

20 19 Annual Report



WARWICK
CREDIT UNION

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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.

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.

ELLE PEMBROKE

Elle has strong credentials in finance and an impressive background including experience with BDO, Queensland Treasury Corporation and most recently local government. She holds degrees in Business Management and Commerce.

Board of Directors 2019



Ross Fraser



Alan Olsen



David Thomson



Paul McMahon



Bob Hogarth



Elle Pembroke

Chair and CEO report 2019 annual report

Continued customer support has enabled Warwick Credit Union to report a strong performance in a year characterised by the ongoing drought accompanied by considerable political and economic uncertainty.

Growth in lending and savings balances together with a fall in bad debts and tight control of expenses caused pre tax profit to increase by \$348,454 from \$739,354 to \$1,087,808.

The major highlight in a year of achievements was our successful merger with The Gympie Credit Union Limited. The combination brings together two very like minded community credit unions serving member customers in regional areas. It is a tribute to the directors and staff of Gympie that as good stewards they have maintained a local credit union presence in the Gympie area for over fifty years.

The Gympie Credit Union will not disappear. Unique branding, a dedicated web site, sponsorships and marketing materials will continue to carry the Gympie name. This is a deliberate strategy to recognise the importance of local member customers and the identity of the Gympie area. Between the February 2019 merger date and our balance date of 30 June, Gympie grew by 15%, a strong performance.

In keeping with respecting and promoting local identity our Dalby branch has been similarly rebranded, as Dalby Credit Union. The overall brand will continue to be Warwick.

Other highlights of the year include roll out of dedicated secure fibre links between all sites, rebuild of the web site, improvement to the Osko fast payments network and ongoing optimisation of our core banking system. These are all parts of our strategy of constantly increasing security, controlling costs and making it easier for customers to do business with us. Customer interest in our banking App, Osko and our Apple and Google Pay products as well as our Visa Cards is continuing to reflect confidence that the credit union has a strong and reliable transaction banking offering.

Local benefits of the Credit Union's health continue to be direct and tangible. Communities, sporting, heritage, cultural and other groups benefit from having all profits returned to them in the form of high quality financial services, sponsorships and donations.

Supported activities and events range from regular annual undertakings to signature regional happenings such as this year's Polocrosse World Cup, attended by over 60,000 people. At the same time, where the drought has forced cancellation of events we have made a point of continuing longstanding sponsorship contributions to the relevant organisations.

For many, the fast commencement of harsh and ongoing drought conditions have brought personal and economic pressures. As a local regional community organisation we have worked to continue to provide loans and other banking facilities without making arbitrary changes that make life unnecessarily more difficult. We are able to take this approach to our strong on the ground local knowledge of people and conditions.

Similarly the recent Royal Commission into wrongdoing in banking and commencement of the Bank Executive Accountability Regime (BEAR) were prominent in the press over the year. Adverse findings and targeted regulatory reviews caused many institutions to reappraise and arbitrarily tighten policies. While we made some changes in the interests of clarity and to ensure fairness, the credit union took care to ensure adjustments to our requirements for staff, loan servicing and security types were to ensure we are always a responsible lender which does not penalise customers. Detailed policies and procedures are in place to ensure we live up to the standard we set for ourselves. This ethical and responsible approach extends to dealings with all our communities and stakeholders.

The year witnessed several people events and changes. Jill Doyle celebrated her 20 years and Ian Tate celebrated his 10 years. At Board level the Credit Union farewelled long time director Mrs Pauline Pickering. Pauline has been a diligent, engaged and expert individual who will be missed in Board and Committee meetings. We also welcomed Ms Elle Pembroke to the Board. Elle has strong credentials in finance and asset management and is a valuable addition to the Credit Union.

As always access to staff who follow sound but flexible processes and are empowered to make decisions locally is the key to our competitiveness. It is a particular point of difference that we are able to fine tune pricing, meet urgent requests quickly and make fast decisions that ensure customer needs are met quickly and comprehensively. In a tight economy with more aspects of property sales and investment decisions becoming automated, this personal approach is increasing in value.

