



AM INSTITUTE ANNUAL REPORT

2013

Building Momentum



AM INSTITUTE ANNUAL REPORT

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AM Institute Overview

2013 has seen a continuation of the challenges experienced during 2012 with the tougher trading conditions and tighter margins being experienced by sector participants ensuring a focus on containing operating expenses with some training budgets among the casualties. It was pleasing though to see some increase in participation levels in the Management stream this year and numbers for the Business Strategy Forum and the Directors stream remaining comparable to last year. There was also an increase in networking events for the Emerging Leader stream to help the Institute build well targeted professional development programs for the future of our sector.

The Institute has been continuing with its business model transformation and the challenges being faced by the sector are certainly slowing our progress and in some areas causing a rethink. The financial result for the year resulted in a loss of \$78,237 some \$30,387 above the budget expectation.

The Institute has been working with key business partner the Institute of Strategic Management (ISM) throughout 2013 to secure access to funding to be shared across mutual ADIs through the Federal Government's National Workplace Development Fund and we are hopeful that we qualify for a first round of funding in 2014. This is an important initiative designed to significantly reduce the cost to mutual ADIs for developing the skills and qualifications of their staff.

2013 Highlights:

Business Partnerships – AM Institute continues to develop existing partnerships with ISM, UniSA, Protecht, LXi Consulting, COBA, Australian Securitisation Forum, Governance Matters, Thomson Reuters, and now Mars Partners through the “director Connections Program.

Institute of Strategic Management (ISM) provides 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 and plays a key role in working with us on various thought leadership initiatives.

University of South Australia (UniSA) - a long term tertiary education partner providing a highly rated qualification which includes the Graduate Certificate and the Graduate Diploma as stepping stones to the full **Mutuals MBA Program**. Whilst the MBA program does offer an opportunity to tailor learning to the mutual sector mainly through the electives it is by no means specific to the mutual sector and remains a general and valued MBA Qualification in any industry.

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Protecht – the specially tailored *Business Performance for Mutual ADIs Program* series focuses on the core business of banking from a mutual banking perspective continually searching for the optimum balance between the execution of a viable business strategy within a prudent risk management framework.

There is currently a menu of ten courses and workshops that focus on the optimum balance between strategy and risk in the business. AM Institute regards these courses as being valuable core training for all directors, executives and managers to ensure they are well equipped to perform in a tough business and regulatory environment. These courses and workshops will also ensure participants are up to date and well equipped to interpret the latest regulatory requirements.

Early in the year the *Risk Appetite Statement Workshop* was restructured into the *Risk Appetite Statement & Enhanced ICAAP Requirements Workshop* to reflect the significant regulatory expectations flowing from the implementation of APRA's CPG110 Prudential Guidance from 1st January 2013. This new one day workshop was also selected as the first to be offered in video format via this new delivery channel launched via the webpage in June. The latest workshop within this program viz *Stress Testing for Mutual ADIs* was then launched in July and proved particularly popular with four one day workshops held in Sydney, Orange, Melbourne and Brisbane. AM Institute has also partnered with Protecht to conduct a benchmarking survey around the various scenarios and stress tests that mutuals are using with the results to be fed back to the sector early in 2014.

AM Institute/LXi High Performance Leadership Program – this exhilarating learning opportunity which has equal value to members whether or not they work within or provide services to a mutual has been consistently rated at the top of the scale by participants. Unfortunately just one each of the *High Performance Leadership Program* and the *Becoming a High Performance Leader Workshop* could be held during the year with mutual ADIs clearly cutting back on this type of professional development in trying market conditions.

The Australian Securitisation Forum (ASF) provides regular access to the following three courses in all three of the eastern state capitals:-

- Securitisation Fundamentals Course
- ASF Securitisation Professionals Program
- Covered Bonds Workshop

AM Institute 2013 Business Strategy Forum – with the theme “Business Model Disruption – How can mutuals Capitalise on the Opportunities” the Forum was held at the sensational Palazzo

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Versace Resort at Main Beach in Queensland between 2nd & 3rd March attracting 86 directors, senior managers and service provider executives to contemplate how best to position their organisations in these times of unprecedented change. Once again the Forum was well supported by the sponsors who welcome the opportunity for such open and candid discussion with sector leadership. The highest rated speakers included Dr Richard Denniss (The Australia Institute), Tony Chadwick (Rype), Ian Pollari (KPMG), Louise Petschler (Abacus) and Rocky Scopelliti (Telstra).

