

2018 Annual Report



WARWICK
CREDIT UNION

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BOARD OF DIRECTORS

ROSS FRASER – CHAIR

Ross is the Managing Director of a Warwick based national livestock transport business. Ross has held several national positions in the transport industry.

ALAN OLSEN – DEPUTY

Alan owns and operates a retail hardware business in Warwick. Alan has strong business acumen and holds a Bachelor of Business degree, is a CPA and a graduate of the Australian Institute of Company Directors.

DAVID THOMSON

David owns and operates a veterinary clinic based in Killarney which services the surrounding district, including across the border into New South Wales. David is actively involved in the community and holds a Diploma of Financial Services.

PAULINE PICKERING

Pauline is the director of a Warwick based accounting firm. Born and educated locally, Pauline has significant community involvements. She is a member of CPA Australia, Queensland Public Practice Committee which represents and advocates for accountants in public practice across the State.

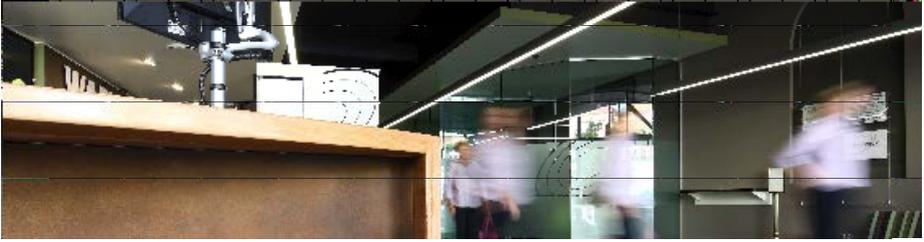
PAUL MCMAHON

Paul manages the Rowe Group of companies which has a diverse investment portfolio. He holds a Masters of Business Administration, an accounting degree and is a CPA. He is Treasurer of St Andrews Toowoomba Hospital, a director of the Prince Charles Hospital Foundation, a member of Toowoomba Diocesan Finance Council and the Chair of the Southern Downs Economic Advisory Committee.

BOB HOGARTH

Bob is Managing Director of his own consulting firm following a highly successful career as an executive in the banking industry. Bob is an experienced Board member and a Human Resources and Management professional with over 25 years at executive level. Bob has a Masters of Business Administration and an Associate Diploma in Administration.

CHAIRMAN & CEO'S REPORT



Strong customer and staff support have given Warwick Credit Union a sound year despite the drought and highly competitive trading conditions. We thank each and every one of them for that commitment. Pre-tax profit was up a solid 15% to \$739,354. Retail deposits increased \$6.9 million to \$222 million. Loan approvals were \$61 million and after repayments lending increased a record \$21.6 million to \$233 million and total assets to \$277.6 million.

The record volume growth was spread around all of our communities in Warwick & district, Allora, Dalby, Killarney, Inglewood and "Warwick linked" customers living around Australia.

While drought has impacted most of Queensland, it is encouraging to see individuals, families and businesses having the resilience and faith in the future to invest so much locally.

**Invest so
much locally**

While volumes are up, margins remain tight. This reflects both the financial environment and two competing priorities. We work to keep lending interest rates and fees as low as possible, but also to pay the best returns to customers saving and investing with the Credit Union.

It is important to recognise irrespective of trading conditions and competitive products, the Credit Union's performance is largely achieved by following our mantra of "being easy to do business with". That focus on our customers is the cornerstone of the challenge of growing income in a strong, safe and sustainable manner while maintaining cost and capital discipline.

As a mutual approved deposit institution, that is a bank owned by its customer shareholders, our obligation is to carry out our business in a way which generates profit for reinvestment but also for reinvesting in our communities through operational spending and sponsorships. As much as possible of our \$5 million in operational spend including investing over \$100,000 in direct giving is directed locally. We acknowledge that not every dollar given earns a commercial return, but see even greater value when it enriches and improves the communities where our customers live.

As we move into the second year of a three year strategic planning cycle, the good work building loans and savings has been complemented by investment in capital, infrastructure and marketing.

