

AUSTRALASIAN

INTEGRITY EXCELLENCE PROFESSIONALISM

MUTUALS

INTEGRITY EXCELLENCE PROFESSIONALISM

INSTITUTE

INTEGRITY EXCELLENCE PROFESSIONALISM



2011 ANNUAL REPORT



Our Vision

To be the leading facilitator of education, professional development and networking activities for directors & managers, leaders & aspiring leaders within the mutual sector.

Our Focus

Membership

- Open to directors, management and staff of mutual institutions, including building societies and credit unions and mutual banks.
- Membership is also open to representatives of organisations providing services and/or conducting business with the industry.

Product & Services

- A range of relevant, competitively-priced conferences, courses, seminars and member forums to deliver education, professional development and networking opportunities – at both national and regional level;
- Resource materials for directors, management and staff (eg Director Compliance Manual & Director Companion booklet); and
- Joint-venture and co-branding initiatives with external service providers (ie. tertiary and vocational courses, board evaluation, remuneration and HR practices surveys).

Organisation/Corporate

- A professional membership body concerned with the provision of education & professional development of its members.
- A corporate structure based upon a small national office of management and a volunteer network to support the operations including conferences, forum, meetings and courses offered on a national basis.
- An operational focus, across both national and regional activities on an annual basis, with an expanding focus across a wider membership base across the mutual sector including the service providers.

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2011 Annual Report – AM Institute Overview

Chairman's and CEO's Report

Overview:

Whilst 2011 was again a challenging year it was also a highly rewarding one with solid progress made in the transformation of the AM Institute business model.

The number of educational events delivered in both the Directors and the Management Stream increased significantly to 20 and 27 respectively whilst the number of registrations grew commensurately to 154 and 269 respectively.

AM Institute clearly has a larger menu of educational opportunities to offer to an increasingly diverse membership base and is now able to offer the option of a sophisticated web based on line delivery channel for each of the qualification based courses alongside our well regarded workshop options.

In terms of financial performance the progress has been remarkable with the 2011 result being a \$7.2k loss against a budget expectation for a \$67.5k loss.

The streamlined organisational structure put in place during 2010 has clearly been successful in re-engineering the business notwithstanding the unexpected delay with installation of the new webpage content management system which has caused considerable stress within our national office throughout the year.

Whilst the Institute has still further work to do to move back into a desired level of profitability the Board remains keen to continue some prudent investment in the future sustainability of the business in the best interest of our members.

2011 Highlights:

New Business Partnerships Launched – early in the year two important new partnerships were launched with the Institute of Strategic Management (ISM) and the Australian Securitisation Forum (ASF).

ISM provides the Institute with an extensive menu of 20+ vocational training courses ranging from short courses to Certificate levels II, III & IV to Diploma and Advanced Diploma plus Graduate Certificate courses in tertiary qualifications all offered via a sophisticated web based on line delivery channel with many also offered in workshop format. ISM can also offer access to Government subsidised training.

ASF provides regular access to the following three courses in all three of the eastern state capitals:-
- Securitisation Fundamentals Workshop
- ASF Diploma of Securitisation Course
- Covered Bonds Workshop.

AM Institute 2011 Business Strategy Forum & National Golf Championship – held in the Yarra Valley Victoria between 11th & 13th March the Forum designed as an environmental scan input for directors and senior executives of mutual ADIs attracted 99 participants to this highly rated program

and venue. The highest rated speakers included Professor Ian Harper, Andrew Inwood, Mark Parker, Rocky Scopelitti and Louise Petschler.

AM Institute/Protecht Risk Management Courses – are specifically developed to sharpen the knowledge and skills of both directors and management in this critically important discipline for managing a mutual ADI. Run in various formats throughout the year in partnership with risk management specialists Protecht the following two day courses in particular should be taken as the minimum standard of training for directors and senior executives:-

- Risk Management for Mutual ADI Directors Course
- Balance Sheet Management for Mutual ADIs – targeted at the Management stream.
- Embedding Risk Management with Strategy Course – higher level course targeted at both directors and management.

Whilst there are a number of mostly one day courses focusing on specific areas of risk management eg Interest Rate Risk, Credit Risk, Commercial Lending Risk, Derivatives & Hedging; the new one day **Risk Appetite Workshop** was successfully launched in September for both directors and senior management reflecting the heavy focus on this new requirement by APRA.

