



AM INSTITUTE ANNUAL REPORT

2014

Expanding Our Horizons





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Chair's Report

Market conditions remained challenging for the customer owned banking sector during 2014 and as a consequence made it tough for the professional association to successfully position its professional development and networking activities.

The Board of Directors and the Management team were however well prepared for such an economic environment scheduling a slimmed down Calendar of Events whilst continuing to reposition the Institute for a sustainable future in support of the sector. There was also significant progress made through the business partnership with our RTO partner the Institute of Strategic Management as evidenced by a more than 100% increase in enrolments over the previous year.

AM Institute works closely with a number of valuable business partners some of which deliver important products and services to our members whilst others provide invaluable support to key programs such as the National Convention & Trade Exhibition, Business Strategy Forum and the Industry Partners Portal.

In the first half of the year Board and Management commenced a major review of the business operation with a view to positioning the Institute for a sustainable future in support of the customer owned banking sector. There have been three important strands to this work with the strategies being approved by the Board at meetings in July and September and the implementation phase now well underway. Importantly this work has been informed by the COBA Strategic Vision Project and the AM institute Board has been proactive in keeping the COBA Board advised about our progress.

Now for some more insight into the matters raised in the preceding paragraphs:

Highlights from Events held in 2014

Mutuals 2014 – Business Strategy Forum was held at the newly renovated Rydges Lakeside Hotel from 23rd to 25th February under the theme *Investing in the Future-Our People; The Technology and Market Positioning*. Targeted at Directors and Executive level Management the Forum attracted 97 registrations surpassing the numbers for recent Forums together with a record level of sponsorship from service providers eager to engage with sector leaders in a Forum of this nature. This created an ideal environment for the high quality dialogue throughout the program and ensured great educational benefit for everyone involved.

The World Credit Union Conference held at the Gold Coast Convention Centre between 27th and 30th July involving a three way partnership between WOCCU, COBA and AM Institute was a huge step up in size and organisational complexity from the normal Australian based National Convention & Trade Exhibition. Notwithstanding the added complexity the Conference exceeded WOCCU expectations in terms of both participant numbers at 1,526 and Sponsorship and Trade Exhibition support. Both COBA and AM institute were particularly appreciative of the level of participation and financial

support coming from the Australian based service providers. For many this was their first experience of a World Credit Union Conference and the evidence would suggest it was thoroughly enjoyed.

Directors Stream Program – just five events were held during the year attracting 82 registrants. Four of these events were part of the *Business Performance Program Series* delivered in partnership with Protecht. The looming introduction of CPS220, CPS510 (revised) and CPG220 were a strong focus with a special program held for Directors in May before this content could be weaved into the newly restructured *Risk Governance & Strategy Workshop* from August onwards. Sandwiched in between this activity a two day course was delivered in-house for Bankstown Credit Union.

Management Stream Program – nine events were held during the year attracting 111 registrants and including four events that were part of the *Business Performance Program Series* delivered in partnership with Protecht. Other events delivered included:-

- *Self-Securitisation Workshop* was held in partnership with Australian Securitisation Forum and attracted 15 registrants.
- *Improving Sales Effectiveness Workshop* held in Sydney attracted 11 registrants.
- *Financial Management 101 Course* – this long running course targeted at both Directors and Managers seeking to strengthen their understanding of financial matters was taken in-house to The Capricornian in Rockhampton and attracted 10 registrants.
- *Advanced Social Media & Strategy Forum* attracted seven registrants.
- *Finance & Risk Forum* – another of our long term annual events this Forum attracted 34 registrants to the Gold Coast in late November.

Regional Council Events – the three Regional Councils viz NSW/ACT, VIC/TAS & QLD continue to run important local events attracting some 570 participants for a variety of events focused on both education and networking. The Councillors serving on these Regional Councils make an invaluable contribution to the work of the Institute and help to bring the Institute's programs to the broader membership.

Business Partnerships

AM Institute has active business partnerships with the following companies:-

- *Customer Owned Banking Association (COBA)* – centred upon the joint management of the annual National Convention & Trade Exhibition but extending beyond to consultation on issues of common interest.
- *Institute of Strategic Management (ISM)* – is our registered training partner (RTO) specialising in the broader financial services industry and providing a comprehensive menu of course qualifications tailored to the needs of customer owned banking institutions. This is in turn supplemented by their Member Experience, Elevate Coaching and Boost CPD programs and the Governance 360 Board Performance Evaluation service. Enrolments in the course qualifications


have been growing rapidly with a number of mutual ADIs providing testimonials about the returns they are getting from the investment in these programs.

