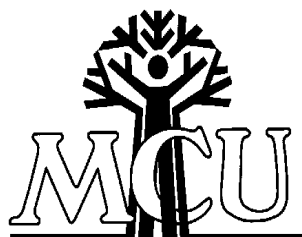


Maleny Credit Union

Full Financial Statements 2001



Maleny & District Community Credit Union Limited
28 Maple Street
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Financial statements

Directors' Report for the Year Ended 30 June 2001

Your directors submit the financial statements of the Maleny Credit Union for the year ended June 30, 2001 and report as follows:

The Directors in office at the date of this report are:

- Mary Smith
- Kerrienne Russell
- Helen Rosenbaum
- Alan Harrington
- Marcelle Holdaway
- Bernice McLennan
- Peter Pamment, B.Sc(Hons)
- Peter Searle, Dip.Park Man.NPWS, Dip.Form Design
- Kevin Todd English

Attendance at board and audit committee meetings

During 2000/2001, 11 meetings of the Board and one meeting of the Audit Committee were held. Meeting attendance by individual directors was as follows:

Name	Board	Audit Committee
Amy Barrett (resigned 21 June 2001)	8	
Meg Barrett (alternate Director)	2	-
Kerrienne Russell (appointed 11 Nov 2000)	7	-
Allan Harrington (appointed 11 Nov 2000)	8	1
Elaine Green (resigned 11 Nov 2000)	4	
Marcelle Holdaway	11	-
Helen Rosenbaum (appointed 11 Nov 2000)	6	
Bernice McLennan	7	
Peter Pamment	9	1
Kevin Todd English (appointed Dec 2000)	6	
Dorian Pozzan (resigned 21 Sep 2000)	3	-
Peter Searle	11	
Mary Smith	11	

In addition, directors attended meetings of various sub-committees and special board and staff/directors meetings throughout the year.

Principle activities of the credit union

The principal activities of the credit union during the financial year were the provision of investing and borrowing facilities to members. There have been no significant changes in the nature of these activities during the year.

The profit of the credit union for the financial year

The net amount of profit for the credit union this financial year after provision for income tax is \$70,346.

Review of operations and results of operations

The credit union's operations were normal and no significant events took place during the year. The results of these operations, and a detailed report, may be found later in the annual report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the credit union during the financial year.

Significant after balance date events

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the credit union, the results of those operations, or the state of affairs of the credit union in future years.

Developments in the operation of the credit union

There are no significant likely developments in the operation of the credit union in the forthcoming year.

Dividends

The directors do not recommend payment of a dividend, nor has any dividend been declared or paid since the commencement of the financial year.

Share options

No options have been granted by the credit union during the financial year. No shares have been issued (during the financial year or since the end of the financial year) by virtue of the exercise of an option. There are no unissued shares under option at the date of this report.

Indemnification and Insurance

During the year, a premium was paid in respect of a contract insuring directors and officers of the company against liability.

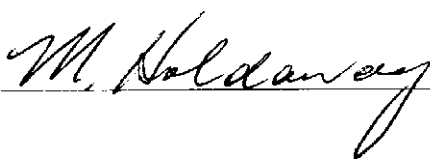
The officers of the company covered by the insurance contract include the directors and all staff. In accordance with normal commercial practice, disclosure of the total amount of premium, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the company.

Directors' benefits

Neither during the financial year nor since the end of the financial year has a director received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts, or the fixed salary of a full-time employee of the credit union, or an entity controlled by the society, or of a body corporate that was related to the credit union) by reason of a contract made by a director, a firm of which the director is a member or an entity in which the director has a substantial financial interest, with the credit union or an entity that the credit union controlled, or a body corporate that was related to the credit union when the contract was made or when the director received or became entitled to receive the benefit other than directors Marcelle Holdaway and Peter Pamment who received consultancy fees paid at less than usual commercial rates.

Signed in accordance with a resolution of directors.



Director



Director

Signed at Maleny this 21st day of August, 2001.