For the first time each of the presentations were filmed and then made available for purchase from the webpage via the newly created video delivery infrastructure and this service will again be offered for future Business Strategy Forums.

On-Line Sales, Marketing and Communication Forum – this forum attracted strong interest in past years but less so in 2013 which led to a redesign of the two day program to encourage practitioners from within the sector to engage with peers and our two specialists to help them to fine tune and extend their innovation. The newly badged **Digital & Social Media Strategy Forum** is facilitated by leading practitioners Tim Martin (2 Sticks Digital) and Mark Parker (Smart Selling) was launched in September but disappointingly did not attract the desired pick up in registrations. It was however highly rated by the those that did participant and remains in the eyes of the Institute an important offering for the directors and executives keen on positioning their mutual for business success in the digital world.

COBA/AM Institute 2013 National Convention & Trade Exposition – now the third of the jointly run annual *conventions* was held at the Crown Convention Centre in Melbourne between 26th & 30th October once again adopting the successful badging of **Mutuals 2013** but with no tagline on this occasion. A record 1,107 registrations were achieved with solid ratings recorded for most of the five plenary and nine business stream sessions. Sponsorship was once again excellent demonstrating the importance of this event to industry participants. The highest rated plenary sessions were the opening duo of Ross Greenwood and Michael McQueen followed by the regulatory panel featuring Dr John Laker's valedictory speech and the duo of Alan Oster from NAB and Mark Meyer from the Filene Institute in USA. The business stream sessions continued to cover a wide range of topical issues providing interesting choices for the diverse participants. The partnership between AM Institute and COBA in bringing this Convention and Exhibition together continues to grow strongly.

AM Institute 2013 Finance & Risk Forum – this Forum continues to be a feature event in the latter part of the annual calendar of events. The Forum was held on the Gold Coast between 27th to 29th November bringing together 35 finance and risk professionals from 22 mutuals and three service organisations for a valuable professional development and networking experience. Solid ratings confirmed the value of the forum for all those who participated.

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Coaching & Mentoring Services – Early in the year the Institute launched these important new services as a means to broaden its service offering and in recognition of the growing use of these services by companies in contemporary learning and development programs. The Institute now has five professional coach options listed on the AM Institute Training Webpage. Whilst take up of these new services has been slow the Institute believes that the sector has much to gain by harnessing the skills of professional coaches within their learning and development strategies.

New Business Partnerships – one new partnership was launched during the year with Mars Partners introducing the *Directors' Connection Program*. The Director Connections Program is a peer-to-peer director support program. It provides a tailored, confidential and relevant platform for directors to seek advice on specific issues via a one-to-one relationship, on a real-time basis. The aim of this Program is to provide support for Boards through the mentoring of directors, with the aim of increasing greater Board effectiveness and efficiency. This is achieved through an exchange-type program, where the Chair nominates him/herself or a senior director from their Board to mentor a director on another Board.

Regional Councils – the three Regional Councils continue to play an important role by running events at the local level to encourage networking and to support national program initiatives wherever possible. During 2013 the NSW/ACT Regional Council launched a series of five networking events for the Emerging Leaders designed to strengthen understanding of AM Institute educational offerings and to support the Institute in designing attractive options for these leaders the future of our sector.

2014 and Beyond:

The focus will remain on ensuring our education and professional development program offerings remain relevant and contemporary and to find ways in which we can inspire strong leadership, governance and professional development within the mutual sector as it seeks to grow its market share and influence.

Items noteworthy of highlighting here include:

Mutuals 2014 - Business Strategy Forum – to be held at Rydges Lakeside Canberra Hotel between 23rd & 25th February this Forum is specifically designed for directors and senior managers and is deliberately positioned early in the year to provide input for the strategic planning processes of all mutual ADIs. The focus for this Forum will be on *Investing in the Future – our People, the Technology and Market Positioning*.