- *Protecht* – the Institute’s longest standing partner for more than ten years now continues to join with us to tailor and deliver premium quality training and education specific to the banking industry to both Directors and Managers in the areas of business strategy and performance, risk management and compliance. Eight one and two day courses were delivered during the year each of which rated between very good and excellent across the board. During 2014 we joined with Protecht to launch the “Risk Incident Database” providing mutual ADIs with a collaborative and cost effective tool for sharing known and knowable risk incidents.
- *Governance Matters* – has been providing access to governance training via DVDs and to template policy documents designed for tailoring to meet the needs of mutuals. During 2014 Governance Matters launched a new on-line governance training portal in the form of an annual subscription service to replace the DVD training course offering.
- *Australian Securitisation Forum* – AM Institute members are given access to the ASF annual course program at ASF Member rates.
- *University of South Australia* - 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.
- *Mars Partners* - 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.

Review of the Business Operation

In light of the experience gained from the recent two years in terms of membership levels, participation numbers across the various programs and the financial outcomes Board and Management initiated early in the year a comprehensive review of the strategic direction of the Institute along with its resource capacity to pursue the stated direction.

This saw a focus on three key dimensions of the business collectively designed to both strengthen the Institute’s role as a professional association within the COB sector along with its financial



sustainability. Board and Management have taken a close look at recent developments in other sectors within the financial services industry particularly at professional association level and at all the 'noise' around professional standards coming from government sponsored inquiries.

The first of these dimensions has concentrated on a reconstitution of the Board towards a mix of member elected and board appointed directors the latter of which is designed to bring particular fields of expertise to the Board to supplement the skill base that can be achieved in a small and lean management team.

The second dimension has then focused on a management succession plan designed to replace the existing Management & Staff structure of 3.2 FTE persons with a leaner two person Management & Staff structure consisting two full positions supported by a service level agreement to cover some back office functions.

The final dimension then focuses on modernising the marketing and administrative functions of the Institute to fit with the leaner Management & Staff structure and to leverage and share resources more effectively with a key business partner.

In terms of the implementation phase of this restructure the following steps have been taken:-

- Director Danny Cloghan stood down from the Board effective from 5th May 2014
- the Board has approved some recommended changes to the Constitution to be put to the Membership at the upcoming AGM on 22nd February 2015.
- Graham Olrich resigned from his role as part time CEO effective 27th October and accepted an invitation from the Board to become a Board Appointed Director for a term of one year from 27th October 2014.
- Isabella Allan was appointed Chief Executive Officer commencing from 27th October 2014.
- Gerard Hermens accepted an invitation from the Board to become a Board Appointed Director for a term of two years from 29th October 2014.
- Kelly Kelley completed her service as Marketing Co-ordinator on 31st December 2014.
- Ken Pickering completed his management services contract as the Executive Manager, Professional Development on 31st October.

Some further steps are planned for early in 2015:-

- I will complete my term as a Director and the Chair at the upcoming AGM on 22nd February and will be standing down from the Board.
- A third Board Appointed Director has been invited to join the Board and he will be taking up the position during February.
- The Board will be actively encouraging an Emerging Leader to join the Board given the importance for growing membership and participation from this area of the sector.

- Sonya Schuh will be leaving her position as Executive Manager, Administration on 31st March 2015.

Overview of Performance

Participation levels were up for both the World Credit Union Conference and the Business Strategy Forum but down considerably for both the Directors and the Management Streams and for the Regional Council events. Offsetting this there was a significant uptake in enrolments for qualifications courses through our RTO business partner. Membership also reduced from 1,108 to 1,059 reflecting the effect of the ongoing consolidation of the number of mutual ADIs in the sector.

Customer owned banking institutions have pared back their spending on training and targeted the remaining expenditure very much on courses that relate to prudential regulatory requirements. It has become very difficult for the Institute to schedule courses in the soft skills or aspects of leadership or productivity improvement. There is however some scope around the development of selling skills and this is a key focus of the ISM programs.

In terms of the financial performance whilst the end result was a loss of \$134,284 this did include \$112,924 in one off restructuring costs with \$102,800 of this made up of redundancy payments for the two long term staff leaving the Institute.


Important Thanks

It is never easy for an organisation with the traditions of this Institute to confront the market realities and to embark upon a journey of significant restructure.