In December 2017 the Credit Union raised \$6 million in Additional Tier One capital notes to replace expiring Tier Two instruments and provide additional capital for expansion. The capital raising was the first of its type in the customer owned banking industry and provides a strong platform. It was pleasing that the capital issue was over subscribed in the professional investor market where the notes were placed.

In February, Warwick Credit Union was a day one financial institution offering 60 second inter bank transactions through the New Payments Platform or OSKO as it is called in your online banking. Along with most credit unions we beat all the large banks to market!

 **Beat the large banks to the market** 

Similarly we continued to optimise the business intelligence or "BI" capabilities in the core banking system. We can now filter data and construct scenarios to offer customers products they are most likely to need while avoiding bothering them with what they are unlikely to require.

Much of the promotion using "BI" has been through expansion of social media use including targeted testimonials from real customers. Careful thought goes into highlighting our service and demonstrating that we have a full range of very competitive products. These now include our equipment finance, mortgage broking, and all of what are called "the pays", which refers to the combination of App based banking, OSKO together with Google Pay and Apple Pay.

The next step now taking shape is to replace legacy links between branches with dedicated private fibre. This private network will make communications faster, more secure and expandable and with automated network fall back arrangements. Staff and customers will see benefits from later this calendar year.

 **Staff & customers will see benefits from later this calendar year** 

The final major activity underway is the pending merger with Gympie Credit Union (GCU). Although relatively small, GCU has a great community focus and has served the Gympie area for over 50 years. Subject to regulatory and its member approvals, GCU will become part of Warwick in early 2019. This is an exciting opportunity for GCU and Warwick.



Ross C Fraser
Chairman



Lewis von Stieglitz
Chief Executive Officer

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116

DIRECTORS' REPORT

Information on Warwick Credit Union Limited Concise Financial Statements

The information contained in the concise financial statements has been derived from the full 2018 Financial Statements of Warwick Credit Union Limited. Discussion and analysis is provided to assist members in understanding the concise financial statements.

A copy of the full financial statements and auditor's report will be sent to any member, free of charge, upon request.

Your Directors present their report on the affairs of the Credit Union for the financial year ended 30 June 2018.

The Credit Union is a company registered under the Corporations Act 2001.

Information On Directors

The names of the Directors in office at any time during or since the end of the year are:

Name: Mr Ross Charles Fraser

Position: Chairman (Appointed 26/03/18)

Experience: Director for 11 years

Qualifications: MAMI

Responsibilities: Deputy Chair, Remuneration Committee Member, Nominations Committee Member ex office on all other Board Committees.

Name: Mr Alan Frank Olsen

Position: Director (Resigned as Chairman 26/03/18)

Qualifications: B.Bus (Acc), CPA, JP (QUAL), GAICD, FAMI

Experience: Director for 30 years

Responsibilities: Deputy Chair, Nominations Committee Member

Name: Mr James Michael Lindsay (Resigned 18/09/17)

Position: Director

Qualifications: B Bus (Acc and Local Government), M Bus Admin, CPA, C Dec, GAICD, MAMI

Experience: Director for 11 years

Responsibilities: Audit Committee Chair, Risk Committee Member, Nominations Committee Member.

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DIRECTOR'S REPORT

Name: Ms Pauline Theresa Pickering

Position: Director

Qualifications: B.Bus (Acc), CPA, MAMI

Experience: Director for 11 years

Responsibilities: Audit Committee Member, Risk Committee Member, Nominations Committee Chair.

Name: Mr David Andrew Thomson

Position: Director

Qualifications: B.V Sc, MAICD, CMAVA, MAMI, Dip of Financial Services

Experience: Director for 11 years

Responsibilities: Risk Committee Chair, Audit Committee Member, Nominations Committee Member.