FINANCIAL YEAR 30 JUNE 2001

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2001

	Note	2001	2000
		\$	\$
Interest revenue	2	1,349,731	1,180,449
Interest expense	2	(661,856)	(535,892)
		-----	-----
Net interest revenue		687,875	644,557
Non interest revenues	3	231,046	188,916
Bad and doubtful debts expense	12	(86,500)	(36,000)
Other expenses	4	(722,071)	(681,248)
		-----	-----
Operating profit before income tax		110,350	116,225
Income tax attributable to operating profit	5	(40,004)	(35,606)
		-----	-----
Operating profit after income tax		70,346	80,619
		-----	-----
Retained profits at the beginning of the period		63,006	52,387
Aggregate of amounts transferred from Reserves		0	0
		-----	-----
Total available for appropriation		133,352	133,006
Aggregate of amounts transferred to reserves		(133,352)	(70,000)
		-----	-----
Retained profits at the end of the period		-	63,006
		-----	-----

The accompanying notes form part of these financial statements

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2001

	Note	2001	2000
		\$	\$
ASSETS			
Cash and liquid assets	8	1,493,684	602,213
Receivables Due from other financial institutions	9	900,890	969,598
Accrued receivables	10	40,533	37,314
Loans and advances	11	11,804,967	11,114,211
Other investments	13	125,885	122,026
Property, plant and equipment	14	690,729	495,427
		-----	-----
TOTAL ASSETS		15,056,688	13,340,787
		-----	-----
LIABILITIES			
Deposits	15	13,922,778	12,301,479
Creditors and other liabilities	16	27,056	21,648
Provisions	17	29,971	52,087
		-----	-----
TOTAL LIABILITIES		13,979,805	12,375,214
		-----	-----
NET ASSETS		1,076,883	965,575
		-----	-----
MEMBERS' FUNDS			
Reserves	18	1,076,883	902,569
Retained profits		-	63,006
		-----	-----
TOTAL MEMBERS' FUNDS		1,076,883	965,575
		-----	-----

The accompanying notes form part of these financial statements

MALENY AND DISTRICT COMMUNITY CREDIT UNION

STATEMENT OF CASH FLOWS

For the year ended 30 June 2001

	Note	2001	2000
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,356,273	1,231,196
Fees and commissions received		227,188	115,151
Interest paid		(661,856)	(535,892)
Payments to suppliers and employees		(779,400)	(691,043)
Income taxes paid		(70,620)	(56,650)
		-----	-----
Net cash provided by operating activities		71,585	62,762
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in investment securities with other financial institutions		42,692	(24,103)
Net movement in Member loans		(690,756)	(1,391,914)
Payments for property, plant and equipment		(153,349)	(76,848)
		-----	-----
Net cash provided from investing activities		(801,413)	(1,492,865)
		-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in member deposits		1,621,299	1,058,448
		-----	-----
Net cash provided from financing activities		1,621,299	1,058,448
		-----	-----
Total net increase/(decrease) in cash held		891,471	(371,655)
Cash at the beginning of the financial year		602,213	973,868
		-----	-----
Cash at the end of the financial year		1,493,684	602,213
		-----	-----

The accompanying notes form part of these financial statements

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The accounts of the credit union are a general purpose financial report that have been drawn up in accordance with the applicable Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the provisions of the Financial Institutions (Queensland) Code including the Prudential Standards set down by APRA. They have been prepared on the basis of historical costs and do not take into account changing money values nor, except where stated, current valuations of non-current assets. Except where stated, the accounting policies have been consistently applied. The following is a summary of the material accounting policies adopted by the credit union in the preparation of the accounts.

(a) **Income Tax**

The credit union adopts the liability method of tax accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent and timing differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are not brought to account as there is uncertainty as to whether or not same will be realised in the future.

The uncertainty surrounds the credit union's income tax classification which currently deems same to be taxable. However, future classifications may return the credit union to a tax exempt status i.e., having a taxable income less than \$50,000.

(b) **Receivables Due from other Financial Institutions**

Receivables from other financial institutions are term deposit account balances due from banks, building societies, other credit unions and CUSS. They are brought to account at the gross value of the outstanding balance. Interest is taken to profit and loss account when earned.

(c) **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 is not brought to account when the credit union 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 is minimal. However, accrued interest may be recovered as part of the recovery of the debt.

Loan fees are brought to account as income in the year of receipt up to the amount of costs recouped. Loan fees in excess of costs are brought to account as income over the period of the loan or 5 years whichever is the lesser.

All revenue received arises from the operating activities of the credit union and is reported net of GST. Fees and commissions are recognised upon the rendering of the service to members.

