



# **GOLDFIELDS CREDIT UNION**

ABN 63 087 651 849, AFS License 246884  
BSB 806-043

## **ANNUAL FINANCIAL REPORT**

### **SUMMARY**

**2008**

# CHAIRMAN'S REPORT 2007-2008

It is my pleasure to present the Chairman's Report to members of Goldfields Credit Union (GCU) for 2007-2008.

GCU continues to be a competitive financial services alternative in the Goldfields and Esperance regions with another reporting period of strong growth in its 26<sup>th</sup> year of operation.

## 2007-2008 Financial Performance

The Board is pleased to announce an after tax profit of \$702,914 for this reporting period, up from \$455,084 the previous year.

As net interest margins have been maintained at previous levels, the improved result is mainly attributed to approximate growth of 9% in GCU's total asset base from approximately \$39M to \$42.5M while recording a minimal increase of approximately 2.5% in its operating expenses.

GCU's capital adequacy ratio was reported as 20.09% as at 30 June 2008 which is well above prudential minimum requirement of 12%.

## Compliance & Risk Management

Compliance is a key element in managing risk.

With the introduction of Anti-money Laundering & Counter Terrorism Financing legislation, GCU was required to develop and implement a program to address this risk by December 2007 in its risk management framework. This deadline was met and every endeavour has been made to ensure GCU complies with the legislative requirements.

The introduction of the Basel II capital framework in January 2008 required GCU to make changes to ensure it met with new prudential standards that came into effect. The transition appears to have been undertaken in terms of requirements.

GCU continues to monitor and improve on its risk management framework to comply with regulatory standards by regular review of its policies and procedures overseen by the Board together with its Audit and Risk Management Committee and Credit Committee.

## Board

The Board regretfully accepted the resignation of Coralie Hurley in August 2008 due to her relocation to Brisbane. Lisa Ellery was seconded to the Board in August 2008 and has nominated to be elected to the Board at the Annual General meeting in October 2008.

The Credit Committee was again chaired by Bill McKenzie and supported by Allan Pental and Leigh Junk. The Audit and Risk Management Committee was chaired by Ashton George and supported by Coralie Hurley (up to her resignation), Greg Coyle and Lisa Ellery.

The Board remains proud of its diversity in terms of what skills and experience each Director brings to overseeing the operations of GCU.

## Staff

On behalf of the Board, I would like to recognize the continuing efforts and commitment of GCU's staff over 2007/08.

Competently led by our General Manager, Farley Fewkes, the staff members of GCU continue to maintain the highest professional standard of service to our members by understanding the issues and needs of the local community. This is primarily due to their longevity of service with GCU allowing some familiarity with the majority of our members' financial affairs and requirements.

We are very proud of our staff.

## Community Involvement

GCU continues to support the community by providing sponsorship and donations to local charities, arts, sports and key services.

## The Future

GCU is undertaking a major operating systems upgrade at present which will culminate with conversion on 20<sup>th</sup> September 2008. Our current system does not allow adequate flexibility to keep up with changes in technology and will not be fully supported in terms of maintenance in the future.

The Board and Management undertook extensive research in determining the most suitable, sustainable and cost effective solution for GCU going forward.

This will be the single most important project that GCU has undertaken since being established back in 1982 as it will improve the efficiency in conducting all facets of our members banking requirements and will deliver benefits to our members in the form of product and service enhancements.

GCU is also positioned to be very competitive in terms of lending and deposit rates in the foreseeable future and the Board is confident of the continued growth of "Your Local Banking Choice"

Finally, I would like to acknowledge the efforts of my fellow Directors in Ashton George, Bill McKenzie, Leigh Junk, Greg Coyle , Lisa Ellery , Coralie Hurley and our General Manager, Farley Fewkes, for dedicating their time and experience for the benefit of GCU during 2007/08.

**Allan Pental**  
**Chairman**

**Goldfields Credit Union  
Summary Of Financial Report 2007-2008**

<b>PROFIT &amp; LOSS</b>	<b>2008</b>	<b>2007</b>
	\$	\$
Interest Revenue	3,157,093	2,833,250
Interest Expense	-1,399,515	-1,255,711
Net Interest Revenue	1,757,578	1,577,539
Non-Interest Revenue	1,070,659	1,015,143
Bad & Doubtful Debts Expense	64,921	-74,979
Other Expenses	-1,894,773	-1,884,011
<b>NET PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX</b>	<b>998,385</b>	<b>633,692</b>
Income Tax Expense	-295,471	-178,608
<b>NET PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX</b>	<b>702,914</b>	<b>455,084</b>
Retained Profits at commencement of year	0	0
Total available for appropriation	702,914	455,084
Aggregate of amounts transferred to Reserves	-702,914	-455,084
<b>RETAINED PROFITS AT THE END OF THE YEAR</b>	<b>0</b>	<b>0</b>
<b>BALANCE SHEET</b>	<b>2008</b>	<b>2007</b>
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	2,716,810	2,362,369
Due from other financial institutions	7,459,060	7,000,000
Loan and advances to customers	31,381,735	28,908,322
Investment securities	141,969	168,231
Property, plant & equipment	719,022	499,910
Deferred Tax Asset	52,131	75,150
Other Assets	94,749	61,903
<b>TOTAL ASSETS</b>	<b>42,565,476</b>	<b>39,075,885</b>
<b>Liabilities</b>		
Deposits	36,408,369	33,901,394
Payables	531,560	480,588
Other borrowed funds	400,000	400,000
Current tax liabilities	102,870	76,284
Deferred tax liabilities	65,462	8,664
Provisions	126,187	109,980
<b>TOTAL LIABILITIES</b>	<b>37,634,448</b>	<b>34,976,910</b>
<b>NET ASSETS</b>	<b>4,931,028</b>	<b>4,098,975</b>
Members Funds	9,932	10,356
Reserves	4,921,096	4,088,619
<b>TOTAL MEMBERS' FUNDS</b>	<b>4,931,028</b>	<b>4,098,975</b>

**The Detailed Financial Report for year ended 30 June 2008 is available on request at Goldfields Credit Union.**