Turning to financial metrics, over the year the lending staff funded over \$72,111,685 to a mix of individuals, families, associations and businesses. After customer repayments, lending increased by over 12% from \$233,745,924 to \$262,614,412. Our model of branch lending and referrals and a centre of excellence in the Loans Centre continues to ensure fast high quality decision making and support. Inclusive of Gympie, total assets increased by almost 12% from \$277,673,642 to \$310,754,694.

On the other side of the balance sheet, savings and investment balances grew by 12% from \$253,084,403 to \$283,238,793. All branches contributed to this strong growth, continuing to demonstrate the value of physical representation in smaller locations such as Allora, Inglewood and Killarney as well as in larger towns. It is pleasing that savings balances continue to exceed loans, an important rule of thumb for financial health as it reduces reliance on volatile wholesale and other markets.

Over the year growth in lending increased interest income by \$1,210,119 (10.97%), outpacing interest expense which increased \$342,570 (6.53%). Over the year fixed rates fell with movements in financial markets and in June the Reserve Bank reduced the cash rate by 0.25%. To ensure the Credit Union is always competitive we passed on these reductions to home owners and other borrowers. At the same time, while deposit interest rates are very low, we have worked to maximise the return to savers and investors.

At the end of the financial year capital stood at 15.42%, up from 14.95% the previous year.

We thank each and every customer for choosing to borrow and/or invest and transact with Warwick, Dalby and Gympie Credit Unions.



Ross Fraser - Chairman



Lewis von Stieglitz - CEO

Warwick Credit Union Limited A.B.N 98 087 651 116

Information on Warwick Credit Union Limited Concise Financial Statements

The information contained in the concise financial statements has been derived from the full 2019 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 2019.

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

Experience: Director for 12 years

Qualifications: MAMI

Responsibilities: Chairman, Member ex officio on all other Board Committees.

Name: Mr Alan Frank Olsen

Position: Director

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

Experience: Director for 31 years

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

Name: Ms Pauline Theresa Pickering (Resigned 19/12/18)

Position: Director

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

Experience: Director for 11 years

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

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Name: Mr David Andrew Thomson

Position: Director

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

Experience: Director for 12 years

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

Name: Mr Paul Norman McMahon

Position: Director

Qualifications: Bachelor of Accounting, MBA, CPA

Experience: Director for 3 years

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

Name: Mr Robert Hogarth

Position: Director

Qualifications: Masters of Business Administration, Associate Diploma in Administration

Experience: Director for 3 years

Responsibilities: Remuneration Committee Chair, Nominations Committee Chair.

Name: Ms Elle Pembroke (Appointed 26/11/2018)

Position: Director

Qualifications: Bachelor of Business Management, Bachelor of Commerce, CA

Experience: Director for 1 year

Responsibilities: Nil

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 2018 to the date of this report unless otherwise stated.

Warwick Credit Union Limited A.B.N 98 087 651 116

Directors' Meeting Attendance

Name	Board Meeting		Nomination Committee		Remuneration Committee		Audit Committee		Risk Committee	
	E	A	E	A	E	A	E	A	E	A
A Olsen	12	12	1	1	0	0	2	2	2	2
E Pembroke	8	8	0	0	0	0	0	0	0	0
R Fraser*	12	11	0	0	1	1	4	2	4	2
P Pickering	6	6	0	0	0	0	2	2	2	2
D Thomson	12	11	0	0	1	1	4	4	4	4
P McMahan	12	12	1	1	1	1	4	4	4	4
R Hogarth	12	11	1	1	1	1	0	0	0	0

* 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.

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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 \$784,465 (2018: \$523,415).

Dividends

Dividends totalling \$358,721 (2018: \$185,213) were declared and paid on 60,000 Capital Notes during the year. 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

Overall the Credit Union's operations from its activities of providing competitive community banking services did not change significantly from those of the previous year. The year saw the addition of Gympie Credit Union merging into the operations of Warwick Credit Union from 1 February. The results include the balances merged with Gympie.