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Federal & State Government Funding – The Institute has been working for more than twelve months with our partner the Institute of Strategic Management to access major tranches of funding to support mutuals by reducing the cost to them for developing the necessary skills and competencies in their staff, in order to compete more effectively in the current market environment. There is a lot of scope to improve the return on investment for mutuals in the training of their staff and with all levels of government clamping down on past practices in the conduct of funding their programs the Institute is well positioned to facilitate a positive outcome for mutual.

The Institute will apply for a first round of funding under the National Workforce Development Fund early in 2014 and then plans to build upon this success both with further tranches under this fund along with applications for access to funding under both federal and state government programs particularly in both school based and school leaver traineeship programs.

Summary and Thank You:

The Institute continues to utilise business partnerships to deliver contemporary, innovative and well-targeted educational opportunities to its members. Indeed there is no better example of our capacity to partner than the outstanding success of our flagship offering – the three COBA/AM Institute National Convention and Trade Exhibitions held since 2011.

In our joint capacity as Chairman and CEO, we would like to acknowledge the valuable contribution made by each of the Directors in what continues to be challenging times for the Institute in many respects. Also to the management team - Ken Pickering, Sonya Maloney, Kelly Kelley and Sue Izatt, we would also like to thank you for the very valuable contribution you have all made to the Institute during 2013.

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 2014. Also to the Regional Councils, Business Partners and Sponsors we would like to thank you for your valuable support during the year and we look forward to an even more engaging relationship with you as we move into 2014 and beyond.

Ken Campbell
Chairman

Graham Olrich
Chief Executive

DIRECTOR'S REPORT

Directors' Report

Your Directors submit their report for the period ended 31 December 2013.

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 Mutuals; to improve their knowledge and skills with respect to their rights, duties, roles and responsibilities;
- facilitate the education and professional development of Members at both a national and a regional level;
- uphold and maintain the philosophy and principles of Mutuality, through networking, collaboration, co-operation and the exchange of ideas among Members;
- promote best practice in leadership, governance and management and in the identification of opportunities for career enhancement within Mutuals;
- affiliate or partner with organisations with similar objects both within and external to Mutuals 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 AM Institute from 2006 Director, Queenslanders Credit Union, QLD
Daniel Joseph Cloghan	National Director Director of AM Institute from 2006 Former Director, Community CPS Australia SA/WA

DIRECTOR'S REPORT

Malcolm Stuart Graham

National Director

Director of AM Institute from 2006
Director,
Gateway Credit Union Ltd, NSW

Ashley John Jennings

National Director

Director of AM Institute from 2006
Chief Executive Officer,
Sydney Credit Union Ltd, NSW

Angus McBean

National Director

Director of AM Institute from 2010
Chief Financial Officer,
SGE Credit Union Ltd, NSW

Julianne Plath

National Director

Director of AM Institute from July 2012
Chief Executive Officer,
Railways Credit Union Ltd, QLD

Elsbeth Frances Torelli

National Director

Director of AM Institute from 2009
Executive Manager Risk & Governance
Victoria Teachers Mutual Bank, VIC

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

DIRECTOR'S REPORT

During the year the Board met on four occasions in Sydney. Attendance at these meetings:

	Eligible to attend	Attended
Kenneth Campbell	4	4
Daniel Cloghan	4	2
Malcolm Graham	4	3
Ashley Jennings	4	4
Angus McBean	4	4
Julianne Plath	4	4
Elsbeth Torelli	4	4

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 2013 is included within this Annual Report.

Operating Results

The net loss of the Institute for the year after providing for income tax and extraordinary items was \$ 78,237 [2012 Loss \$ 78,616].

DIRECTOR'S REPORT

Membership

Membership of the Institute as at December 31, 2013 stood at 1108, made up as follows:

	ACT	NSW	VIC	TAS	QLD	SA	WA	NT	O/S	TOTALS
Fellow	6	116	42	3	25	8	1	2	6	209
Associate Fellow	1	45	5	2	9					62
Member	15	425	136	10	127	30	18		23	784
Associate		15	10		3					28
Life Member		4			1					5
Honorary		2								2
Retired		10	5		1	1		1		18
	22	617	198	15	166	39	19	3	29	1108

Pursuant to the Constitution 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, 2013 the total of these guarantees was \$2,216 from 1108 members (2012: \$2,538 from 1269 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.