Name: Mr Paul Norman McMahon

Position: Director

Qualifications: Bachelor of Accounting, MBA, CPA

Experience: Director for 2 years

Responsibilities: Audit Committee Chair, Risk Committee Member, Remuneration Committee Member

Name: Mr Robert Hogarth

Position: Director

Qualifications: Masters of Business Administration, Associate Diploma in Administration

Experience: Director for 2 years

Responsibilities: Remuneration Committee Chair.

The name of the Company Secretary in office at the end of the year is:

Name: Mr Lewis Von Stieglitz

Qualifications: Master of Business Administration, Bachelor of Arts (Honours)

Experience: Chief Executive Officer/Company Secretary of Warwick Credit Union.

All Directors have held their office from 1 July 2017 to the date of this report unless otherwise stated.

WARWICK CREDIT UNION LIMITED
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DIRECTOR'S REPORT

Directors' Meeting Attendance

Name	Board Meetings		Nomination Committee		Remuneration Committee		Audit Committee		Risk Committee	
	E	A	E	A	E	A	E	A	E	A
A Olsen*	10	10	2	2	1	1	3	2	3	2
J Lindsay	2	2	0	0	0	0	1	1	1	1
R Fraser**	10	8	2	1	1	1	1	1	1	1
P Pickering	10	9	2	2	0	0	4	4	4	4
D Thomson	10	8	2	2	0	0	4	4	4	4
P McMahon	10	10	0	0	1	1	4	4	4	4
R Hogarth	10	10	0	0	1	1	0	0	0	0

* Mr Olsen was an ex officio member, not an appointed member of the Audit and Risk Committee.

** Mr Fraser is an ex officio member, not an appointed member of the Audit and Risk Committee.

E = Eligible to Attend

A= Attended

Insurance and Indemnification of Officers or Auditor

Insurance premiums have been paid to insure each of the Directors and officers of the Credit Union, 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 Credit Union. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditor of the Credit Union.

No indemnities have been given to the officers or auditor.

WARWICK CREDIT UNION LIMITED
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DIRECTOR'S REPORT

Principal Activities

The principal activities of the Credit Union during the year were the provision of retail financial services to members in the form of taking deposits and the provision of loans and associated services to the members as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

Operating Results

The net profit of the Credit Union for the year after providing for income tax was \$524,415 (2017: \$446,289).

Dividends

Dividends totalling \$170,964 (2017: Nil) were declared and paid on 60,000 Capital Notes. The payments of dividends during the financial year were approved by a resolution of the Directors.

Share Options

No options over unissued shares or interests in the Credit Union were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares have been issued as a result of the exercise of an option.

Review Of Operations

The results of the Credit Union's operations from its activities of providing competitive community banking services did not change significantly from those of the previous year.

In a tight economic and competitive environment net profit after tax for the year was \$523,415. Net interest margin increased by \$219,469 reflecting stability of margins with the Credit Union balancing the value it can provide to members through both competitive lending and deposit rates. Loans increased by \$21,658,636 (10.21%). Deposits increased \$14,226,015 (6.44%).

Expenses increased by \$202,522 (3.25%) with changes in in bad debts and other expenses.

WARWICK CREDIT UNION LIMITED
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DIRECTOR'S REPORT

Support from customers underpinned a steady performance in day to day transaction banking. There was sound growth in both new customers and the number of accounts individuals, families and businesses hold.

Significant Changes In State Of Affairs

Apart from disclosures elsewhere in this report, there were no significant changes in the state of affairs of the Credit Union during the year.

Events Subsequent to the End of the Reporting Period

In April of 2018 the Credit Union entered into a Memorandum of Understanding with Gympie Credit Union to merge the operations of Gympie Credit Union into Warwick Credit Union. At balance date due diligence is being undertaken with a likely meeting of members later in the 2018 calendar year to approve the merged entity and for the one entity to be trading in the new calendar year.

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Credit Union in subsequent financial years.

Likely Developments and Results

The Credit Union will continue to implement its Strategic Plan. It will continue to provide financial services, including an increasing range of savings and lending products to its customers through its network of branches in South East Queensland. Work continues to improve and promote online and App based banking, giving customers greater convenience and choice.