AM Institute/LXi High Performance Leadership Program – this flagship program launched in 2010 in partnership with LXi Consulting saw another three programs delivered during 2011 bringing this life changing experience now to a total of 99 leaders within the mutual sector. This exhilarating learning opportunity which has equal value to members whether or not they work within a mutual ADI has been consistently rated at the top of the scale by nearly every participant. The Institute has a special commitment towards the development of high performance leaders within the mutual sector and is progressively developing a suite of associated workshops and Forum to both broaden access to the program and to further deepen the skillsets of those that complete the intensive three day/two night program.

During 2011 the one day **AM Institute/LXi Becoming a High Performance Leader Workshop** was launched with the target audience being the Emerging Leader Group. In total five workshops were held in VIC, SA & NSW attracting 70 highly motivated young leaders anxious to make a greater contribution to the performance of their mutual ADI.

On- Line Sales, Marketing and Communication Forum –another forum launched in 2010 that has continued to attract strong levels of registrations and is a must for the directors and executives keen on positioning their mutual ADI for business success in the on line world. Three forum all held in Sydney throughout the year attracted 53 registrations ensuring more and more mutual ADIs are positioning themselves to reap the potential of some new market opportunities.

AM Institute 2011 Strategic Human Resource Forum – this Forum has now been running for four years providing an environment for business managers and human resources executives to come together to develop their thinking on how to get the best out of our people. This year the Forum program focused on the skills required to execute the business strategy given the great difficulty that many organisations face in this area even when they may have well-constructed strategic plans. Disappointingly the participation levels for this Forum were unexplainably low, notwithstanding the outstanding learning environment created for the group which was very much appreciated.

Abacus/AM Institute 2011 National Convention & Trade Exposition – the inaugural jointly run **2011 National Convention & Trade Exposition** held in Cairns between 22nd & 26th October was a huge success by all measure attracting a record 1,067 registrations with 98% of participants rating the program between Good and Excellent with very strong ratings across all elements of the Conference, Trade Exhibition and Social Events. The partnership between AM Institute and Abacus designed to converge the two remaining major conferences into a single bigger and better event has certainly worked extremely well. The bar has certainly been set high for 2012 on the Gold Coast.

AM Institute 2011 Finance & Risk Forum – this Forum previously known as the *Chief Financial Officers' & Finance Managers' Forum* was once again a feature event bringing together in early December in Melbourne some 38 finance and risk professionals from throughout the sector to learn from another exceptional panel of thought leaders. There was also of course the invaluable networking opportunities to compare experiences with and to explore new ideas that can benefit their mutuals. Ratings were again high across the full program with the new blend of finance and risk a big success.

Directors' Diploma Course – as advised in last year's report the decision was taken to phase out the Directors' Diploma Course following the completion of Diploma Course No.17 in mid year. This has been achieved as planned with four more qualified directors scheduled to receive their Diploma Certificates at the upcoming AGM bringing the total to have now achieved their Diploma in financial Services to 62.

However AM Institute has ensured that directors now have three options to gain a qualification relevant to their responsibilities as a director of a mutual ADI:-

- Diploma in Banking Services Management
- Advanced Diploma in Banking Services Management
- Graduate Certificate in Professional Development.

Communication & Membership Drive – during the past eighteen months AM institute has taken up the opportunity to visit some 55 credit unions and building societies to deliver a presentation explaining the extent of program developments being rolled out by the Institute and to engage in discussion about the relevance of the program with these institutions.

This has been an invaluable communication exercise which has clearly enhanced relationships between the mutuals and the Institute and has no doubt contributed to the increase in new members and in the level of registrations experienced in 2011.

On the Regional front we have again been well supported by each of the Regional Councils who run important networking events for members in their local regions. On behalf of the Board and Management we would like to thank each of these councillors for their work and feedback in 2011 – we look forward to working with you all in 2012.

2012 and Beyond:

As indicated earlier, the continued focus will remain on ensuring our education and professional development program offerings remain relevant, and that our engagement with members ensures ongoing support for the Institute.

Items noteworthy of highlighting here include:

AM Institute Webpage – a new content management system is being launched during January. It will provide new administrative efficiencies such as on line event registration and member services. Shortly after the launch a new easy to access, one stop mutual industry business partners' portal, along with social networking capabilities, including capacity to facilitate member communication and networking through secured blog sites will be available.

Business Strategy Forum – this remains a premium event on the annual Calendar and is designed to provide valuable input into strategic planning for mutuals as they move through their annual planning and budgeting processes. In 2012 this Forum is being held at the Novotel Sydney Manly Pacific Hotel in NSW on 3rd to 4th March and will be directly preceded by the AM Institute/eftpos 2012 National Golf Championship being held at Warringah Golf Club. This year the Forum will also link into the United Nations sanctioned International Year of Co-operatives and will include in the program and

opportunity for mutual ADIs to explore business to business opportunities with the co-operative sector – so this is an opportunity that should not be missed.