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Con't)

(d) **Loans to Members**

Loans and advances are recognised at recoverable amount, after assessing required provisions for impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans and by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

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 profit and loss account. The provision for impairment is calculated in accordance with the formula prescribed under the Prudential Standards.

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Con't)

(e) **Property, Plant and Equipment**

Property, plant and equipment are brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation.

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 which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. 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 commencing from the time the asset is held ready for use.

Property, plant and equipment is depreciated on a diminishing value basis except for buildings which is depreciated on a straight line basis in accordance with the rates prescribed under the Prudential Standards set down by APRA. A summary of the rates used are disclosed:

Buildings	2.5%	Computer Software	50.0%
Computer Hardware	37.5%	Office Furniture and Equipment	22.5%

Assets under \$300 are not capitalised.

(f) **Members Deposits**

Members deposits are brought to account at the gross value of the outstanding balance. Interest on deposits is brought to account on an accrual basis. Interest accrued at balance date is shown as part of members deposits.

(g) **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 taken to the profit and loss account when incurred.

(h) **Employee Entitlements**

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year, have been measured at their nominal amount plus related on costs.

The superannuation expense for the reporting period is the amount of the statutory contribution the Credit Union makes on behalf of its employees to various approved superannuation funds chosen by employees.

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 2: 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 daily averages. Weekly or month-end averages are also used provided they are representative of the entity's operations during the period.

	Average Balance \$	Interest \$	Average Rate %
<u>Interest revenue 2001</u>			
Cash and Liquid Assets	1,022,228	44,714	4.25
Receivables from other financial institutions	178,302	6,425	6.15
Loans and advances	11,755,446	1,244,782	10.63
Regulatory deposits	781,013	53,810	6.24
	-----	-----	-----
	13,736,989	1,349,731	9.85
	-----	-----	-----
<u>Interest revenue 2000</u>			
Cash and Liquid Assets	814,117	36,188	4.11
Receivables from other financial institutions	245,232	11,574	5.52
Loans and advances	10,426,534	1,072,629	10.35
Regulatory deposits	1,033,800	60,058	5.45
	-----	-----	-----
	12,519,683	1,180,449	9.45
	-----	-----	-----
<u>Interest expense 2001</u>			
Member deposits	12,978,690	535,892	5.19
Borrowings	0	0	0
	-----	-----	-----
	12,978,690	661,856	5.19
	-----	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 2: INTEREST REVENUE AND INTEREST EXPENSE (Con't)

	Average Balance \$	Interest \$	Average Rate %
<u>Interest expense 2000</u>			
Member deposits	11,716,167	535,892	4.62
Borrowings	-	0	0
	----- 11,716,167 -----	----- 535,892 -----	----- 4.62 -----
		2001 \$	2000 \$

NOTE 3: NON INTEREST REVENUES

Fees and commissions	188,820	181,429
Bad debts recovered	2,821	6,181
Sale of DAD shares	36,877	-
Other	2,528	1,306
	----- 231,046 -----	----- 188,916 -----

NOTE 4: OTHER EXPENSES

General administration	200,166	175,520
Salaries and associated expenses	425,217	398,640
Depreciation of property, plant and equipment	25,025	19,612
Loss on sale of property, plant and equipment	-	4,278
Other	71,661	83,198
	----- 722,071 -----	----- 681,248 -----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

	20001	2000
	\$	\$
NOTE 5: INCOME TAX		
(a) The Prima facie tax on operating profit is reconciled to the income tax provided in the accounts as follows:-		
Prima facie tax payable on operating profit at 54% above \$50,000 profit	(32,589)	(35,762)
Permanent Differences		
Add: Tax Effect of:		
Non-deductible depreciation	1,232	(1,687)
	-----	-----
	(33,821)	(37,449)
Adjust: Tax Effect of:		
Timing Differences	(6,183)	1,843
	-----	-----
Income tax benefit/(expense)	(40,004)	(35,606)
	-----	-----
(b) The income tax expense comprises amounts set aside as:		
Income tax payable on current year profits	(40,004)	(35,606)
	-----	-----
	(40,004)	(35,606)
	-----	-----
NOTE 6: AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditor for:		
Auditing or reviewing the accounts	8,795	9,120
Other services	-	3,200
	-----	-----
	8,795	12,320
	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 7: DIRECTORS

- (a) The names of the directors of the credit union who have held office during the financial year are:

Mr P. Pamment
 Mrs B. McLennan
 Mr P. Searle
 Mrs M. Smith
 Ms M. Holdaway
 Ms K. Russell (elected 11 November 2000)
 Mr A. Harrington (elected 11 November 2000)
 Ms Helen Rosenbaum (elected 11 November 2000)
 Ms E. Green (retired 11 November 2000)
 Ms A. Barrett (resigned 22 June 2001)
 Mr K. English (appointed 19 December 2000)
 Mr D. Pozzan (resigned 21 September 2000)

	2001	2000
	\$	\$
(b) Remuneration		
The aggregate remuneration of directors for the year	14,166	7,364
	-----	-----
	No	No
Number of directors whose remuneration falls within the following bands:		
\$0 - \$9,999	12	12

Remuneration includes all payments to directors and benefits, but excludes reimbursement of out of pocket expenses. All remuneration of directors was approved by the members at the previous Annual General Meeting of the credit union.

There are no amounts paid in connection with the retirement of a director to a superannuation plan except for amounts payable in accordance with Superannuation Guarantee Legislation. Superannuation payments made are on the same terms and conditions as for employees of the credit union generally.

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 7: DIRECTORS (Con't)

(c) Loans to Directors

Disclosure under AASB 1017 Loans to Directors, is limited to Directors and their spouses in accordance with Practice Note 9 issued by APRA on June 16, 1993.

Loans have been made to directors and spouses of directors on terms and conditions no more favourable than those available on similar transactions to members of the credit union. The amounts disclosed below are for directors and spouses of directors.

The terms and conditions in respect of all loans to directors have not been breached.

	2001	2000
	\$	\$
Aggregate amount outstanding at balance date	24,193	24,193
Aggregate amount of loans funded during the financial year	3,955	-
Directors Concerned		
Peter Searle	(2000) (2001)	
Aggregate amount of repayments received during the financial year	2,343	2,465

(d) Other Transactions of Directors

Directors and spouses of directors have received interest on deposits with the Credit Union 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 credit union.

The particulars of any interest of a Director in a contract, or a proposed contract, being an interest which is required to be declared under Division 1 (Directors and Officers) Part 6 of the Financial Institutions (Qld) Code since the date of the last report are as follows:

Peter Pamment is contracted to provide computer services to the Credit Union.

Marcelle Holdaway is contracted to provide social audit services to the Credit Union.

The contract terms and conditions are no more favourable than those available in arms length commercial transactions.

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 8: CASH AND LIQUID ASSETS

	2001	2000
	\$	\$
Cash on hand	79,222	39,022
Deposits with SSP's and at call accounts	1,414,462	563,191
	-----	-----
	1,493,684	602,213
	-----	-----

NOTE 9: RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS

Bank receivables	550,890	519,598
Building society and credit union receivables	-	-
SSP receivables	350,000	450,000
	-----	-----
	900,890	969,598
	-----	-----

Maturity analysis

Not longer than 3 months	100,000	400,000
Longer than 3 and not longer than 12 months	800,890	569,598
Longer than 1 and not longer than 5 years	-	-
Longer than 5 years	-	-
No maturity specified	-	-
	-----	-----
	900,890	969,598
	-----	-----

NOTE 10: ACCRUED RECEIVABLES

Accrued income	24,193	30,736
Prepayments	16,340	6,578
	-----	-----
	40,533	37,314
	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

	2001 \$	2000 \$
NOTE 11: LOANS AND ADVANCES		
Overdrafts	105,120	79,674
Term loans	11,781,723	11,111,366
	-----	-----
Gross Loans and Advances	11,886,843	11,191,040
Specific provisions for impairment	74,761	60,547
	-----	-----
General provision for impairment	7,116	16,282
	-----	-----
Net Loans and Advances	11,804,967	11,114,211
	-----	-----
<u>Maturity analysis</u>		
At call	-	-
Overdrafts	105,120	79,674
Not longer than 3 months	296,630	294,810
Longer than 3 and not longer than 12 months	1,523,491	1,921,253
Longer than 1 and not longer than 5 years	2,989,039	2,798,323
Longer than 5 years	6,972,563	6,096,980
No maturity specified	-	-
	-----	-----
	11,886,843	11,191,040
	-----	-----
NOTE 12: IMPAIRMENT OF LOANS AND ADVANCES		
(a) Provisions for Doubtful Debts	81,876	76,829
<u>Specific provisions for impairment</u>		
Opening balance	60,547	21,282
Doubtful debts expense	86,500	36,000
Transfer from general provision	9,167	48,257
Bad debts written off	(81,453)	(44,992)
	-----	-----
Closing Balance	74,761	60,547
	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