I would like to personally commend my fellow directors and the outgoing management team for their open mindedness and willingness to work through this process in the best interests of both the membership and the sector in which we are all so committed. In particular I make mention of the special role that Graham Olrich has played both in the development and then the progressive implementation of this organisational restructure. I am also most grateful that Graham has accepted the invitation to join the Board as a Board Appointed Director for the first twelve months under the new arrangements particularly given the extent of management experience that is leaving the Institute.

On behalf of the membership at large I would like to thank:-

- Sue Izatt who finished up on 30th June for her contribution over the past couple of years;
- Kelly Kelley for her outstanding contribution in a variety of roles over some 19 years to this Institute and its forerunner AICUD;
- Ken Pickering who in a similar manner has worked tirelessly via a management services contract in the pursuit of director and management education for more than 20 years;

- 
- And in advance to Sonya Schuh (nee Maloney) who will leave us at the end of March after having contributed more than 18 years of wholehearted service to the membership of both this Institute and its forerunner AICUM

And 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 2015. Also to the Regional Councils, Business Partners and Sponsors we would like to thank you all for your valuable support during the year and we look forward to an even more engaging relationship with you as we move into 2015 and beyond.

Ken Campbell
Chair

Directors' Report

Your directors present their report on the Australasian Mutual Institute (AM Institute) for the financial year ended 31 December 2014.

1. Directors Details

1.1 Directors of the Australasian Mutuals Institute

The Directors of AM Institute at any time during, or since the end of the year, are:

Kenneth Campbell (Chairman)	Elected by members as a director in 2006
Daniel Cloghan	Ceased as a director on 5th May 2014, elected by members as a director in 2006
Peter (Graham) Olrich	Appointed as a Board appointed director in October 2014
Julianne Plath	Appointed as a Board appointed director in October 2012. Re-appointed to fill Member Elected casual vacancy October 2014
Elsbeth Torelli	Elected by members as a director in 2009
Angus McBean	Elected by members as a director in 2010
Augustine (Gerard) Hermens	Appointed as a Board appointed director in October 2014
Malcolm Graham	Elected by members as a director in 2006
Ashley Jennings	Elected by members as a director in 2006

1.2 Company Secretary

The Company Secretary in office at any time during the year or since the year end up to the date of this annual report is Sonya Schuh (nee Maloney) – appointed Company Secretary in 2010

1.3 Director Background and Director Meetings

The number of director's meetings and the number of meetings attended by each director during the financial year are set out below. A director was considered eligible to attend a meeting if he or she was a director at the date of the meeting.

	Background	Board Meetings	
		Eligible to attend	Attended
Kenneth Campbell (Chairman)	Director Queenslanders Credit Union	5	5
Daniel Cloghan	Former Director Community CPS Aust, SA/WA	1	0
Peter (Graham) Olrich	Chair, Community Mutual Limited Director, Summerland Credit Union	1	1

	Background	Board Meetings	
		Eligible to attend	Attended
Julianne Plath	Chief Executive Officer Railways Credit Union	5	5
Elsbeth Torelli	Executive Manager Risk & Governance Victoria Teachers Mutual Bank	5	4
Angus McBean	Chief Financial Officer G and C Mutual Bank	5	5
Augustine (Gerard) Hermens	Founder and Director Institute of Strategic Management	1	1
Malcolm Graham	Director Gateway Credit Union	5	5
Ashley Jennings	Chief Executive Officer Sydney Credit Union	5	4

2. Activities, Objectives and Review of Operations

2.1 Activities

The prime activity of the AM Institute during the financial year was the promotion of professional development and educational events to improve the professionalism, professional excellence and integrity of the mutual sector.

2.2 Objectives and benchmarks

The objectives of the Institute are to:

- (a) 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;
- (b) facilitate the education and professional development of Members at both a national and a regional level;
- (c) uphold and maintain the philosophy and principles of Mutuality, through networking, collaboration, co-operation and the exchange of ideas among Members;
- (d) promote best practice in leadership, governance and management and in the identification of opportunities for career enhancement within Mutuals;
- (e) affiliate or partner with organisations with similar objects both within and external to Mutuals for the benefit of Members; and
- (f) assist Members to keep up-to-date with relevant legislative, economic and social matters which affect their roles, responsibilities and aspirations.

2.3 Review of Operations

To meet these objectives the Institute offered members the following services in 2014:

- An international convention through World Council of Credit Unions
- A CEO and Directors Business Strategy Forum
- A Senior Managers Risk and Finance Forum
- 18 Professional Development Learning Programs
- On-line and video professional development learning options
- An RTO partnership with ISM covering offerings such as NCCP, compliance and diploma qualifications.