AM Institute/LXi High Performance Leadership Program – In addition to the two HPL Programs scheduled for 2012 this program will be expanding into its third dimension with the launch during February of the following two one day Forum targeted as the next stage of learning for the 99 leaders that have already completed the three day intensive program:-

- Building Better Engagement within the Business Forum; and
- Performance Management Forum

Summary and Thank You:

The work completed over the last 18 months in particular has strengthened the Institute's product and service offering for members and positioned the Institute to expand its scope within the mutual sector.

The Institute has developed a tremendous capacity to utilise business partnerships to deliver contemporary, innovative and well-targeted educational opportunities to its members. There is no better example of our capacity to partner than the outstanding success of the first joint Abacus AM institute National Convention and Trade Exhibition held in Cairns during October.

In our joint capacities as Chairman and CEO, we would like to acknowledge the valuable contribution made by each of the Directors in what has been a watershed year for the Institute in many respects. Also to the management team - Ken Pickering, Sonya Maloney, Kelly Kelley and Sue Isaac, we would also like to thank you for the very valuable contribution you have all made to the Institute during 2011.

Unfortunately we experienced the passing on 7th December of our Deputy Chair Warwick Smith after a torrid battle with cancer. Warwick was well known throughout a 30 year involvement within the credit union sector with long term roles in Victorian credit unions, the state association, Cuscal and of course this Institute. Warwick had a particular interest in training and education and worked tirelessly to support the Institute in this field. Warwick will surely be missed by his huge army of friends in the mutual sector.

On behalf of the Board and Management we would like to thank members for their ongoing support and we look forward to working with you in 2012.

We have already touched on the Regional Councils but again we couldn't do it without your support so thanks again.



Ken Campbell
Chairman



Graham Olrich
Chief Executive

2011 Annual Report – Directors’ Report

Your Directors submit their report for the period ended 31 December 2011.

Principal Activities and Objectives

The principal activities of the company during the year and its objectives going forward:

- promote excellence, professionalism and integrity for Members working in Mutuels; to improve their knowledge and skills with respect to their rights, duties and responsibilities; and, to promote the practice of a high standard of ethics within mutuels;
- enhance excellence and professionalism in all aspects of the governance & management of Mutuels;
- facilitate the education and professional development of Members at both a national and regional level; and provide these services cost-effectively to Members;
- uphold and maintain the philosophy and principles of Mutuels, through networking, collaboration, co-operation and the exchange of ideas among Members;
- promote best practice in leadership and management and in the identification of opportunities for career enhancement within Mutuels;
- affiliate or partner with organisations with similar objects both within and external to Mutuels for the benefit of Members; and
- assist Members to keep up-to-date with relevant legislative, economic and social matters which affect their roles, responsibilities and aspirations.

These are described in more detail in the Chairman and CEO’s Report.

Directors

The names and details of the Directors of the Company in office at any time during the year or since the year end up to the date of this report are:

Kenneth George Campbell	Chairman Director of AICUD from 1995 - 2005 Deputy Chairman Queenslanders Credit Union Ltd, QLD
Daniel Joseph Cloghan	National Director Director of AICUD from 2000 - 2005 Former Director, Community CPS Australia SA/WA
Malcolm Stuart Graham	National Director Director of AICUD from 2005 - 2005

	Director, Gateway Credit Union Ltd, NSW
Ashley John Jennings	National Director Director of AICUM since 1999 Chief Executive Officer, Sydney Credit Union Ltd, NSW
Angus McBean	National Director Director of AM Institute from 2010 Chief Risk Officer, SGE Credit Union Ltd, NSW
Warwick Hugo Smith	Vice Chairman (Deceased 7 December 2011) Director of AM Institute from 2008 Chairman, Pulse Credit Union Ltd, VIC
Elsbeth Frances Torelli	National Director Director of AM Institute from 2009 Executive Manager Risk & Governance Victoria Teachers Credit Union Ltd, VIC
Gregory John Wright	National Director Director of AICUD from 2004 - 2005 Chairman, Macarthur Credit Union Ltd, NSW

Company Secretary

The names and details of the Company Secretary in office at any time during the year or since the year end up to the date of this report are:

Sonya Maloney	Company Secretary Company Secretary since 2010 Executive Manager, Administration Australasian Mutuals Institute Ltd
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During the year the Board met on three occasions in Sydney and one occasion in the Yarra Valley. Attendance at these meetings:

	Eligible to attend	Attended
Kenneth Campbell	4	3
Daniel Cloghan	4	2
Malcolm Graham	4	4
Ashley Jennings	4	3
Angus McBean	4	3
Warwick Smith	4	3
Elsbeth Torelli	4	4
Gregory Wright	4	2

Directors' Benefits

Accommodation and traveling costs associated with the attendance of Directors at Board meetings were met by the Institute. No Director received or is entitled to receive a benefit by reason of a contract entered into by the company with a director, a firm of which the director is a member, or a company in which a director has a substantial financial interest.