Looking forward, the Credit Union still faces a challenging market. In response, it remains focused on improving its current business through initiatives to both increase revenues and improve efficiencies.

Regulatory Disclosures

The qualitative and quantitative disclosures on capital and remuneration as required by APS 330 Public Disclosures can be seen on the website of the credit union. (www.wcu.com.au/about-us-publications.html)

WARWICK CREDIT UNION LIMITED
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DIRECTOR'S REPORT

Proceedings

No person has applied for leave of the Court to bring proceedings on behalf of the Credit Union or interfere in any proceedings to which the Credit Union is a party for the purpose of taking responsibility on behalf of the Credit Union for all or part of those proceedings. The Credit Union was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 as required under s307c of the Corporations Act 2001 forms part of this report and a copy of this declaration is attached.

Environmental Regulation

The Credit Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Signed for and on behalf of the directors in accordance with a resolution of the Board.



Ross C Fraser
Chairman



Alan F Olsen
Deputy Chairman

Dated this 27th day of August 2018

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY M CUTRI TO THE DIRECTORS OF WARWICK CREDIT UNION LIMITED

As lead auditor of Warwick Credit Union for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Warwick Credit Union.

A handwritten signature in black ink, appearing to read 'M Cutri'. The signature is stylized and cursive.

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 27 August 2018

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Interest income	2	11,033,117	10,815,805
Interest expense	2	(5,246,173)	(5,248,330)
Net interest income		5,786,944	5,567,475
Non-interest revenue and other income	3	1,381,174	1,301,445
Impairment expense on loans and advances		(124,321)	20,418
Employee benefits expense		(2,808,069)	(2,844,494)
Occupancy expense		(287,531)	(312,358)
Depreciation and amortisation expense		(315,057)	(293,708)
Other expenses		(2,893,786)	(2,796,100)
Profit before income tax		739,354	642,678
Income tax expense		(215,939)	(196,389)
Profit for the year		523,415	446,289
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		523,415	446,289

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

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
ASSETS			
Cash and cash equivalents		6,156,891	8,241,357
Financial assets available for sale		429,980	429,980
Other receivables		178,289	92,059
Financial assets held-to-maturity		32,152,622	29,407,563
Loans and advances		233,745,924	212,087,288
Investment Property		903,488	903,488
Property, plant and equipment		2,251,730	2,315,253
Deferred tax assets		309,625	373,422
Intangible assets		1,149,792	1,120,431
Current tax asset		230,412	261,459
Other assets		164,889	243,638
TOTAL ASSETS		277,673,642	255,475,938
LIABILITIES			
Borrowings		17,939,724	12,360,161
Deposits		235,144,679	220,918,664
Other payables		821,277	655,540
Provisions		365,237	320,402
Subordinated debt		-	3,991,077
TOTAL LIABILITIES		254,270,917	238,245,844
NET ASSETS		23,402,725	17,230,094
EQUITY			
Capital Notes		5,837,992	-
Redeemed preference share capital		128,070	122,651
Reserve for credit losses		709,555	672,898
Retained earnings		16,727,108	16,434,545
TOTAL EQUITY		23,402,725	17,230,094