	2001 \$	2000 \$
NOTE 12: IMPAIRMENT OF LOANS AND ADVANCES (Con't)		
<u>General provision for impairment</u>		
Opening balance	16,282	64,539
Doubtful debts expense	-	-
Transfer to specific provision	(9,167)	(48,257)
Bad debts written off	-	-
	-----	-----
Closing Balance	7,115	16,282
	-----	-----
(b) <u>Bad and doubtful debts expense</u>		
Specific provisions for impairment	74,761	60,547
General provision for impairment	7,115	16,282
Bad debts written off directly	-	-
	-----	-----
	81,876	76,829
	-----	-----
(c) <u>Impaired loans, assets acquired and past due loans</u>		
<u>Non-accrual loans</u>		
Balance	176,141	207,246
Specific provision for impairment	(74,761)	(60,547)
	-----	-----
	101,380	146,699
	-----	-----
<u>Restructured loans</u>		
Balance	57,919	11,399
Specific provision for impairment	(7,767)	(4,670)
	-----	-----
	50,152	6,729
	-----	-----
NOTE 13: OTHER INVESTMENTS		
Shares in SSP	12,000	12,000
Other investments	9,000	35,016
Term deposit in Union Co-op Society	104,875	75,000
Shares in Union Co-op Society	10	10
	-----	-----
	125,885	122,026
	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 14: PROPERTY, PLANT AND EQUIPMENT	2001	2000
	\$	\$
(a) <u>Land</u>		
At cost (half purchase cost) - 1987	52,736	52,736
At independent valuation – 1994	250,000	250,000
At independent valuation – 1997	250,000	250,000
At independent valuation – 2000	250,000	250,000
At independent valuation – 2001	250,000	250,000
	-----	-----
 <u>Buildings</u>		
At cost (half purchase cost) - 1987	52,736	52,736
	-----	-----
At independent valuation – 2001	365,000	200,000
Capital improvements	-	-
Provision for depreciation	2,281	-
	-----	-----
	362,719	200,000
	-----	-----
 <u>Plant & Equipment</u>		
At cost	229,525	176,553
Provision for depreciation	(151,515)	(131,126)
	-----	-----
	78,010	45,427
	-----	-----
 Total Property, Plant & Equipment	690,729	495,427
	-----	-----

(b) The revaluations of freehold land and buildings were based on the assessment of their current market value. The independent revaluations on 30 March 2001 were carried out by Denis G. Cupitt & Associates.

The valuation was made in accordance with a regular policy to revalue land and buildings every three years. No capital gains tax has been taken into account in determining revalued amounts.

Land and buildings having a cost of \$105,472 have been valued at a market value of \$615,000 as at 30/03/01, based upon an independent valuation. The valuation was performed by Mr Denis Cupitt (reg. valuer no. 1298). The increase in value over cost has been brought to account in the balance sheet.

	2001 \$	2000 \$
NOTE 15: DEPOSITS		
Member Call Deposits (including withdrawable shares)	3,156,551	3,139,312
Member Term Deposits	10,766,227	9,162,167
Member Retirement Savings Account deposits	-	-
	-----	-----
	13,922,778	12,301,479
	-----	-----
<u>Maturity analysis</u>		
At call	3,156,551	3,139,312
Not longer than 3 months	5,242,672	3,687,949
Longer than 3 and not longer than 12 months	4,685,099	4,765,200
Longer than 1 and not longer than 5 years	838,456	709,018
Longer than 5 years	-	-
No maturity specified	-	-
	-----	-----
	13,922,778	12,301,479
	-----	-----
NOTE 16: CREDITORS AND OTHER LIABILITIES		
Accrued expenses	22,396	14,228
Other Liabilities	4,660	7,420
	-----	-----
	27,056	21,648
	-----	-----
NOTE 17: PROVISIONS		
Provision for employee entitlements	36,311	27,812
Provision for income tax	(6,340)	24,275
	-----	-----
	29,971	52,087
	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