The Directors received no other benefits.

Indemnifying Officer or Auditor

Insurance premiums have been paid to insure each of the directors and officers of the Institute, 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 Institute. 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 auditors of the Institute.

Review of Operations

A review of the operations of the Institute for the year 2011 is included within this Annual Report. The decrease in revenues from operating activities (2) and the decrease in expenses from operating activities (3) reflect the first joint National Convention and Exhibition with Abacus – Australian Mutuals, the net result of which is shown in Revenues from Ordinary Activities.

Operating Results

The net loss of the Institute for the year after providing for income tax and extraordinary items was \$ 7,210 [2010 Loss \$ 79,288].

Membership

Membership of the Institute as at December 31, 2011 stood at 1334, made up as follows:

	ACT	NSW	VIC	TAS	QLD	SA	WA	NT	O/S	TOTALS
Fellow	7	147	51	7	31	11	3	2	8	267
Associate Fellow	2	58	10	3	8	5	1		1	88
Member	14	481	173	7	128	75	22		30	930
Associate		13	6	1	1					21
Life Member		5			1					6
Honorary		2								2
Retired		13	3		1	1	2			20
	23	719	243	18	170	92	28	2	39	1334

Pursuant to the Memorandum of the Company, every member has undertaken in the event of a deficiency on winding up, to contribute an amount not exceeding \$2. At 31st December, 2011 the total of these guarantees was \$2,668 from 1334 members (2010: \$2,838 from 1419 members).

Likely Developments and Results

No matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect: -

- (i) The operations of the Institute;
- (ii) The results of those operations; or
- (iii) The state of affairs of the Institute

in the financial years subsequent to this financial year.

Post Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Institute, the results of those operations, or the state of affairs of the Institute in the year ending 31 December 2011.

Auditors' Independence

The auditors have provided the following declaration of independence to the board as prescribed by the Corporations Act 2001.

INDEPENDENCE DECLARATION

I, Neville Sinclair, a director of BDO Audit (NSW – VIC) Pty Ltd declare that there have been;

- (i) no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit for the year ended 31 December 2011, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Signed Neville Sinclair
Director BDO Audit (NSW- VIC) Pty Ltd

Dated 27th January 2012

Signed in accordance with the resolution of the Board



Ken Campbell
Chairman
30th January 2012



Ashley J Jennings
Director

2011 Annual Report – AM Institute Financial Statements

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
REVENUES FROM ORDINARY ACTIVITIES	2	940,607	1,202,401
EXPENSES FROM ORDINARY ACTIVITIES	3	<u>947,817</u>	<u>1,281,689</u>
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(7,210)	(79,288)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		<u>Nil</u>	<u>Nil</u>
NET LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(7,210)	(79,288)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>(7,210)</u>	<u>(79,288)</u>

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2011

RETAINED PROFITS	891,896	971,184
Balance at the beginning of the year		
Profit/(Loss) for the year	<u>(7,210)</u>	<u>(79,288)</u>
Balance at end of year	<u><u>884,686</u></u>	<u><u>891,896</u></u>

The notes on the following pages form part of the above accounts

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash Assets	4	20,532	36,605
Investments	5	932,393	1,031,170
Receivables	6	243,324	90,475
TOTAL CURRENT ASSETS		<u>1,196,249</u>	<u>1,158,250</u>
NON CURRENT ASSETS			
Fixed Assets	7A	7,157	12,061
Intellectual Property – Directors Diploma	7B	-	750
TOTAL NON CURRENT ASSETS		<u>7,157</u>	<u>12,811</u>
TOTAL ASSETS		<u>1,203,406</u>	<u>1,171,061</u>
CURRENT LIABILITIES			
Payables	8	56,908	28,624
Receipts in advance	9	10,800	8,310
Provisions	10	10,623	5,205
TOTAL CURRENT LIABILITIES		<u>78,331</u>	<u>42,139</u>
NON CURRENT LIABILITIES			
Provisions	11	21,232	17,869
TOTAL NON CURRENT LIABILITIES		<u>21,232</u>	<u>17,869</u>
TOTAL LIABILITIES		<u>99,563</u>	<u>60,008</u>
NET ASSETS		<u>1,103,843</u>	<u>1,111,053</u>
EQUITY			
Capital reserve	16	219,157	219,157
Retained Profits		884,686	891,896
TOTAL EQUITY		<u>1,103,843</u>	<u>1,111,053</u>

