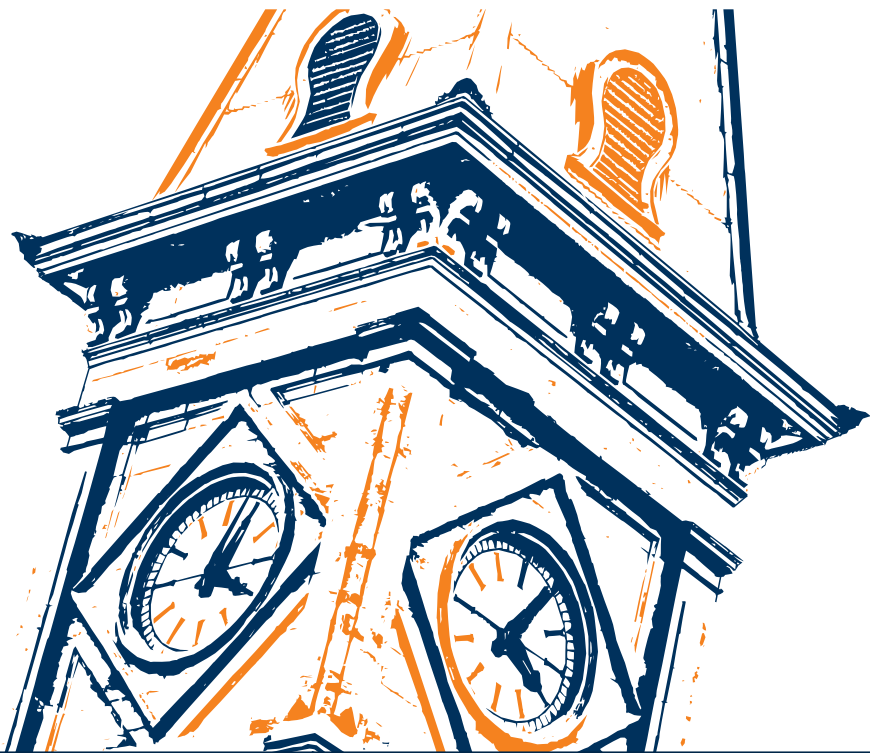


2014

Annual Report

WARWICK
CREDIT UNION
competitive community banking

Competitive Community Banking



Board of Directors

Alan Olsen – Chair

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.

Ross Fraser – Deputy

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

Nicholas Gardner

Nick is an experienced businessman with over 35 years involvement in international agri business management, including high level industry representation. He has held interest and directorships in several local businesses.

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 the CPA Australia, Queensland Public Practice Committee which represents and advocates for accountants in public practice across the state.

James Lindsay

A skilled accountant with more than 24 years in the finance sector, Jim holds a Bachelor of Business and a Masters of Business Administration.

Chairman & CEO's Report

All parts of the Credit Union's business, everyday banking, lending and savings performed well generating sound growth over the financial year. In a tight economic and competitive environment net profit after tax was \$481,696.

A highlight was that by the end of March loans funded had exceeded the whole of the previous year. Over the full period the Credit Union funded \$40m spread across personal, housing and commercial loans. Overall loans increased 4.24% to \$185.5m. Home loan packages were particularly in demand with borrowers taking advantage of very competitive special rates for both owner occupied and investment housing. In providing loans and advances the Credit Union has continued to work hard to live up to our members' expectations and government requirements to be a prudent and responsible lender.

Deposits from members rose \$5.1m to a record \$193.9m. That included members increasing their everyday banking balances by \$4.2m to almost \$66.5m spread across everyday savings, pensioner deeming, cash management and goal savings accounts. Members seeking higher returns continued to support term deposit

**Deposits from members
rose \$5.1m to
a record \$193m**

**More members are
choosing to manage
their finances through
tablets & smart phones**

accounts with balances remaining constant at \$120.1m over the year. To further improve the balance sheet we were able to make a reduction in Financial Assets held to maturity of \$4.5m to reduce unneeded expensive external financing.

Another highlight of the year was the continued use of the Credit Union's range of everyday banking products. Cards, direct credit and debit, BPAY, automatic teller machines, cheques and cash through branches complimented ongoing strong growth in online banking. As well as using branches, direct charge free rediATMs and personal computers, more and more members are choosing to manage their finances through tablets and smart phones.