	2001 \$	2000 \$
NOTE 18: RESERVES		
<u>General Reserve</u>		
Opening balance	614,723	544,723
Transfer from profit and loss appropriation	133,352	70,000
	-----	-----
Closing Balance	748,075	614,723
	-----	-----
<u>Asset Revaluation Reserve</u>		
Opening balance	287,846	276,425
Revaluation of DAD share	-	(1,245)
Revaluation increment of property	40,962	12,666
	-----	-----
Closing Balance	328,808	287,846
	-----	-----
Total Reserves	1,076,883	902,569
	-----	-----

NOTE 19: COMMITMENTS

Outstanding Loan Commitments

Loans and credit facilities approved but not funded or drawn at the end of the financial year

Loans approved but not funded	354,820	582,915
Undrawn overdraft	70,692	60,001
	-----	-----
	425,512	642,916
	-----	-----

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 20: STAND BY BORROWING FACILITIES

The credit union has a gross borrowing facility with Credit Union Settlement Services Limited of:

	Approved Facility \$	Current Borrowing \$	Net Available \$
2001			
Pre-approved loan facility	-		
Overdraft facility	280,000	0	280,000
Stand by facility	-		
	-----	-----	-----
	280,000	0	280,000
	-----	-----	-----
	Approved Facility \$	Current Borrowing \$	Net Available \$
2000			
Pre-approved loan facility	-		
Overdraft facility	280,000	0	280,000
Stand by facility	-		
	-----	-----	-----
	280,000		280,000
	-----	-----	-----

There are no restrictions in the relation to these loan facilities except withdrawals of funds under the pre-approved loan facility are subject to availability and are at the discretion of Credit Union Settlement Services Limited. Stand by lines, credit facilities and borrowings are secured by an equitable mortgage over all assets of the credit union.

NOTE 21: CONTINGENT LIABILITIES

Emergency Liquidity Support Scheme Security

An Emergency Liquidity Support Scheme Deed made as of the 22nd day of February 1996 between AFIC (now APRA), Credit Union Settlement Services Limited and Credit Union Treasury Services Limited required the Society to execute a Deed of Charge against the assets of the credit union to secure any advances which may be made to the credit union under the Scheme.

The credit union has provided a floating charge in favour of CUSS over the total assets of the credit union.

NOTE 22: SEGMENTAL REPORTING

The credit union operates predominantly in the finance industry within Queensland. The operations comprise the acceptance of deposits and the making of loans to members.

**MALENY AND DISTRICT COMMUNITY CREDIT
UNION LIMITED**

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 23: INTEREST RATE RISK

The following table summarises interest rate risk. Financial instruments are classified by the date at which the applicable interest rate will next be reset.

	Repricing Period at 30 June 2001					Non Interest sensitive	Total
	0 to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years		
Assets	\$	\$	\$	\$	\$	\$	\$
Cash and liquid assets	1,493,684						1,493,684
Receivable Due from other financial institutions	100,000		800,890				900,890
Trading securities							
Investment securities							
Loans and advances	11,804,967						11,804,967
Other investments			104,875			21,010	125,885
Property, Plant and Equipment						690,729	690,729
Other assets						40,533	40,533
	<u>13,398,651</u>		<u>905,765</u>			<u>752,272</u>	<u>15,056,688</u>
Liabilities & Equity							
Payables Due to other financial institutions							
Deposits	3,156,551	5,242,672	4,685,099	838,456			13,922,778
Borrowings							
Creditors and other liabilities						27,056	27,056
Provisions						29,971	29,971
Bonds, notes and debentures							
Members Equity						1,076,883	1,076,883
	<u>3,156,551</u>	<u>5,242,672</u>	<u>4,685,099</u>	<u>838,456</u>		<u>1,133,910</u>	<u>15,056,688</u>

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 24: CREDIT RISK

(a) Maximum Credit Risk Exposure

The Society's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

(b) Concentrations of Credit Risk

The following groups represent concentrations of financial assets in excess of 10% of capital.

	2001	2000
	\$	\$
CUSS		
Term deposits	250,000	350,000
Cash and other Liquids	1,221,715	46,465
Settlement float	100,000	100,000
Metway Bank		
Term deposits	232,810	219,598
Bendigo Bank		
Term deposits	318,080	300,000
Pioneer Permanent		
Cash and other Liquids	192,746	555,747
Union Cooperative Society	104,875	75,000
QLD		
Variable rate loans	11,781,723	11,111,367

Four member loans exceed 10% of capital with an aggregate amount of \$432,502

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 25: FAIR VALUE OF FINANCIAL INSTRUMENTS

The net fair value estimates were determined by the following methodologies and assumptions:

Liquid assets and receivables from other financial institutions

The carrying values of cash, liquid assets, and receivables due from other financial institutions approximate their net fair value as they are short term in nature or are receivable on demand.