2.4 Operating Results

The net loss of the Institute for the year after providing for income tax and extraordinary items was \$134,284 (2013 loss \$78,237). Although the financial result reflects a net loss of \$134,284 this includes restructuring costs of \$112,924.

3. Membership

Membership of the Institute as at 31 December 2014 is 1059 which is made up as follows:

	ACT	NSW	VIC	TAS	QLD	SA	WA	NT	O/S	TOTALS
Fellow	5	106	39		20	9	1	2	6	188
Associate Fellow	1	42	8	2	6					59
Member	14	409	139	12	121	25	16		20	756
Associate	2	10	13		3				1	29
Life Member		4	1		1					6
Honorary		2								2
Retired		11	5		1	1		1		19
TOTALS	22	584	205	14	152	35	17	3	27	1059

4. Liability of Members

In the event that AM Institute was wound up, each member would be liable to contribute no more than \$2.00. At the 31st of December 2014 the total of these guarantees was \$2,118 from 1059 members (2013: \$2,216 from 1108 members).

5. Environmental Regulation and Performance

AM Institute uses reasonable endeavours to minimise its impact on the environment. However, AM Institute activities do not constitute any significant source of emissions or otherwise damage to the environment.

6. Directors' benefits

No director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by the company with a director, a firm of which a director is a member or a company in which a director has a substantial financial interest, other than that disclosed in note 13 of the financial report.

7. Events Occurring After Balance Date

No other matters of circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, or state of affairs of the company in subsequent financial years.

8. Likely developments and results

No other 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:

- 1 The operations of the company;
 - 2 The results of those operations; or
 - 3 The state of affairs of the company
- in the financial years subsequent to this financial year.

Auditor's Independence

A copy of the declaration given by our external auditor to the Directors in relation to the auditor's compliance with the independence requirements of the Australian accounting bodies and the applicable code of professional conduct for external auditors is provided within this report.

Signed in accordance with a resolution by the directors.

On behalf of the directors:

Ashley J Jennings
Director

29th January 2015

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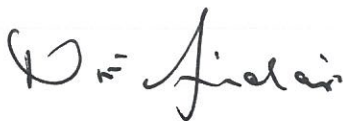
**Auditor's Independence Declaration
To the Directors of Australasian Mutuals Institute Ltd**

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 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b 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, 23 January 2015

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AM INSTITUTE FINANCIAL STATEMENTS

AM Institute Financial Statements

STATEMENT OF COMPREHENSIVE INCOME (PROFITS AND LOSSES)

For the Financial Year ended 31 December 2014

	Note	2014 \$	2013 \$
REVENUES FROM ORDINARY ACTIVITIES	2	701,505	853,459
EXPENSES FROM ORDINARY ACTIVITIES	3	<u>835,789</u>	<u>931,695</u>
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(134,284)	(78,237)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES		Nil	Nil
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		(134,284)	(78,237)

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 2014

RETAINED PROFITS			
Balance at the beginning of the year		727,833	806,070
Profit/(Loss) for the year		<u>(134,284)</u>	<u>(78,237)</u>
Balance at end of year		<u><u>593,549</u></u>	<u><u>727,833</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 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash Assets	4	61,330	45,464
Investments	5	729,993	767,447
Receivables	6	170,717	220,225
TOTAL CURRENT ASSETS		<u>962,040</u>	<u>1,033,136</u>
NON CURRENT ASSETS			
Fixed Assets	7	16,879	35,861
TOTAL NON CURRENT ASSETS		<u>16,879</u>	<u>35,861</u>
TOTAL ASSETS		<u>978,919</u>	<u>1,068,997</u>
CURRENT LIABILITIES			
Payables	8	119,675	55,868
Receipts in advance	9	32,790	40,120
Provisions	10	13,748	26,019
TOTAL CURRENT LIABILITIES		<u>166,213</u>	<u>122,007</u>
TOTAL LIABILITIES		<u>166,213</u>	<u>122,007</u>
NET ASSETS		<u>812,706</u>	<u>946,990</u>
EQUITY			
Capital reserve		219,157	219,157
Retained Profits		593,549	727,833
TOTAL EQUITY		<u>812,706</u>	<u>946,990</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 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		703,847	814,787
Interest received		39,837	41,642
Payments to Suppliers and Employees		<u>(763,437)</u>	<u>(899,603)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	14(a)	<u>(19,753)</u>	<u>(43,174)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of Term Deposits		37,453	82,170
Investment in Term Deposits		-	-
Purchases of Fixed Assets		(1,834)	(21,458)
Purchase of Intangible Assets		<u>-</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES		<u>35,619</u>	<u>60,712</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		15,866	17,538
OPENING CASH BROUGHT FORWARD		<u>45,464</u>	<u>27,926</u>
CLOSING CASH CARRIED FORWARD	4	<u><u>61,330</u></u>	<u><u>45,464</u></u>

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

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This financial report was authorised for issue on 29th 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 ADI's 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 mutual ADI's.