DIRECTOR'S REPORT

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 2013.

Auditor's Independence Declaration

To the Directors of Australasian Mutuals Institute Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Australasian Mutuals Institute Ltd for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- 1.1 no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 1.2 no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

Neville Sinclair

Partner - Audit & Assurance

Sydney, 17 January 2014

Signed in accordance with the resolution of the Board

Ken Campbell

Chairman

20th January 2014

Ashley J Jennings

Director

AM INSTITUTE FINANCIAL STATEMENTS

AM Institute Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2013

	Note	2013	2012
		\$	\$
REVENUES FROM ORDINARY ACTIVITIES	2	853,459	832,120
EXPENSES FROM ORDINARY ACTIVITIES	3	<u>931,696</u>	<u>910,736</u>
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(78,237)	(78,616)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		Nil	Nil
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		(78,237)	(78,616)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2013

RETAINED PROFITS			
Balance at the beginning of the year		806,070	884,686
Profit/(Loss) for the year		<u>(78,237)</u>	<u>(78,616)</u>
Balance at end of year		<u><u>727,833</u></u>	<u><u>806,070</u></u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AM INSTITUTE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash Assets	4	45,464	27,926
Investments	5	767,447	849,617
Receivables	6	<u>220,225</u>	<u>193,476</u>
TOTAL CURRENT ASSETS		<u>1,033,136</u>	<u>1,071,019</u>
NON CURRENT ASSETS			
Fixed Assets	7	<u>35,861</u>	<u>35,000</u>
TOTAL NON CURRENT ASSETS		<u>35,861</u>	<u>35,000</u>
TOTAL ASSETS		<u>1,068,997</u>	<u>1,106,019</u>
CURRENT LIABILITIES			
Payables	8	55,868	42,599
Receipts in advance	9	40,120	8,460
Provisions	10	<u>26,019</u>	<u>29,733</u>
TOTAL CURRENT LIABILITIES		<u>122,007</u>	<u>80,792</u>
TOTAL LIABILITIES		<u>122,007</u>	<u>80,792</u>
NET ASSETS		<u>946,990</u>	<u>1,025,227</u>
EQUITY			
Capital reserve		219,157	219,157
Retained Profits		<u>727,833</u>	<u>806,070</u>
TOTAL EQUITY		<u>946,990</u>	<u>1,025,227</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

AM INSTITUTE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		814,787	824,071
Interest received		41,642	53,607
Payments to Suppliers and Employees		<u>(899,603)</u>	<u>(913,400)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	14(a)	<u>(43,174)</u>	<u>(35,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of Term Deposits		82,170	82,776
Investment in Term Deposits		-	-
Purchases of Fixed Assets		(21,458)	(39,660)
Purchase of Intangible Assets		<u>-</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES		<u>60,712</u>	<u>43,116</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		<u>-</u>	<u>-</u>
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH HELD		17,538	7,394
OPENING CASH BROUGHT FORWARD		<u>27,926</u>	<u>20,532</u>
CLOSING CASH CARRIED FORWARD	4	<u><u>45,464</u></u>	<u><u>27,926</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This financial report was authorised for issue on 20th January 2014 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 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 mutual ADIs 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.

NOTES TO FINANCIAL STATEMENTS

(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 therefore no provision for tax has been made.

NOTES TO FINANCIAL STATEMENTS

2. REVENUES FROM ORDINARY ACTIVITIES

	2013	2012
	\$	\$
Revenues from operating activities		
National		
Subscriptions	166,530	161,974
Professional Development:		
- National Conference & Exposition	130,329	104,000
- Other Courses and Conferences	395,509	389,095
Publication sales & advertising	11,398	7,197
Interest	39,118	53,607
	<u>742,884</u>	<u>715,873</u>
Divisional		
Seminar fees & Sponsorship	110,575	116,247
Total revenues from ordinary activities	<u>853,459</u>	<u>832,120</u>