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

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Note	Capital Notes Tier 1 Issue \$	Redeemed Preference Share Capital \$	Reserve for Credit Losses \$	Retained Earnings \$	Total \$
Balance at 30 June 2016					
Total comprehensive income for the year	-	118,161	665,408	16,000,236	16,783,805
Profit for the year	-	-	-	446,289	446,289
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,289</u>	<u>446,289</u>
<i>Transfers</i>					
Transfers to and from reserve for credit losses	-	-	7,490	(7,490)	-
Transfers to redeemed preference share capital	-	4,490	-	(4,490)	-
Total transfers	<u>-</u>	<u>4,490</u>	<u>7,490</u>	<u>(11,980)</u>	<u>-</u>
<i>Transactions with owners in their capacity as owners</i>					
Capital Payment	-	-	-	-	-
Dividends Paid	-	-	-	-	-
Total Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2017	-	122,651	672,898	16,434,545	17,230,094
Total comprehensive income for the year	-	-	-	523,415	523,415
Profit for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,415</u>	<u>523,415</u>
<i>Transfers</i>					
Transfers to and from reserve for credit losses	-	-	36,657	(36,657)	-
Transfers to redeemed preference share capital	-	5,419	-	(5,419)	-
Transfer share discount	-	-	-	(3,563)	(3,563)
Total transfers	<u>-</u>	<u>5,419</u>	<u>36,657</u>	<u>(45,639)</u>	<u>(3,563)</u>
<i>Transactions with owners in their capacity as owners</i>					
Capital Raising	5,837,992	-	-	-	5,837,992
Dividends Paid	-	-	-	(170,965)	(170,965)
Dividends Provided for	-	-	-	(14,248)	(14,248)
Total Transactions with owners in their capacity as owners	<u>5,837,992</u>	<u>-</u>	<u>-</u>	<u>(185,213)</u>	<u>5,652,779</u>
Balance at 30 June 2018	5,837,992	128,070	709,555	16,727,108	23,402,725

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

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		10,985,986	10,830,798
Dividends received	3	39,030	-
Other income received		100,574	89,056
Fees and commissions received		1,206,956	1,183,184
Interest paid		(5,183,534)	(5,215,819)
Payments to suppliers and employees		(5,685,511)	(5,938,512)
Income taxes paid		(121,095)	(356,689)
Net movement in financial assets held-to-maturity		(2,745,059)	(3,345,834)
Net movement in loans and advances		(21,787,445)	(9,973,780)
Net movement in deposits		14,242,940	12,401,347
Net payments to borrowings		5,500,000	1,750,000
Net cash provided by operating activities		<u>(3,447,158)</u>	<u>1,423,751</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(282,447)	(308,515)
Net cash provided by / (used in) investing activities		<u>(282,447)</u>	<u>(308,515)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(170,964)	-
Payout of Sub Debt		(4,018,329)	-
Capital Notes Raising		5,834,432	-
Net cash provided by/ (used in) financing activities		<u>1,645,139</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(2,084,466)	1,115,236
Cash and cash equivalents at the beginning of the financial year		8,241,357	7,126,121
Cash and cash equivalents at the end of the financial year		<u>6,156,891</u>	<u>8,241,357</u>

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

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The concise financial statements are extracted from the full financial statements for the year ended 30 June 2018. The concise financial statements have been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001.

The concise financial statements are presented in Australian Dollars.

The financial statements, specific disclosures and other information included in the concise financial statements are derived from and are consistent with the full financial statements of Warwick Credit Union Limited. The concise financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Warwick Credit Union Limited as the full financial statements.

The full financial statements of the Credit Union as an individual entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

A copy of the full financial statement and auditors report will be sent to any member, free of charge, upon request.

WARWICK CREDIT UNION LIMITED

A.B.N. 98 087 651 116

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018**

		2018	2017
		\$	\$
NOTE 2:	INTEREST INCOME AND INTEREST EXPENSE		
	(a) Interest Income on Assets at Amortised Cost		
	Cash and cash equivalents	43,754	35,467
	Financial assets held-to-maturity	708,496	695,572
	Loans and advances	10,280,867	10,084,766
	Other interest income	-	-
	Total Interest Income on Assets at Amortised Cost	11,033,117	10,815,805
	(b) Interest Expense on Liabilities at Amortised Cost		
	Short term borrowings	394,163	336,273
	Deposits	4,699,679	4,601,751
	Subordinated debt	152,331	310,306
	Total Interest Expense on Liabilities Carried at Amortised Cost	5,246,173	5,248,330

WARWICK CREDIT UNION LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
 JUNE 2018**