(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 recognised:

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.

2. REVENUES FROM ORDINARY ACTIVITIES

	2014	2013
	\$	\$
Revenues from operating activities		
National		
Subscriptions	155,365	166,530
Professional Development:		
- National Conference & Exposition	93,790	130,329
- Other Courses and Conferences	340,239	395,509
Publication sales & advertising	4,423	11,398
Interest	33,264	39,118
	<u>627,081</u>	<u>742,884</u>
Divisional		
Seminar fees & Sponsorship	74,424	110,575
Total revenues from ordinary activities	<u>701,505</u>	<u>853,459</u>

3. EXPENSES FROM ORDINARY ACTIVITIES

	2014	2013
	\$	\$
National		
Meeting & Seminars	13,030	10,903
Professional Development		
- National Conference & Exposition	1,083	4,368
- Other Courses and Conferences	180,071	276,847
Staff costs, salaries and allowances		
- Ordinary costs, salaries and allowances	334,203	377,083
- Redundancy payments	102,802	-
- CEO Recruitment	10,121	-
Printing, stationery & postage	8,259	23,044
Relocation Costs	-	1,482
Audit & Accounting fees	14,700	14,700
Taxes & Charges	1,280	1,762
Bad & Doubtful Debts	-	1,941
Insurance	6,586	6,942
Publication sales & advertising	2,418	7,899
Web Site / Advertising	4,310	5,486
AGM / Election Expenses	696	2,856
Administration & Rent	54,860	69,060
Depreciation – Furniture & Fixtures	1,121	1,909
Depreciation – Web Site	19,695	18,688
Legal Fees	5,707	2,331
	<u>760,942</u>	<u>827,221</u>
Regional		
Meetings & Seminars	<u>74,847</u>	<u>104,475</u>
Total expenses from ordinary activities	<u>835,789</u>	<u>931,696</u>

3B. AUDITOR'S REMUNERATION

	2014	2013
	\$	\$
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>

4. CASH AT MUTUALS

	2014	2013
	\$	\$
Credit Union Australia	26,754	27,577
CUSCAL	9,698	3,342
G&C Mutual Bank	6	55
Community First Credit Union	16	6
Sydney Credit Union	24,856	14,484
	<u>61,330</u>	<u>45,464</u>

5. INVESTMENTS

	2014	2013
	\$	\$
Term Deposits		
G & C Mutual Bank	160,000	767,447
Credit Union Australia	460,000	-
P & N Bank	109,993	-
	<u>729,993</u>	<u>767,447</u>

6. RECEIVABLES

	2014	2013
	\$	\$
Sundry Debtors	144,191	175,047
Accrued Interest	18,121	18,543
Prepayments	8,405	26,635
	<u>170,717</u>	<u>220,225</u>

7. FIXED ASSETS AT COST

	2014	2013
	\$	\$
Plant & Equipment at cost	259,724	257,890
Provision for Depreciation	(242,845)	(222,029)
	<u>16,879</u>	<u>35,861</u>

	2014	2013
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	35,861	35,000
Additions	1,834	21,458
Disposals	-	-
Depreciation expense	(20,816)	(20,597)
Carrying amount at the end of the year	<u>16,878</u>	<u>35,861</u>
8. PAYABLES		
	2014	2013
	\$	\$
Trade Creditors	119,931	45,862
Goods and Services Tax (Recoverable)	(256)	10,006
	<u>119,675</u>	<u>55,868</u>
9. RECEIPTS IN ADVANCE		
	2014	2013
	\$	\$
This amount represents advance payments received in relation to 2015 activities.		
Professional Development Registrations/Sponsorship	30,850	37,860
Other	1,940	2,260
	<u>32,790</u>	<u>40,120</u>
10. PROVISIONS (CURRENT)		
	2014	2013
	\$	\$
Employee Annual Leave	4,357	1,137
Employee Long Service Leave	9,391	24,882
	<u>13,748</u>	<u>26,019</u>

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 up to the superannuation guarantee charge are legally enforceable in Australia.