NOTES TO FINANCIAL STATEMENTS

3. EXPENSES FROM ORDINARY ACTIVITIES

	2013	2012
	\$	\$
National		
Meeting & Seminars	10,903	13,374
Professional Development		
- National Conference & Exposition	4,368	3,536
- Other Courses and Conferences	276,847	285,214
Staff costs, salaries and allowances	377,003	372,551
Printing, stationery & postage	23,044	19,509
Relocation Costs	1,482	3,624
Audit & Accounting fees	14,700	14,200
Taxes & Charges	1,762	2,599
Bad & Doubtful Debts	1,941	1,949
Insurance	6,942	6,708
Publication sales & advertising	7,899	3,549
Web Site / Advertising	5,486	10,586
AGM / Election Expenses	2,856	2,127
Administration & Rent	69,060	37,942
Depreciation – Furniture & Fixtures	1,909	1,784
Depreciation – Web Site	18,688	10,034
Legal Fees	2,331	9,790
	<u>827,221</u>	<u>799,076</u>
Regional		
Meetings & Seminars	<u>104,475</u>	<u>111,660</u>
Total expenses from ordinary activities	<u>931,696</u>	<u>910,736</u>

3B. AUDITOR'S REMUNERATION

	2013	2012
	\$	\$
Amounts receivable by Auditors		
Audit Fee: Grant Thornton	14,700	14,700
Other services in relation to the entity	-	-
	<u>14,700</u>	<u>14,700</u>

NOTES TO FINANCIAL STATEMENTS

4. CASH AT MUTUALS

	2013	2012
	\$	\$
Credit Union Australia	27,577	20,811
CUSCAL	3,342	3,979
SGE Credit Union	55	56
Community First Credit Union	6	6
Sydney Credit Union	14,484	3,074
	<u>45,464</u>	<u>27,926</u>

5. INVESTMENTS

	2013	2012
	\$	\$
Term Deposits		
SGE Credit Union (National)	<u>767,447</u>	<u>849,617</u>
	<u>767,447</u>	<u>849,617</u>

6. RECEIVABLES

	2013	2012
	\$	\$
Sundry Debtors	175,047	129,237
Accrued Interest	18,543	21,067
Prepayments	26,635	43,172
	<u>220,225</u>	<u>193,476</u>

7. FIXED ASSETS AT COST

	2013	2012
	\$	\$
Plant & Equipment at cost	257,890	227,432
Provision for Depreciation	<u>(222,029)</u>	<u>(192,432)</u>
	<u>35,861</u>	<u>35,000</u>

NOTES TO FINANCIAL STATEMENTS

	2013	2012
Reconciliation	\$	\$
Reconciliation of the carrying amounts of fixed assets at the beginning and end of the current and previous financial year		

Fixed Assets

Carrying amount at beginning of the year	35,000	7,157
Additions	21,458	39,661
Disposals	-	-
Depreciation expense	<u>(20,597)</u>	<u>(11,818)</u>
Carrying amount at the end of the year	<u>35,861</u>	<u>35,000</u>

8. PAYABLES

	2013	2012
	\$	\$
Trade Creditors	45,862	41,310
Goods and Services Tax (Recoverable)	<u>10,006</u>	<u>1,289</u>
	<u>55,868</u>	<u>42,599</u>

9. RECEIPTS IN ADVANCE

	2013	2012
	\$	\$
This amount represents advance payments received in relation to 2014 activities.		
Professional Development Registrations/Sponsorship	37,860	6,000
Other	<u>2,260</u>	<u>2,460</u>
	<u>40,120</u>	<u>8,460</u>

10. PROVISIONS (CURRENT)

	2013	2012
	\$	\$
Employee Annual Leave	1,137	6,999
Employee Long Service Leave	<u>24,882</u>	<u>22,734</u>
	<u>26,019</u>	<u>29,733</u>

NOTES TO FINANCIAL STATEMENTS

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.

11. MEMBER GUARANTEES

Pursuant to the Constitution 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, 2013 the total of these guarantees was \$2,216 from 1108 members (2012: \$2,538 from 1269 members).

12. COMMITMENTS AND CONTINGENT LIABILITIES

	2013	2012
	\$	\$
Lease expense commitments for operating leases on property occupied by the company		
Not later than one year	37,249	37,551
Later than one year but not later than five years	36,775	74,092
Over five years	-	-
	<u>74,024</u>	<u>111,643</u>

The company has no contingent liabilities as at 31st December, 2013.