The notes on the following pages form part of the above accounts

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		727,771	1,090,776
Interest received		62,477	76,136
Payments to Suppliers and Employees		<u>(903,041)</u>	<u>(1,352,393)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	<u>(112,793)</u>	<u>(185,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of Term Deposits		98,777	193,634
Investment in Term Deposits		-	-
Purchases of Fixed Assets		(2,057)	(11,043)
Purchase of Intangible Assets		<u>-</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES		96,720	182,591
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
		<u>-</u>	<u>-</u>
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		-	-
NET INCREASE (DECREASE) IN CASH HELD OPENING CASH BROUGHT FORWARD		(16,073) <u>36,605</u>	(2,890) <u>39,495</u>
CLOSING CASH CARRIED FORWARD	4	<u><u>20,532</u></u>	<u><u>36,605</u></u>

The notes on the following pages form part of the above accounts

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This financial report was authorised for issue on 30th January 2012 in accordance with a resolution of the Board of Directors. The financial report is a general purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board and with the requirements of the Corporations Act. Compliance with AIFRS ensures that the Financial Report complies with International Financial Reporting Standards.

(b) Principles of aggregation

The accounts comprise an aggregation of the accounts of the National Office, Queensland, New South Wales/Australian Capital Territory, Victorian/Tasmanian, South Australian/Western Australian/Northern Territory Regional Councils.

(c) Comparative amounts

Where necessary the figures for the previous year have been re-classified to facilitate comparison.

(d) Cash and cash equivalents

Cash on hand and in credit unions and short-term deposits are stated at the lower of cost and net realisable value. For the purpose of the Statement of Cash Flows, cash comprises deposits at call held with credit unions.

(e) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(f) Plant & equipment

Plant and equipment are measured at cost. Depreciation is provided on a straight line basis on all plant and equipment. All plant and equipment is depreciated over 3 years at a rate of 33.33% per annum.

(g) Payables

Liabilities for trade creditors and other amounts are carried at cost which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

(h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Subscription Revenue: Subscriptions Revenue is recognised in the year membership is provided.

Interest: Control of the right to receive the interest payment.

(i) Employee Entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave. Liabilities arising in respect of wages and salaries, annual leave, and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

(j) Income Tax

The company is exempt from income tax under Section 23(e) of the Income Tax Assessment Act (1936). Therefore, no provision for tax has been made.

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
2. REVENUES FROM ORDINARY ACTIVITIES			
Revenues from operating activities			
National			
Subscriptions		169,415	141,674
Professional Development:			
- National Conference & Exposition		126,000	504,429
- Other Courses and Conferences		420,317	338,110
Publication sales & advertising		15,805	29,870
Interest		62,477	65,841
		794,014	1,079,924
Divisional			
Seminar fees & Sponsorship		146,593	122,477
Total revenues from ordinary activities		940,607	1,202,401

2B. REVENUES FROM NATIONAL CONFERENCE

In 2010 AM Institute ran the National Conference as a stand-alone event. AM Institute recognised as revenue the gross receipts from sponsors and attendees. The gross costs of running the 2010 convention were recognised as expenses as shown in Note 3.

For 2011, the National Conference was run jointly with Abacus – Australian Mutuals. Abacus – Australian Mutuals had primary responsibility for the event and controlled the receipt of revenue and the payment of expenses. By agreement with Abacus-Australian Mutuals, AM Institute's entitlement from the National Conference is to receive a share of the net profit.