Chairman & CEO's Report continued

As part of the Credit Union's commitment to support that change in behaviour we are investing in the best range of banking products available. During the year a project to implement the first stage of new digital online banking was completed. The new website, wcu.com.au, is faster, easier to use and more informative than ever. During the year work also commenced on replacing our core banking system, meaning that in coming months as it goes live, members will receive access to a range of new flexible internet and mobile banking options. As always these improvements will incorporate the latest in security to ensure members' balances and transaction records are fully protected.

As a regionally based customer owned financial institution we have continued to support a wide range of community organisations. Over the past year, the Credit

**The most important
part of our business
is the people**

Union has contributed to large events such as the Dalby 150th Anniversary celebration, The Warwick Rodeo, The Warwick, Allora, Killarney and Inglewood Shows, the Jumpers and Jazz in July

Festival and the Warwick Cup. Support is also given to almost 100 organisations and clubs, with assistance for bowls carnivals, school speech nights, charity fundraisers, and sporting events across the areas in which we operate.

As always the most important part of any business is the people, both members and staff. We take this opportunity to thank both our staff and members for their ongoing support.



Alan Olsen
CHAIR



Lewis von Stieglitz
CEO

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 2014 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 2014.

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 Alan Frank Olsen

Position: Chairman

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

Experience: Director for 26 years

Responsibilities: Ex officio on all Board Committees.

Name: Mr James Michael Lindsay

Position: Director

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

Experience: Director for 7 years

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

Name: Mr Ross Charles Fraser

Position: Director

Qualifications: MAMI

Experience: Director for 7 years

Responsibilities: Deputy Chair, Remuneration Committee Member.

Name: Ms Pauline Theresa Pickering

Position: Director

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

Experience: Director for 7 years

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

Name: Mr Nicholas David Gardner

Position: Director

Qualifications: Dip Agricultural Merchandising (UK), MAMI

Experience: Director for 7 years

Responsibilities: Remuneration Committee Chair, Nominations Committee Member.

Name: Mr David Andrew Thomson

Position: Director.

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

Experience: Director for 7 years

Responsibilities: Remuneration Committee Member, Audit and Risk Committee Member.

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 2013 to the date of this report unless otherwise stated.

Directors' Meeting Attendance

| Name | Board Meeting | | Nominations Committee | | Audit & Risk Committee | | Remuneration Committee | |
|-------------|---------------|----|-----------------------|---|------------------------|---|------------------------|---|
| | E | A | E | A | E | A | E | A |
| A Olsen* | 12 | 12 | 1 | 1 | 4 | 4 | 1 | 0 |
| J Lindsay | 12 | 12 | 1 | 1 | 4 | 4 | 0 | 0 |
| R Fraser | 12 | 10 | 0 | 0 | 0 | 1 | 1 | 1 |
| N Gardner | 12 | 11 | 1 | 1 | 0 | 1 | 1 | 1 |
| P Pickering | 12 | 11 | 1 | 1 | 4 | 4 | 1 | 1 |
| D Thomson | 12 | 9 | 0 | 0 | 4 | 4 | 0 | 0 |

* Mr Olsen 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.

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 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 \$481,696 (2013: \$535,878).

Dividends

Dividends totalling \$99,367 (2013: \$109,365) were declared and paid on 25,000 redeemable preference shares. 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 was \$481,696. Net interest margin decreased by \$21,036 reflecting the position that official rates remain on hold and the Credit Union maximises the value it can provide to members through competitive lending and deposit rates. Loans increased by a sound \$7,540,662 (4.24%).

Strong saving by members increased savings balances by \$4,163,040 (6.67%). At the same time there was a reduction in Financial Assets held to maturity of \$4,526,525 to reduce unneeded expensive external financing.

While still maintaining important investment in new systems and products, depreciation and amortisation decreased \$46,404. The Credit Union has embarked on implementing a new banking system to replace the current dated system. Work has commenced on the project with expected completion late 2014 or early 2015.

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. The Credit Union will continue to provide financial services, including an increasing range of savings and lending products to its customers through its network of branches, predominantly throughout South East Queensland.

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

Further information on likely developments in the operations of the Credit Union and the expected results of operations have not been included in these financial statements because the Directors consider that it would be likely to result in unreasonable prejudice to the Credit Union.