13. DIRECTORS' AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

Directors during the year: Ashley JENNINGS, Kenneth CAMPBELL, Daniel CLOGHAN, Malcolm GRAHAM, Elsbeth TORELLI, Angus McBEAN, Julianne PLATH.

	2013	2012
	\$	\$
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:		
Short – Term Employees Benefits	51,000	51,000
Post – Employment Benefits – superannuation Termination Benefits	-	-
	<u>51,000</u>	<u>51,000</u>

NOTES TO FINANCIAL STATEMENTS

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

(a)

	2013	2012
	\$	\$
Profit (Loss) from ordinary activities after tax	(78,236)	(78,616)
Non-Cash Items		
Depreciation and Amortisation	20,597	11,818
Bad debts written off	-	-
Changes in Assets and Liabilities		
Decrease/(Increase) in Prepayments	16,537	(299)
Decrease/(Increase) in Accrued Interest	2,524	3,627
(Decrease)/Increase in Accrued Expenses	13,269	(14,309)
Decrease in Leave Provisions	(3,715)	(2,123)
(Decrease)/Increase in Advance Income	31,660	(2,340)
Decrease/(Increase) in Sundry Debtors	(45,810)	46,520
CASH FLOW FROM OPERATIONS	<u>(43,174)</u>	<u>(35,722)</u>

CASH UNAVAILABLE FOR USE

(b)

	2013	2012
	\$	\$
Cash which is included within the above amount of cash which is not readily available for use by reason of it securing a rental bond for AM Institute's lease obligations.	11,316	-

15. 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

NOTES TO FINANCIAL STATEMENTS

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 mutual ADIs 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.

(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:

Fixed Interest Rate Maturing In:

Financial Instrument	Floating Interest Rate		1 year or less		Non Interest Bearing		Total Carrying Amount as Per the Statement of Financial Position	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
<i>Financial Assets</i>								
Cash	45,459	27,926	-	-	-	-	45,459	27,926
Term Deposits	-	-	767,447	849,617	-	-	767,447	849,617
Receivables - Sundry Debtors	-	-	-	-	175,047	129,237	175,047	129,237
Total Financial Assets	45,459	27,926	767,447	849,617	175,047	129,237	987,953	1,006,780
<i>Financial Liabilities</i>								
Trade Creditors	-	-	-	-	45,862	41,310	45,862	41,310
Total Financial Liabilities	-	-	-	-	45,862	41,310	45,862	41,310

NOTES TO FINANCIAL STATEMENTS

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 \$4,365.

AUDIT REPORT



Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report To the Members of Australasian Mutuals Institute Ltd

We have audited the accompanying financial report of Australasian Mutuals Institute Ltd (the "Company"), which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other 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 of the company .

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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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

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AUDIT REPORT

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, provided to the Directors of Australasian Mutuals Institute Ltd on 17 January 2014, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

- a the financial report of Australasian Mutuals Institute Ltd 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 2013 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 the notes to the financial statements.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Neville Sinclair
Partner - Audit & Assurance
Sydney, 21 January 2014

BOARD & MANAGEMENT

KEN CAMPBELL
CHAIRMAN



Director
Queenslanders Credit Union

DANNY CLOGHAN
DIRECTOR



Member

MALCOLM GRAHAM
DIRECTOR



Director
Gateway Credit Union

ASHLEY JENNINGS
DIRECTOR



Chief Executive Officer
Sydney Credit Union

ANGUS MCBEAN
DIRECTOR



Chief Financial Officer
SGE Credit Union

JULIANNE PLATH
DIRECTOR



Chief Executive Officer
Railways Credit Union

ELSBETH TORELLI
DIRECTOR



Executive Manager Risk &
Governance
Victoria Teachers Mutual Bank

GRAHAM OLRICH
CEO



Director
Summerland Credit Union
and Community Mutual Ltd

CONTACT INFORMATION

Company Information

Australasian Mutuals Institute Ltd
(ABN: 50 023 683 196)
PO Box 525 Burwood NSW 1805
26C Burwood Rd, Burwood NSW 2134

Email info@aminstitute.org.au

Tel 02 9744 5717

Fax 02 9744 5752

Web www.aminstitute.org.au