11. MEMBER 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, 2014 the total of these guarantees was \$2,118 from 1059 members (2013: \$2,216 from 1108 members).

12. COMMITMENTS AND CONTINGENT LIABILITIES

	2014	2013
	\$	\$
Lease expense commitments for operating leases on property occupied by the company		
Not later than one year	36,846	37,249
Later than one year but not later than five years	-	36,775
Over five years	-	-
	<u>36,846</u>	<u>74,024</u>

The company has no contingent liabilities as at 31st December, 2014.

13. RELATED PARTY TRANSACTIONS

(a)

Directors during the year: Ashley JENNINGS, Kenneth CAMPBELL, Daniel CLOGHAN, Malcolm GRAHAM, Elsbeth TORELLI, Angus McBEAN, Julianne PLATH, Augustine (Gerard) HERMENS, Peter (Graham) OLRICH.

	2014	2013
	\$	\$
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	48,089	51,000
Post – Employment Benefits – superannuation Termination Benefits	-	-
	<u>48,089</u>	<u>51,000</u>

(b)

For several years the company has had an arrangement with the Institute of Strategic Management (ISM) whereby the company markets and promotes ISM courses to directors and management of mutual ADIs. ISM pays a commission to the company based upon course fees received from directors and management of mutual ADIs. Gerard Hermens is a director of ISM and holds a financial interest in that organisation. As of 29 October 2014, Gerard Hermens was appointed as a Director of AM Institute. The amount of income received from ISM from that date up to 31 December 2014 was \$8,035.

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

(a)

	2014	2013
	\$	\$
Profit (Loss) from ordinary activities after tax	(134,284)	(78,236)
Non-Cash Items		
Depreciation and Amortisation	20,816	20,597
Bad debts written off	-	-
Changes in Assets and Liabilities		
Decrease/(Increase) in Prepayments	18,230	16,537
Decrease/(Increase) in Accrued Interest	424	2,524
(Decrease)/Increase in Accrued Expenses	63,807	13,269
Decrease in Leave Provisions	(12,272)	(3,715)
(Decrease)/Increase in Advance Income	(7,330)	31,660
Decrease/(Increase) in Sundry Debtors	30,856	(45,810)
CASH FLOW FROM OPERATIONS	<u>(19,753)</u>	<u>(43,174)</u>

CASH UNAVAILABLE FOR USE

(b)

	2014	2013
	\$	\$
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.	11,663	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 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 ADI's 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	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets								
Cash	61,330	45,459	-	-	-	-	61,330	45,459
Term Deposits	-	-	729,993	767,447	-	-	729,993	767,447
Receivables - Sundry Debtors	-	-	-	-	144,191	175,047	144,191	175,047
Total Financial Assets	61,330	45,459	729,993	767,447	144,191	175,047	144,191	987,953
Financial Liabilities								
Trade Creditors	-	-	-	-	119,931	45,862	119,931	45,862
Total Financial Liabilities	-	-	-	-	119,931	45,862	119,931	45,862

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 \$2,712.



DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements comprising statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes are in accordance with the Corporations Act 2001, and
 - (a) Comply with Accounting Standards and the Corporations Act 2001; and
 - (b) Give a true and fair view of the company's financial position as at 31 December 2014 and its performance for the year ended on that date;
2. The financial statements comply with International Financial Reporting Standards
3. In the Directors' opinion there are reasonable grounds to believe that Australasian Mutuals Institute Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Ashley Jennings

29 January 2015

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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 2014, 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CHAIRMAN



Director
Queenslanders Credit Union

ELSBETH TORELLI
DIRECTOR



Executive Manager Risk & Governance
Victoria Teachers Mutual Bank

ASHLEY JENNINGS
DIRECTOR



Chief Executive Officer
Sydney Credit Union

GERARD HERMENS
DIRECTOR



Director/Founder
Institute Of Strategic Management

MALCOLM GRAHAM
DIRECTOR



Director
Gateway Credit Union

ANGUS MCBEAN
DIRECTOR



Chief Financial Officer
G & C Mutual Bank

JULIANNE PLATH
DIRECTOR



Chief Executive Officer
Railways Credit Union

GRAHAM OLRICH
DIRECTOR



Chair Community Mutual Ltd &
Director Summerland Credit Union

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