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 2014 as required under s307c of the Corporations Act 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.



Alan F Olsen
CHAIRMAN



Ross C Fraser
DEPUTY CHAIRMAN

Dated this 21st day of August 2014



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Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF WARWICK CREDIT UNION LIMITED

As lead auditor of Warwick Credit Union for the year ended 30 June 2014, 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 'P A Gallagher', written in a cursive style.

P A Gallagher
Director
BDO Audit Pty Ltd

Brisbane, 21 August 2014

BDO Audit (QLD) 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 (QLD) 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) in each State or Territory other than Tasmania.

Statement of Comprehensive Income

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014 \$ | 2013 \$ |
|---|-------------|-----------------------|-----------------------|
| Interest income | 2 | 12,137,886 | 13,306,626 |
| Interest expense | 2 | (6,719,341) | (7,867,045) |
| Net interest income | | <u>5,418,545</u> | <u>5,439,581</u> |
| Non-interest revenue and other income | 3 | 1,511,153 | 1,613,445 |
| Impairment expense on loans and advances | | (260,931) | (240,175) |
| Employee benefits expense | | (2,808,887) | (2,931,988) |
| Occupancy expense | | (331,677) | (327,454) |
| Depreciation and amortisation expense | | (280,521) | (326,925) |
| Other expenses | | (2,572,245) | (2,475,127) |
| Profit before income tax | | <u>675,437</u> | <u>751,357</u> |
| Income tax expense | | (193,741) | (215,479) |
| Profit for the year | | <u>481,696</u> | <u>535,878</u> |
| Other comprehensive income, net of income tax | | - | - |
| Total comprehensive income for the year | | <u><u>481,696</u></u> | <u><u>535,878</u></u> |

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

Statement of Financial Position

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

| | <i>Note</i> | <i>2014</i> \$ | <i>2013</i> \$ |
|-------------------------------------|--------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 6,837,684 | 7,126,031 |
| Financial assets available for sale | | 365,700 | 365,700 |
| Other receivables | | 185,583 | 188,881 |
| Financial assets held-to-maturity | | 23,878,773 | 28,405,298 |
| Loans and advances | | 185,516,332 | 177,975,670 |
| Investment property | | 604,554 | 621,522 |
| Property, plant and equipment | | 2,512,089 | 2,374,610 |
| Deferred tax assets | | 468,223 | 360,310 |
| Intangible assets | | 265,803 | 364,520 |
| Other assets | | 150,750 | 162,608 |
| TOTAL ASSETS | | 220,785,491 | 217,945,150 |
| LIABILITIES | | | |
| Borrowings | | 4,513,772 | 7,275,568 |
| Deposits | | 193,887,747 | 188,798,606 |
| Other payables | | 666,572 | 620,654 |
| Income tax payable | | 90,809 | 43,624 |
| Provisions | | 200,539 | 183,195 |
| Subordinated debt | | 3,930,417 | 3,910,197 |
| TOTAL LIABILITIES | | 203,289,856 | 200,831,844 |
| NET ASSETS | | 17,495,635 | 17,113,306 |
| EQUITY | | | |
| Tier 1 redeemable preference shares | | 2,443,300 | 2,443,300 |
| Redeemed preference share capital | | 106,679 | 101,569 |
| Reserve for credit losses | | 560,672 | 625,936 |
| Retained earnings | | 14,384,984 | 13,942,501 |
| TOTAL EQUITY | | 17,495,635 | 17,113,306 |

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

Statement of Changes in Equity

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

| Note | Tier 1 Red Pref Share Issue | Red Pref Share Capital | Reserve for Credit Losses | Retained Earnings | Total |
|---|-----------------------------------|------------------------------|---------------------------------|----------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2012 | 2,443,300 | 95,320 | 620,720 | 13,527,453 | 16,686,793 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 535,878 | 535,878 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 535,878 | 535,878 |
| Transfers | | | | | |
| Transfers to and from reserve for credit losses | - | - | 5,216 | (5,216) | - |
| Transfers to redeemed preference share capital | - | 6,249 | - | (6,249) | - |
| Total transfers | - | 6,249 | 5,216 | (11,465) | - |
| Dividends paid | - | - | - | (109,365) | (109,365) |
| Balance at 30 June 2013 | 2,443,300 | 101,569 | 625,936 | 13,942,501 | 17,113,306 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 481,696 | 481,696 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 481,696 | 481,696 |
| Transfers | | | | | |
| Transfers to and from reserve for credit losses | - | - | (65,264) | 65,264 | - |
| Transfers to redeemed preference share capital | - | 5,110 | - | (5,110) | - |
| Total transfers | - | 5,110 | (65,264) | 60,154 | - |
| Dividends paid | - | - | - | (99,367) | (99,367) |
| Balance at 30 June 2014 | 2,443,300 | 106,679 | 560,672 | 14,384,984 | 17,495,635 |

