator, the Australian Prudential Regulation Authority - APRA.

The year was extremely busy with the Board approving nine new risk management policies and a further nine accompanying procedure manuals in areas such as credit risk policy, liquidity, market and operations risk.

The Board will continue to focus on reviewing and refining these policies in the future.

Corporate Governance

Your Board of Directors was active during the year in the discharge of its corporate governance duties.

An Audit Committee and a Credit Committee were created to review and monitor the compliance of the credit union with the standards set by APRA and generally to improve business efficiency.

I would like to express my appreciation to the Chairman of each committee in Mr. Wills and Mr. Jones for their outstanding contributions in chairing these Committees.

Also I would like to express my gratitude to my fellow Board members for contributing their wealth of business knowledge, skills, expertise and insight which continue to elevate the quality of governance at all levels of the credit union.

Mr. Pental has brought his extensive banking experience to the Board which has proved invaluable in improving the way we do business. Mr. George is particularly helpful in matters concerning insurance. Mrs. Strachan brings a long history of experience in lending and local knowledge of the current economic climate to the Board table. Ms. McDonald is a strong advocate for our Members and through her retail business is very close to the views of Members and the general public in respect to banking.

I attended the Annual Credit Union Conference in Hobart last year and came away very satisfied that your Board at GCU, with its skills, experience and knowledge, would "stack up" very well against any Board of any credit union in this country.

Community Focus

In line with GCU's proud tradition of supporting the local community, the Board adopted a formal sponsorship policy requiring applications for sponsorship to be submitted to the Board for consideration. The Board's policy is to provide support for a wide range of community activities.

In the year ended 30 June, 2003 the Board approved sponsorship requests to: the Royal Flying Doctor Service, the Kalgoorlie - Boulder Chamber of Commerce and Industry, the Eastern Goldfields Senior High School, the Goldfields Football League, the Goldfields Giants, the Master Builder's Association, Young Achiever Australia and numerous other community and sporting groups.

Staff

GCU is staffed by a dedicated team of local banking professionals who possess an understanding of the local business and community environment and the issues which impact on the provision of personalized, professional banking services.

GCU is characterized by an extremely low staff turnover and high staff morale. The average length of service provided by a GCU employee is over 5 years.

Our former manager of 14 years resigned in July 2002. This was reported in last year's Annual Report. Our Assistant Manager, Brigitte Flight, "steered the ship" until Mr. John Karasinski was appointed as Chief Executive Officer in October 2002.

Mr. Karasinski understands the demands of APRA and our need to be compliant in all aspects of our business. Since the collapse of HIH, the regulators have become tougher. Any financial institution which is not compliant will be forced to merge or get out of business altogether. John will ensure that GCU remains compliant and at the same time provides friendly banking services to our members. This is a difficult job. I thank him for his tireless efforts and congratulate him on his achievements so far.

Financial Results

The financial results for the last financial year are in this Annual Report. Please read them and don't hesitate to ask our Manager if you have any questions.

The Board is satisfied with the profit of \$239,468.00 (after tax) for the year. The Board has budgeted for a slightly higher profit in 2003/04.

The Future

Both gold and nickel prices are currently very solid. The Esperance area is anticipating a bumper grain harvest by Christmas. Real Estate values have rebounded in Kalgoorlie-Boulder since 2000. Businesses are starting to grizzle about a lack of trained personnel to fill job vacancies.

These factors point to a prosperous future for the Goldfields-Esperance region. Success for GCU is assured provided the

Board continues to keep abreast of all regulations and presents products and services that our Members want and will use and provided our staff continue to provide excellent friendly service.

I'm very confident that we will continue to be successful in the future.

Bill McKenzie
Chairman

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2003

	2003	2002
	\$	\$
Interest revenue	2,185,897	2,295,002
Interest expense	<u>(924,606)</u>	<u>(1,026,579)</u>
Net interest revenue	1,261,291	1,268,423
Non-interest revenues	1,310,930	1,176,621
Bad and doubtful debts expense	(120,000)	(120,000)
Other expenses	<u>(2,097,855)</u>	<u>(1,881,435)</u>
OPERATING PROFIT BEFORE INCOME TAX	354,366	443,609
Income tax expense	<u>(114,898)</u>	<u>(136,839)</u>
OPERATING PROFIT AFTER INCOME TAX	239,468	306,770
Retained profits at the beginning of the year	-	-
Total available for appropriation	239,468	306,770
Aggregate of amounts transferred to reserves	<u>(239,468)</u>	<u>(306,770)</u>
RETAINED PROFITS AT THE END OF THE YEAR	-	-

STATEMENT OF FINANCIAL POSITION

As at 30 June 2003

	2003	2002
	\$	\$
ASSETS		
Cash and liquid assets	3,986,042	5,373,881
Due from other financial institutions	6,250,000	2,250,000
Accrued receivable	112,648	31,839
Loans and advances	19,387,167	20,607,941
Other investments	15,590	181,443
Property, plant and equipment	802,332	862,618
Other assets	<u>120,110</u>	<u>240,090</u>
TOTAL ASSETS	<u>30,810,709</u>	<u>29,547,812</u>
LIABILITIES		
Deposits	27,683,745	26,604,330
Accounts payable and other liabilities	360,752	288,075
Borrowings	400,000	500,000
Provisions	153,589	171,840
Tax liability	-	-
TOTAL LIABILITIES	<u>28,598,086</u>	<u>27,564,245</u>
NET ASSETS	<u>2,212,623</u>	<u>1,983,567</u>
MEMBERS' FUNDS	12,184	12,248
Reserves	<u>2,200,439</u>	<u>1,983,566</u>
TOTAL MEMBERS' FUNDS	<u>2,212,623</u>	<u>1,995,814</u>



GOLDFIELDS CREDIT UNION

Your local Banking Choice!

- Cash Management Accounts
- Cheque Accounts • Children's Accounts
 - Christmas Club Accounts
 - Community Club Accounts
- Credit Card - MyCard Mastercard
 - Fixed Term Deposits
- Internet Banking • Redipos • Redicard
 - Pensioner Deeming Accounts
 - Mortgage Saver Accounts
 - Insurance - Home/Car/Caravan
- Loans - Personal/Housing & Investment
- Business Accounts • Telephone Banking

CORPORATE DIRECTORY

BOARD OF DIRECTORS

W. T. McKenzie (Chairman)

L. F. Jones (Deputy Chairman)

A. L. George

J. M. MacDonald

D. R. Willis

A. E. Pandal

CHIEF EXECUTIVE: J. Karasinski

AFFILIATION

Credit Union Services Corporation (Australia) Ltd.

AUDITORS: RSM Bird Cameron Partners

REGISTERED OFFICE

120 Egan Street,
Kalgoorlie W.A. 6430
Ph: (08) 9021 6444

ESPERANCE

Dempster Street,
Esperance W.A. 6450
Ph: (08) 9071 3888

BOULDER

Burt Street,
Boulder W.A. 6432
Ph: (08) 9093 0688

Telephone Banking Service - 'PhoneLink' (08) 9022 8811
Website: www.gcu.com.au • Email: enquiries@gcu.com.au