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
3. EXPENSES FROM ORDINARY ACTIVITIES			
National			
Meeting & Seminars		15,488	15,765
Professional Development			
- National Conference & Exposition	2b	3,782	369,233
- Other Courses and Conferences		309,746	265,658
- Course Development / Accreditation			
- Joint Venture Licenses		-	-
Staff costs, salaries and allowances		369,424	369,543
Printing, stationery & postage		24,722	23,755
Merger & Corporate Identity		-	-
Audit & Accounting fees		15,000	14,400
Taxes & Charges		228	3,078
Bad & Doubtful Debts		1,466	1,220
Insurance		9,073	8,864
Publication sales & advertising		4,622	15,212
Web Site / Advertising		11,182	10,926
AGM / Election Expenses		3,849	3,862
Administration & Rent		36,937	53,205
Depreciation – Furniture & Fixtures		2,624	7,882
Depreciation – Web Site		4,337	3,938
Depreciation – Directors Diploma		750	1,000
Legal Fees		2,174	2,848
		815,404	1,170,389
Regional			
Meetings & Seminars		132,413	111,300
Total expenses from ordinary activities		947,817	1,281,689

3B. AUDITOR'S REMUNERATION

Amounts receivable by Auditors			
Audit Fee: BDO		15,000	14,400
Other services in relation to the entity		-	-
		15,000	14,400

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
4. CASH AT CREDIT UNIONS			
Credit Union Australia (National)		8,382	31,370
CUSCAL (National)		4,210	2,429
SGE Credit Union (National)		56	56
Community First Credit Union (National)		6	6
Sydney Credit Union (National)		7,878	2,744
		<u>20,532</u>	<u>36,605</u>
5. INVESTMENTS			
Term Deposits			
Police & Nurses Credit Society (National)		84,169	530,000
Community First Credit Union (National)		-	119,095
Australian Defence Credit Union (National)		-	239,000
SGE Credit Union (National)		848,224	143,075
		<u>932,393</u>	<u>1,031,170</u>
6. RECEIVABLES			
Sundry Debtors		175,757	9,785
Accrued Interest		24,694	16,419
Prepayments		42,873	64,271
		<u>243,324</u>	<u>90,475</u>
7A. FIXED ASSETS AT COST			
Plant & Equipment at cost		187,771	185,714
Provision for Depreciation		(180,614)	(173,653)
		<u>7,157</u>	<u>12,061</u>
7B. INTELLECTUAL PROPERTY			
Directors Diploma at cost		9,000	9,000
Provision for Amortisation		(9,000)	(8,250)
		<u>-</u>	<u>750</u>
		<u>7,157</u>	<u>12,811</u>

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
Reconciliation			
Reconciliation of the carrying amounts of fixed assets at the beginning and end of the current and previous financial year			
<i>Fixed Assets</i>			
Carrying amount at beginning of the year		12,811	14,588
Additions		2,057	11,043
Disposals		-	-
Depreciation expense		(7,711)	(12,820)
Carrying amount at the end of the year		7,157	12,811
8. PAYABLES			
Trade Creditors		48,236	35,013
Goods and Services Tax (Recoverable)		8,672	(6,389)
		56,908	28,624
9. RECEIPTS IN ADVANCE			
This amount represents advance payments received in relation to 2012 activities.			
Web Site Partners		400	-
Professional Development Registrations/Sponsorship		8,550	-
Directors Diploma Course		-	8,310
Other		1,850	-
		10,800	8,310
10. PROVISIONS (Current)			
Employee Annual Leave		10,623	5,205
11. PROVISIONS (Non Current)			
Employee Long Service Leave		21,232	17,869
Superannuation Commitments			
Employees contribute to a plan of their own choice at various percentages of their salaries and wages. The entity also contributes to the plans. Contributions by the entity of up to the superannuation guarantee charge are legally enforceable in Australia.			

Australasian Mutuals Institute Limited
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FOR THE YEAR ENDED 31 DECEMBER 2011

12. MEMBERS' GUARANTEES

Pursuant to the Memorandum of the Company, every member has undertaken in the event of a deficiency on winding up, to contribute an amount not exceeding \$2. At 31st December, 2011 the total of these guarantees was \$2,688 from 1344 members (2010: \$2,838 from 1419 members).

13. COMMITMENTS & CONTINGENT LIABILITIES

	2011	2010
	\$	\$
Lease expense commitments for operating leases on property occupied by the company		
Not later than one year	21,364	21,364
Later than one year but not later than five years	-	-
Over five years		
	21,364	21,364

The company has no contingent liabilities as at 31st December, 2011.

14. DIRECTORS' & OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

Directors during the year: Ashley JENNINGS, Ken CAMPBELL, Greg WRIGHT, Danny CLOGHAN, Mal GRAHAM, Warwick SMITH (Deceased), Elsbeth TORELLI, Angus McBEAN.