In a tight economic and competitive environment, net profit after tax for the year was \$784,465 (2018: \$523,415). Net interest margin increased during the year by \$867,549 (2018: 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 \$28,868,488 (12.35% year on year).

Warwick Credit Union Limited A.B.N 98 087 651 116

Deposits increased by \$29,200,193 (12.42% year on year).

Expenses increased by \$475,560 (7.40% year on year) largely in part of taking on the expenses of Gympie and implementing a new fibre network capable of faster processing times and more reliable communications across the network. Higher depreciation costs were offset by lower provisioning for bad debts.

Support from customers continues to underpin 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

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)

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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 2019 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 26th day of August 2019

AUDITOR'S INDEPENDENCE DECLARATION

Warwick Credit Union Limited A.B.N 98 087 651 116



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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 2019, 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.

A handwritten signature in black ink, appearing to read 'M Cutri'.

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 26 August 2019

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.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

Warwick Credit Union Limited A.B.N 98 087 651 116

	Note	2019 \$	2018 \$
Interest income	2	12,243,236	11,033,117
Interest expense	2	(5,588,743)	(5,246,173)
Net interest income		<u>6,654,493</u>	<u>5,786,944</u>
Non-interest revenue and other income	3	1,337,639	1,381,174
Impairment expense on loans and advances		(22,045)	(124,321)
Employee benefits expense		(3,012,857)	(2,808,069)
Occupancy expense		(322,979)	(287,531)
Depreciation and amortisation expense		(355,799)	(315,057)
Other expenses		(3,190,644)	(2,893,786)
Profit before income tax		<u>1,087,808</u>	<u>739,354</u>
Income tax expense		(303,343)	(215,939)
Profit for the year		<u>784,465</u>	<u>523,415</u>
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		<u>784,465</u>	<u>523,415</u>

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



STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019

Warwick Credit Union Limited A.B.N 98 087 651 116

	Note	2019 \$	2018 \$
ASSETS			
Cash and cash equivalents		8,027,227	6,156,891
Other receivables		143,952	178,289
Due from other financial institutions		34,669,532	32,152,622
Loans and advances		262,614,412	233,745,924
Investment Property		903,488	903,488
Property, plant and equipment		2,341,768	2,251,730
Deferred tax assets		289,891	309,625
Intangible assets		1,136,551	1,149,792
Current tax asset		-	230,412
Other assets		184,283	164,889
Investment Securities		443,590	429,980
TOTAL ASSETS		310,754,694	277,673,642
LIABILITIES			
Borrowings		18,893,921	17,939,724
Deposits		264,344,872	235,144,679
Other payables		930,849	821,277
Income tax payable		149,119	-
Provisions		448,439	365,237
TOTAL LIABILITIES		284,767,200	254,270,917
NET ASSETS		25,987,494	23,402,725
EQUITY			
Capital Notes		5,833,258	5,837,992
Redeemed preference share capital		132,100	128,070
Reserve for credit losses		782,591	709,555
Retained earnings		19,239,545	16,727,108
TOTAL EQUITY		25,987,494	23,402,725