Securities

Trading securities are carried at net market/fair value and investment securities have their net fair value determined based on quoted market prices or net assets of associates.

Loans and advances

The carrying value of loans, advances and other receivables is net of general and specific provisions for impairment.

For variable rate loans, excluding impaired loans, the carrying amount is a reasonable estimate of the net fair value.

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

Deposits and amounts due to other financial institutions

The carrying value of payables due to other financial institutions approximate their fair value as they are short term in nature.

The net fair value of non interest bearing, call and variable rate deposits, and fixed rate deposits repriced within six months is the carrying value as at 30 June 2001.

Deposits are recorded at the principal amount.

Accounts Payable and Other Liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the financial institution.

NOTE 26: ECONOMIC DEPENDENCY

The credit union has an economic dependency on the following suppliers of service:

(a) Credit Union Settlement Services Limited

This entity provides services in the form of settlement with Bankers for member and corporate chequing transactions.

MALENY AND DISTRICT COMMUNITY CREDIT UNION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS AS AT 30 JUNE 2001

NOTE 27: STATEMENT OF CASH FLOWS

(a) Reconciliations of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and 'at call' deposits with other financial institutions. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2001	2000
	\$	\$
Cash liquid assets	79,222	39,022
At call receivables due from other financial institutions	1,414,462	563,191
	-----	-----
	1,493,684	602,213
	-----	-----

(b) Cash Flows Presented on a Net Basis

Cash flows arising from the following activities are presented on a net basis in the statement of cash flows:

- (a) customer deposits in and withdrawals from savings, money market and other deposit accounts;
- (b) sales and purchases of dealing securities;
- (c) sales and purchases of maturing certificates of deposit; and
- (d) short-term borrowings.
- (e) provision of member loans and the repayment of such loans

(c) Reconciliation of Net Cash provided by Operating Activities to Operating Profit after Income Tax

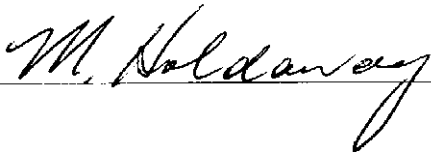
	2001	2000
	\$	\$
Operating profit after income tax	70,346	80,620
Depreciation	25,025	19,612
Loss on disposal of fixed assets	-	4,278
(Increase)/Decrease - Interest receivable	6,543	(50,747)
(Increase)/Decrease - Prepayments	(9,762)	(908)
(Increase)/Decrease - Other Investments	(3,859)	(73,765)
Increase/(Decrease) - Provision Employee Entitlement	8,499	5,578
Increase/(Decrease) - Income Taxes Payable	(30,615)	(21,045)
Increase/(Decrease) - Creditors	5,408	(2,355)
	-----	-----
Net cash provided by operating activities	71,585	62,762
	-----	-----

DIRECTORS' DECLARATION

The directors of the credit union declare that:

1. The financial statements and notes,
 - (a) comply with Accounting Standards and the Corporations Law; and
 - (b) give a true and fair view of the financial position as at 30 June 2001 and performance for the year ended on that date of the credit union.
2. In the directors' opinion there are reasonable grounds to believe that the credit union will be able to pay its debts as and when they become due and payable.

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



Director



Director

Dated this 21st day of August 2001

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF THE MALENY AND DISTRICT COMMUNITY CREDIT UNION

Scope

We have audited the foregoing report of Maleny and District Community Credit Union Limited for the financial year ended 30 June 2001.

The credit union's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the credit union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial reports presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the credit union's financial position and performance, as represented by the results of its operations and its cash flows.

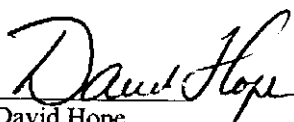
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Maleny and District Community Credit Union Limited is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the credit union's position as at 30 June 2001 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Love & Partners
Chartered Accountants
66 Duporth Avenue
Maroochydore


David Hope
22 August 2001