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

Statement of Cash Flows

WARWICK CREDIT UNION LIMITED

A.B.N. 98 087 651 116

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

| | <i>Note</i> | 2014 | 2013 |
|---|-------------|-------------------------|-------------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 12,113,632 | 13,340,348 |
| Dividends received | | 43,884 | 43,884 |
| Other income received | | 122,163 | 194,772 |
| Fees and commissions received | | 1,411,657 | 1,407,307 |
| Interest paid | | (6,840,741) | (8,071,190) |
| Payments to suppliers and employees | | (5,600,447) | (5,697,459) |
| Income taxes paid | | (254,469) | (224,855) |
| Net movement in financial assets held-to-maturity | | 4,526,525 | (1,511,816) |
| Net movement in loans and advances | | (7,840,799) | (6,161,268) |
| Net movement in deposits | | 5,198,744 | 5,701,207 |
| Net payments to borrowings | | (2,750,000) | (330,800) |
| Net cash provided by operating activities | | <u>130,149</u> | <u>(1,309,870)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment, investment property and intangible assets | | (320,714) | (266,393) |
| Proceeds from sale of property, plant and equipment | | 1,586 | 31,428 |
| Net cash used in investing activities | | <u>(319,128)</u> | <u>(234,965)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividends paid | | (99,368) | (109,365) |
| Indue retired debt instruments | | - | 239,825 |
| Subordinated debt issued | | - | 1,668,071 |
| Net cash used in financing activities | | <u>(99,368)</u> | <u>1,798,531</u> |
| Net increase/(decrease) in cash and cash equivalents | | (288,347) | 253,696 |
| Cash and cash equivalents at the beginning of the financial year | | 7,126,031 | 6,872,335 |
| Cash and cash equivalents at the end of the financial year | | <u>6,837,684</u> | <u>7,126,031</u> |

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

Notes to the Concise Financial Report

WARWICK CREDIT UNION LIMITED
A.B.N. 98 087 651 116
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The concise financial statements are extracted from the full financial statements for the year ended 30 June 2014. 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.

NOTE 2: INTEREST INCOME AND INTEREST EXPENSE

| | 2014 \$ | 2013 \$ |
|--|-------------------|-------------------|
| (a) Interest Income | | |
| (i) Assets carried at amortised cost | | |
| Cash and cash equivalents | 53,605 | 102,216 |
| Financial assets held-to-maturity | 924,342 | 1,098,136 |
| Loans and advances | 11,152,907 | 12,090,085 |
| Other interest income | 7,032 | 10,736 |
| Total Interest Income on Assets at Amortised Cost | 12,137,886 | 13,301,173 |
| (ii) Assets at cost | | |
| Financial assets available for sale | - | 5,453 |
| Total Interest Income on Assets Carried at Cost | - | 5,453 |
| Total Interest Income | 12,137,886 | 13,306,626 |
| (b) Interest Expense on Liabilities at Amortised Cost | | |
| Short term borrowings | 270,640 | 368,804 |
| Deposits | 6,103,975 | 7,218,171 |
| Subordinated debt | 344,726 | 280,070 |
| Total Interest Expense on Liabilities Carried at Amortised Cost | 6,719,341 | 7,867,045 |

NOTE 3: NON INTEREST REVENUE AND OTHER INCOME

| | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| Non-Interest Income | | |
| Dividends received (financial assets available for sale) | 43,884 | 43,884 |
| Fees and commissions | | |
| - Deposits | 294,325 | 306,705 |
| - Other (exc loan origination fees) | 1,051,974 | 1,043,929 |
| Bad debts recovered | 9,359 | 86,081 |
| Gain on disposal of property, plant and equipment | 9 | 1,770 |
| Rental income from investment property | 80,000 | 80,000 |
| Other Income | 31,602 | 51,076 |
| Total Non-Interest Revenue and Other Income | 1,511,153 | 1,613,445 |

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

There are no significant events subsequent to the end of the reporting date which significantly affected or may significantly affect the operations, or state of affairs of the Credit Union in the subsequent financial year.