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

Warwick Credit Union Limited A.B.N 98 087 651 116

	Note	Capital Notes	Redeemed Preference Share Capital	Reserve for Credit Losses	Retained Earnings	Total
		\$	\$	\$	\$	\$
Balance at 30 June 2017		-	122,651	672,898	16,434,545	17,230,094
<i>Total comprehensive income for the year</i>						
Profit for the year		-	-	-	523,415	523,415
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	523,415	523,415
<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		-	5,419	36,657	(45,639)	(3,563)
<i>Transactions with owners in their capacity as owners</i>						
Capital Notes Issued		5,837,992	-	-	-	5,837,992
Dividends Paid and Payable	5	-	-	-	(185,213)	(185,213)
Total Transactions with owners in their capacity as owners		5,837,992	-	-	(185,213)	5,652,779
Balance at 30 June 2018		5,837,992	128,070	709,555	16,727,108	23,462,725
<i>Total comprehensive income for the year</i>						
Profit for the year		-	-	-	784,465	784,465
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	784,465	784,465
<i>Transfers</i>						
Transfers to and from reserve for credit losses		-	-	31,536	(73,036)	(41,500)
Transfers to redeemed preference share capital		-	4,030	-	(4,030)	-
Transfer share discount		-	-	-	-	-
Total transfers		-	4,030	31,536	(77,066)	(41,500)
<i>Transactions with owners in their capacity as owners</i>						
Capital Notes Issued		(4,734)	-	-	-	(4,734)
Dividends Paid and Payable	5	-	-	-	(358,721)	(358,721)
Merger with Gympie		-	-	41,500	2,163,759	2,205,259
Total Transactions with owners in their capacity as owners		(4,734)	-	41,500	1,805,038	1,841,804
Balance at 30 June 2019		5,833,258	132,100	782,591	19,239,545	25,987,494

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
30 JUNE 2019**

**Warwick Credit Union Limited
A.B.N 98 087 651 116**

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		12,214,087	10,985,986
Dividends received	3	39,030	39,030
Other income received		134,905	100,574
Fees and commissions received		1,192,396	1,206,956
Interest paid		(5,486,138)	(5,183,534)
Payments to suppliers and employees		(6,495,945)	(5,685,511)
Income taxes paid		65,564	(121,095)
Net movement in financial assets		1,713,476	(2,745,059)
Net movement in loans and advances		(20,752,228)	(21,787,445)
Net movement in deposits		18,706,088	14,242,940
Net payments to borrowings		1,000,000	5,500,000
Net cash provided by operating activities		2,331,235	(3,447,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(433,630)	(282,447)
Proceeds from sale of property, plant and equipment		(2,037)	-
Cash Transfers on Gympie Merger		336,090	-
Net cash provided by / (used in) investing activities		(99,577)	(282,447)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(361,322)	(170,964)
Payout of Subordinated Debt		-	(4,018,329)
Capital Notes Issued		-	5,834,432
Net cash provided by/ (used in) financing activities		(361,322)	1,645,139
Net increase/(decrease) in cash and cash equivalents		1,870,336	(2,084,466)
Cash and cash equivalents at the beginning of the financial year		6,156,891	8,241,357
Cash and cash equivalents at the end of the financial year		8,027,227	6,156,891

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 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The concise financial statements are extracted from the full financial statements for the year ended 30 June 2019. 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 Credit Union applied, for the first time, certain new and amended accounting standards and interpretations which are effective for annual reporting periods beginning on or after 1 July 2018. The Credit Union has initially adopted AASB 9 Financial Instruments and AASB 15 Revenue from Customer Contracts from 1 July 2018. The changes in the accounting policy from the adoption of the new standards have been disclosed in 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.



**NOTES TO THE STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

**Warwick Credit Union Limited
A.B.N 98 087 651 116**

	2019 \$	2018 \$
NOTE 2: INTEREST INCOME AND INTEREST EXPENSE		
(a) Interest Income on Assets at Amortised Cost		
Cash and cash equivalents	41,524	43,754
Financial assets held at Amortised Cost	883,188	708,496
Loans and advances	11,318,524	10,280,867
Total Interest Income on Assets at Amortised Cost	12,243,236	11,033,117
(b) Interest Expense on Liabilities at Amortised Cost		
Short term borrowings	526,901	394,163
Deposits	5,061,842	4,699,679
Subordinated debt	-	152,331
Total Interest Expense on Liabilities Carried at Amortised Cost	5,588,743	5,246,173
NOTE 3: NON-INTEREST REVENUE AND OTHER INCOME		
Interest Income	12,243,236	14,362,976
Non-Interest Income		
Dividends received (financial assets available for sale)	39,030	39,030
Fees and commissions		
- Deposits	246,821	249,659
- Other (exc loan origination fees)	945,575	957,297
Bad debts recovered	6,987	6,686
Gain on disposal of property, plant and equipment	578	-
Rental income from investment property	81,333	80,000
Other Income	17,315	48,502
Total Non-Interest Revenue and Other Income	1,337,639	1,381,174