	2011	2010
	\$	\$
Income paid or payable, or otherwise made available in respect of the financial year, to all Key Management Personnel of the Australasian Mutuals Institute Limited, directly or indirectly, from the entity or any related party:		
KEY MANAGEMENT PERSONNEL		
Short – Term Employees Benefits	49,000	67,389
Post – Employment Benefits - superannuation	-	1,842
Termination Benefits	-	91,690
	49,000	160,921

15. RECONCILIATION OF OPERATING PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

Profit (Loss) from ordinary activities after tax	(7,210)	(79,288)
Non-Cash Items		
Depreciation and Amortisation	7,711	12,820
Bad debts written off	-	-
Changes in Assets and Liabilities		
Decrease/(Increase) in Prepayments	21,398	49,351
Decrease/(Increase) in Accrued Interest	(8,275)	10,295
(Decrease)/Increase in Accrued Expenses	28,284	(3,019)
Increase in Leave Provisions	8,781	(80,505)
(Decrease)/Increase in Advance Income	2,490	(140,496)
Decrease/(Increase) in Sundry Debtors	(165,972)	45,361
CASH FLOW FROM OPERATIONS	(112,793)	(185,481)

Australasian Mutuals Institute Limited
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16. FINANCIAL RISK MANAGEMENT

(a)

Net Fair Values

All financial assets & liabilities have been recognised at the balance date on the basis of the amortised cost of the financial instrument. These values approximate their net fair value

Credit Risk Exposures

The entity's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets shown as Investment Deposits in Note 5 and Receivables and Accrued Interest in Note 6. Credit Risk is regarded by the directors as minimal as virtually all of these amounts are owed by Credit Unions regulated under the Banking Act.

FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The company's aim is to keep financial risks to an absolute minimum.

Liquidity risk is controlled by always maintaining sufficient cash to cover all known or expected payments required to be made over a 2 month period. Investments in term deposits are structured so that maturities are spread regularly throughout the year. Funds are thus always available for redemption to cash at relatively short notice.

The company's capital consists of its Retained Earnings. The company will continue to maintain a strong capital base to cover the risk of unforeseen financial losses and to enable capital investment into the development of new capability to provide products and services to members. The company intends to maintain its capital at a level significantly greater than its level of liabilities. It is not the intention of the company to generate significant profits. Operations are intended to be run on a break-even basis in order to return benefits to members.

Australasian Mutuals Institute Limited
ABN: 50 023 683 196
NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(b) Interest Rate Risk

The company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instrument	Floating Interest Rate		Fixed Interest Rate Maturing In:						Non Interest Bearing		Total Carrying Amount as Per the Statement of Financial Position	
	2011 \$	2010 \$	1 year or less		Over 1 to 5 years		More than 5 years		2011 \$	2010 \$	2011 \$	2010 \$
Financial Assets												
Cash	20,532	36,605	-	-	-	-	-	-	-	-	20,532	36,605
Term Deposits	-	-	932,393	1,031,170	-	-	-	-	-	-	932,393	1,031,170
Receivables - Sundry Debtors	-	-	-	-	-	-	-	-	175,757	9,785	175,757	9,785
Total Financial Assets	20,532	36,605	932,393	1,031,170	-	-	-	-	175,757	9,785	1,128,682	1,077,560
Financial Liabilities												
Trade Creditors	-	-	-	-	-	-	-	-	48,236	35,014	48,236	35,014
Total Financial Liabilities	-	-	-	-	-	-	-	-	48,236	35,014	48,236	35,014

Disclosures on Interest Rate Sensitivity

The company's only exposure to interest rate risk is within its portfolio of Term Deposit Investments. A movement in interest rates of 1% will result in a change in interest income of \$6,755.

ABN: 50 023 683 196
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the Australasian Mutuals Institute Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (iii) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ken Campbell
Chairman
30th January 2012



Ashley J Jennings
Director



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INDEPENDENT AUDITOR'S REPORT

To the members of Australasian Mutuals Institute Limited

Report on the Financial Report

We have audited the accompanying financial report of Australasian Mutuals Institute Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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 Australasian Mutuals Institute 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 financial report of Australasian Mutuals Institute Limited is in accordance with [In our opinion:

- (a) the financial report of Australasian Mutuals Institute Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1

BDO Audit (NSW-VIC) Pty Ltd

Neville Sinclair

Director

Sydney: 31 January 2012

2011 Annual General Meeting Minutes

MINUTES OF THE ANNUAL GENERAL MEETING OF THE AUSTRALASIAN MUTUALS INSTITUTE LIMITED HELD IN THE MARMION BALLROOM, SEBEL HERITAGE HOTEL YARRA VALLEY VICTORIA ON 12 March, 2011

Opening

The meeting was opened at 8.00 am by Chairman, Ken Campbell.