NOTE 5: DIVIDENDS

| | 2014 | 2013 |
|--|----------------|----------------|
| | \$ | \$ |
| Fully franked redeemable preference dividend of 102.51 cents per share paid on 28 September 2013 franked at the tax rate of 30% (2013: fully franked redeemable preference dividend of 114.24 cents per share paid on 24 September 2012 at the tax rate of 30%). | 25,628 | 28,560 |
| Fully franked redeemable preference dividend of 98.57 cents per share paid on 28 December 2013 franked at the tax rate of 30% (2013: fully franked redeemable preference dividend of 112.20 cents per share paid on 28 December 2012 at the tax rate of 30%). | 24,643 | 28,052 |
| Fully franked redeemable preference dividend of 97.18 cents per share paid on 28 March 2014 franked at the tax rate of 30% (2013: fully franked redeemable preference dividend of 104.65 cents per share paid on 26 March 2013 at the tax rate of 30%). | 24,295 | 26,163 |
| Fully franked redeemable preference dividend of 99.21 cents per share paid on 26 June 2014 franked at the tax rate of 30% (2013: fully franked redeemable preference dividend of 106.36 cents per share paid on 24 June 2013 at the tax rate of 30%). | 24,803 | 26,590 |
| | <u>99,368</u> | <u>109,365</u> |
| Total Dividends per share for the period | <u>397.47¢</u> | <u>437.46¢</u> |

Notes to the Concise Financial Report & Directors Declaration

NOTE 6: DISCUSSION AND ANALYSIS

Loans and advances increased by \$7,540,662 (4.24%) contributing to growth in total assets of \$2,840,341 (1.30%) to \$220,785,491, up from the previous year's balance of \$217,945,150. With higher lending growth than the prior year the increase is a sound result.

Liabilities increased by \$2,458,012 (1.22%) to \$203,289,856. The largest movement was savings balances which increased by \$4,160,685 (6.67%) to \$193,887,747. Wholesale borrowings decreased \$3,260,182 (81.27%), with Financial Assets held to Maturity decreasing \$4,526,525 (15.94%). These movements have facilitated the loan growth and reduced more expensive funding.

During the year the Credit Union embarked on implementing a new banking engine. Installation has commenced with a project manager being employed and data conversion commencing. This large undertaking, an investment for the future, is expected to be completed late 2014 early 2015. The new system will replace a dated one and will assist improve customer service and improve back office processes.

Reflecting falls in official rates, total interest income decreased by \$1,168,740 to \$12,137,886 (8.78%) and interest expense decreased by \$1,147,704 to \$6,719,341 (17.08%). Net margin decreased by \$21,036 (0.39%).

Expenses remained within budget, with a decrease of \$47,407 reflecting strong cost management.

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 2014, 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 2014.

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



Alan F Olsen
CHAIRMAN



Ross C Fraser
DEPUTY CHAIRMAN

Dated this 21st day of August 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Warwick Credit Union Limited

Report on the Financial Report

We have audited the accompanying concise financial report of Warwick Credit Union Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related notes, derived from the audited financial report of Warwick Credit Union Limited for the year ended 30 June 2014 and the discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility 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 directors determine are necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Warwick Credit Union Limited for the year ended 30 June 2014. We expressed an unmodified opinion on that financial report in our report dated 21 August 2014. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the concise financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Our procedures include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis and whether the discussion and analysis complies with the requirements laid down in AASB 1039 Concise Financial Reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Warwick Credit Union Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the concise financial report including the discussion and analysis of Warwick Credit Union Limited for the year ending 30 June 2014 complies with Accounting Standard AASB 1039 Concise Financial Reports.

BDO Audit Pty Ltd



P A Gallagher
Director

Brisbane, 21 August 2014

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Credit Union Prayer

Lord, make me an instrument of your peace;
Where there is hatred, let me show you 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 loved, as to love;
For it is in pardoning that we are pardoned,
and it is in dying that we are born into eternal life.

Amen