**Warwick Credit Union Limited
A.B.N 98 087 651 116**

NOTE 4:

EVENTS SUBSEQUENT TO THE END OF THE REPORTING DATE

There have been no significant events subsequent to reporting date.

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	2019 \$	2018 \$
Fully franked capital note dividend of \$1.5608 was paid on 17 Sept 2018 at the tax rate of 27.5%. (2018: No dividend paid).	93,646	-
Fully franked capital note dividend of \$1.4864 was paid on 17 Dec 2019 at the tax rate of 27.5%. (2018: No dividend paid).	89,184	-
Fully franked capital note dividend of \$1.4543 was paid on 15 March 2019 at the tax rate of 27.5%. (2018: Fully Franked capital note dividend of \$1.3929 per note paid on 15 March 2018 at the tax rate of 30%).	87,257	83,574
Fully franked capital note dividend of \$1.5206 was paid on 17 June 2019 at the tax rate of 27.5%. (2018: Fully Franked capital note dividend of \$1.4565 per note paid on 15 June 2018 at the tax rate of 30%).	91,234	87,390
Dividend Payable	(2,601)	14,249
	<u>358,721</u>	<u>185,213</u>

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Warwick Credit Union Limited A.B.N 98 087 651 116

NOTE 6:

DISCUSSION AND ANALYSIS

Loans and advances increased by \$28,868,488 (12.35%) to \$262,614,412. Deposits increased \$29,200,193 (12.42%) closing at \$264,344,872.

The increase in lending was matched with the increase in deposits which allowed for only a minor increase in Short term borrowings increasing \$954,197 (5.32%) to \$18,893,921.

Assets grew by \$33,081,052 (11.91%) to \$310,754,694. The increase is due to the growth in loans and includes transfer onto the combined book of Warwick and Gympie's assets through the merger. Liabilities rose by \$30,496,283 (11.99%) to \$284,767,200.

The RBA decreased the official cash rate by 25 points in June, the first movement in official rates since July 2016. The Credit Union passed on the full value to variable rate home loan customers. Over the year interest income increased \$1,210,119 (10.97%), while interest expense increased \$342,570 (6.53%).

Non interest income and other income fell by \$43,535 (3.15%).

Expenses increased \$475,560 (7.40%) for the year. This included costs of the Gympie merger and an increase in costs for the upgraded fibre network. On a positive note provisioning for bad and doubtful debts was \$22,045 down from \$124,321, an improvement of \$102,276 (82.27%).

Warwick Credit Union Limited
A.B.N 98 087 651 116

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 2019, 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 2019.

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



Ross C Fraser
Chairman



Alan F Olsen
Deputy Chairman

Dated this 26th day of August 2019

Warwick Credit Union Limited A.B.N 98 087 651 116



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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 2019, 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 2019 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 2019.

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Warwick Credit Union Limited A.B.N 98 087 651 116



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

A handwritten signature in black ink, appearing to read 'M Cutri'. The signature is written in a cursive, somewhat stylized script.

M Cutri
Director

Brisbane, 26 August 2019

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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



OUR LOCAL BRANCHES

Warwick - 101 Palmerin St Warwick Qld 4370

Loan Centre - 60 Plamerin St Warwick Qld 4370

Dalby - Shop 26 Dalby Shopping World Dalby Qld 4405

Gympie - 212 Mary St Gympie Qld 4570

Allora - 66 Herbert St Allora Qld 4360

Killarney - Cnr Willow & Ivy St Killarney Qld 4373

Inglewood - 76 Albert St Inglewood Q 4387