**NOTE 3: NON-INTEREST REVENUE AND OTHER
 INCOME**

Non-Interest Income

Dividends received (financial assets available for sale)	39,030	-
Fees and commissions		
- Deposits	249,659	259,031
- Other (exc loan origination fees)	957,297	924,006
Bad debts recovered	6,686	4,248
Gain on disposal of property, plant and equipment	-	540
Rental income from investment property	80,000	80,000
Gain on revaluation of investment property	-	-
Other Income	48,502	33,620
Total Non-Interest Revenue and Other Income	1,381,174	1,301,445

WARWICK CREDIT UNION LIMITED

A.B.N. 98 087 651 116

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018**

2018 **2017**
\$ **\$**

NOTE 4: EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

In April of 2018 the Credit Union entered into a Memorandum of Understanding with Gympie Credit Union to merge the operations of Gympie Credit Union into Warwick Credit Union. At balance date due diligence is being undertaken with a likely meeting of members later in the 2018 calendar year to approve the merged entity and for the one entity to be trading in the new calendar year.

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Credit Union in subsequent financial years.

NOTE 5: DIVIDENDS

Fully franked capital note dividend of \$1.3929 was paid on 15 March 2018 at the tax rate of 30%. (2017: No dividends paid).	83,574	-
Fully franked capital note dividend of \$1.4565 was paid on 15 June 2018 at the tax rate of 30%. (2017: No dividends paid).	87,390	-
Dividend Payable	14,248	-
	<hr/>	<hr/>
	185,212	-
	<hr/>	<hr/>

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2018**

NOTE 6: DISCUSSION AND ANALYSIS

Loans and advances increased by \$21,658,636 (10.21%) to \$223,745,924. Deposits increased \$14,226,015 (6.44%) closing at \$235,144,679.

Short term borrowings increased by \$5,579,563 (45.14%) to \$17,939,724.

Assets grew by \$22,197,704 (8.69%) to \$277,673,642. The increase is due to the growth in loans and an increase in Financial Assets held to maturity. Liabilities rose by \$16,025,073 (6.73%) to \$254,270,917.

The year saw the Reserve Bank (RBA) maintain the official cash rate. Interest income increased \$217,312 (2.01%), while interest remained stable as a result of the subordinated debt being paid out in December 2017.

Fee income grew by \$78,177 (6.01%). Included in fee income the recommencement of dividends being received from Indue.

Expenses increased \$200,970 (3.23%) for the year from an increase in bad debts and other income.

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2018**

DECLARATION BY DIRECTORS

The Directors of Warwick Credit Union Limited declare that the Concise Financial Statements of Warwick Credit Union Limited for the financial year ended 30 June 2018, being Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Concise Financial Statements;

- comply with Accounting Standard AASB 1039: Concise Financial Reports, and
- is an extract from, that has been derived from and is consistent with the full financial statements of Warwick Credit Union Limited for the year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Board.



Ross C Fraser
Chairman



Alan F Olsen
Deputy Chairman

Dated this 27th day of August 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Warwick Credit Union Limited

Report on the Concise Financial Report

Opinion

We have audited the concise financial report of Warwick Credit Union Limited (the Company), which comprises the statement of financial position as 30 June 2018, 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 financial report of Warwick Credit Union Limited for the year 30 June 2018 and the discussion and analysis.

In our opinion, the accompanying concise financial report including the discussion and analysis of Warwick Credit Union Limited 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 the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

The financial report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 30 June 2018.

Responsibility of the Director's 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 for the audit of the concise financial report

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

BDO Audit Pty Ltd



M Cutri

Director

Brisbane, 27 August 2018

CREDIT UNION PRAYER

Lord, make me an instrument of your peace;

Where there is hatred, let me show love;

Where there is injury, pardon;

Where there is doubt, faith;

Where there is despair, hope;

Where there is darkness, light;

And where there is sadness, joy.

O Divine Master, grant that I may not so much seek

To be consoled as to console;

To be understood, as to understand;

To be loved, as to love;

For it is in giving that we receive,

It is in pardoning that we are pardoned,

And it is in dying that we are born to eternal life.

Amen

WARWICK CREDIT UNION

Warwick Credit Union Limited
ABN 98 087 651 116