Welcome

The Chairman declared that we have a quorum (41 members registered plus four observers) and welcomed all AM Institute Members & Observers to the Annual General Meeting. He then introduced Graham Olrich, Chief Executive Officer and Ken Pickering, Executive Manager Professional Development.

The Chairman gave an update to members on changes made at Board and management level following the last Annual General Meeting held on 21st March 2010:-

- Director Greg Connor had resigned from the Board on 14th May 2010
- Graham Olrich had been appointed CEO (part time) from June 2010

Apologies

Apologies were accepted from Danny Cloghan and Neville Sinclair.

Confirmation of Minutes

- a) *That the minutes of the Annual General Meeting of the Australasian Mutuals Institute held in Canberra on 21 March 2010, as circulated, be adopted.*

Moved: Greg Wright
Seconded: Ashley Jennings

The Resolution was carried.

- b) *That the minutes of the Special General Meeting of the Australasian Mutuals Institute held in Sydney on 20th September 2010, as circulated, be adopted.*

Moved: Mal Graham
Seconded: Ashley Jennings

The Resolution was carried.

- c) *That the minutes of the Special General Meeting of the Australasian Mutuals Institute held in Adelaide on 18th October 2010, as circulated, be adopted.*

Moved: Elsbeth Torelli
Seconded: Greg Wright

The Resolution was carried.

Business Arising

There was no Business Arising.

Directors' Reports

Moved, Ashley Jennings - Seconded, Warwick Smith

That the Directors' Report and Financial Statements for the year ended 31st December 2010 be received and adopted.

The Chairman asked members if they had any questions relating to the Directors' Report or the Financial Statements and there were no questions asked.

The Resolution was carried.

Auditor's Report

Moved, Warwick Smith - Seconded, Angus McBean

That the Audit Report as presented be received and noted.

The Chairman advised that Neville Sinclair Partner BDO Audit (NSW-VIC) Pty Ltd was not available to attend the meeting today to answer any questions. There were no questions raised by members

The Resolution was carried.

Appointment of Auditor

Moved, Ashley Jennings - Seconded, Greg Wright

That BDO Audit (NSW-VIC) Pty Ltd:

- (a) Having been, nominated by a Member of the Company, in accordance with s.328B(1) of the Corporations Act 2001; and*
- (b) Having given its Consent to Act as Auditor, in accordance with s.328A(1) of the Corporations Act, to the Directors;*

Be appointed as the Auditor of the Company.

The Resolution was carried.

Declaration of Results – Election of Two Directors to the AM Institute Board

Nominations were called for the positions of 1 x Director (NSW/ACT Region) and 1 x Director (VIC/TAS region). The Chairman called on the AMInstitute Returning Officer, John Lee, to announce the results.

Angus McBean, Director NSW/ACT Region and **Warwick Smith** – Director VIC/TAS Region retire from the Board of Directors and being eligible they have each offered themselves for re-election.

At the close of nominations on Friday the 14TH January 2011 there were three nominations received.

For the position of Director VIC/TAS Region there was just one nomination received that being from Warwick Smith.

For the position of Director NSW/ACT Region nominations were received from Colin Lenton and Angus McBean and a ballot for this position was conducted in accordance with the Constitution.

John Lee announced the result of the ballot as follows:-

- Number of rejected voting papers : 5
- Number of informal votes : Nil
- Number of formal votes cast for Colin Lenton : 75
- Number of formal votes cast for Angus McBean : 148

Moved, Greg Wright - Seconded, Ashley Jennings

*That **Angus McBean** be appointed as a Director of the Australasian Mutuals Institute for a period of 3 years commencing from the conclusion of the AGM on 12 March 2011.*

The Resolution was carried.

Moved, Greg Wright - Seconded, Mal Graham

*That **Warwick Smith** be appointed as a Director of the Australasian Mutuals Institute for a period of 3 years commencing from the conclusion of the AGM on 12 March 2011.*

The Resolution was carried.

8. General Business

The Chairman then conducted a presentation of the **Diploma in Financial Services (Credit Union Directorship)** to two of the three directors that had attained their diploma in the twelve months since the last AGM.

The Chairman then invited Bill Jennings – National Manager, Sales & Distribution Financial Institutions & Affinity – CGU Insurance to make the presentations to the four winners of the AM Institute CGU Young Achievers Awards for 2010/2011.

Following the presentation of the Young Achievers Awards Bill Jennings then announced that John Xu from Sydney Credit Union was the AM Institute CGU Scholarship Award Winner for 2010/2011.

Meeting Closed at 8.25am.