

DIRECTORS' REPORT

Your Directors submit herewith the financial report of the Credit Co-operative as at 30 June 2011.

DIRECTORS

The names and details of the directors in office at any time during or since the end of the year are:

Names, qualifications, experiences and special responsibilities

GARRY OLIVER

Qualifications: Diploma of Public Administration
Fellow Australasian Mutuals Institute
Fellow Australian Institute of Company Directors

Experience: Senior Human Resources Manager Telstra - 30 Years
Director PICCOL / Advantage Credit Union 20 years
Past Director Australasian Mutuals Institute / AICUD
Executive Manager / Company Secretary Old Gold Credit Union 9 years
Member of the Audit Committee and Board Loans Committee
Chairperson since December 2002 / Director since 26/03/2001

Interest in Shares: One (\$2 paid)

CATHERINE O'DWYER

Qualifications: BA Dip Ed.

Experience: 23 years experience teaching English to adults
Past executive director of Central Fitzroy Community Childcare Co-op
Member of the Strategic Planning Committee

Interest in Shares: One (\$2 paid)

MARGARET HILL

Qualifications: Bachelor of Economics, Master of Environmental Studies
Master of Labour Law & Relations

Experience: 16 years experience as Human Resources Executive in corporate sector
16 years experience in policy development and program management in the public sector
Member of the Strategic Planning Committee
Director since 28/08/2000
Deputy Chair since 29/11/2006

Interest in Shares: One (\$2 paid)

ANNE MACBEAN

Qualifications: Bachelor of Education
Grad Dip Education - Student Welfare
Dip. Community Services - Financial Counselling

Experience: 25 years teaching experience - Secondary & TAFE
13 years Financial Counselling
Member Board Loans Committee / Audit & Risk Committee
Director since 30/08/04

Interest in Shares: One (\$2 paid)

BRUCE HARVEY

Qualifications: Dip CE. MBS. M.App.Fin.FFinsia

Experience: 28 years in commercial corporate and retail financial institution management
15 years experience in project and financial consultancy
Chair Audit Committee

Interest in Shares: One (\$2 paid)

DIRECTORS' REPORT cont'd

- RAELENE HARRISON** Appointed director on 9th May 2011
Qualifications: Bachelor of Laws (Honours)
Bachelor of Commerce (Management)
Master of Laws
Master of Banking and Financial Services Law
Graduate Diploma in Corporations and Securities Law
Graduate Diploma in Legal Practice
Advanced Diploma in Superannuation (ASFA)
Diploma of Financial Services (ASFA)
Graduate Diploma in Corporate Governance (Chartered Secretaries)
- Experience: For the past 15 years has practised as a lawyer and company secretary in the financial services industry. Currently Senior Fellow at the University of Melbourne. For the past 8 years has taught undergraduate and postgraduate law subjects at the University of Melbourne and Deakin University including Banking and Finance Law and Corporations Law.
- ANNE ELLIS** Appointed director on 9th May 2011
Qualifications: Diploma of Primary Teaching
Bachelor of Special Education
Master of Business Administration
- Experience: 15 years of teaching experience in Primary and Vocational Education Sector. 20 years experience in corporate management in Government departments and the Not for Profit sector.
- LAUREN BARBER** Appointed director on 9th May 2011
Qualifications: Undersgraduate degree: Bachelor of Physiotherapy in 2002
Masters degree: Public Health (Health economics and program evaluation) in 2010
- Experience Using robust scientific methodologies and analysis, my current work contributes to the design and evaluation of complex public service systems for children and families in Australia. These consultations benefit both state and federal government departments such as FaHCSIA (Families and Housing, community Services and Indigenous Affairs (FaHCSIA). Previously as a clinical Physiotherapist my role was in designing and running advanced patient rehabilitation plans in a variety of culturally diverse settings in Australia and overseas. Led the development of effective community and health management projects fostering deep relationships and partnerships with all stakeholders.
- OWEN LYSAGHT**
Qualifications: Bachelor of Science
International Trade Skills and Development
Company Directorship Diploma
ITIL Masters Certificate
Project Management using Open Plan
Mandarin Chinese to level 4
- Experience: 15 years Project management in Banking and Finance
Business development in Australia and Asia
Consulting to Retail and Merchant Banking
Credit Derivatives and Structured Credit
- Interest in Shares: One (\$2 paid)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

- GREG FISHER**
Qualifications: Diploma in Business Studies (Accounting)
Experience: Extensive knowledge and experience in the Credit Unions.
Member of Australasian Mutuals Institute
Member of Credit Union Internal Auditors Association

DIRECTORS' REPORT cont'd

PRINCIPAL ACTIVITIES

The principal activity of the Credit Co-operative during the year was the provision of financial services by way of acceptance of deposits and the making of loans to members.

There has been no significant change in the nature of these activities during the year ended 30 June 2011.

OPERATING RESULTS

Profit after income tax for the financial year was \$36,622 (2010: \$48,693).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Credit Co-operative during the financial year.

AFTER THE BALANCE DATE EVENTS

At the date of this report, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Credit Co-operative, the results of those operations or the state of affairs of the Credit Co-operative in subsequent financial years.

REVIEW OF OPERATIONS

During the 2010/2011 financial year, the Co-operative successfully produced a surplus result despite the constraining interest market caused by the global financial crisis.

FUTURE DEVELOPMENTS

In the 2011/2012 financial year the Co-operative will be aiming to consolidate its financial position whilst improving services and products for our members.

ENVIRONMENTAL ISSUES

The Credit Co-operative's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFYING OFFICERS OR AUDITOR

During the year, a premium was paid in respect of a contract insuring directors and officers of the Credit Co-operative against liability.

The officers of the Credit Co-operative covered by the insurance contract include directors, executive officers, secretary and employees.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of auditors of the Credit Co-operative.

No person has applied for Leave of Court to bring proceedings on behalf of the Credit Co-operative or to intervene in any proceedings to which the Credit Co-operative is a party for the purpose of taking responsibility on behalf of the Credit Co-operative for all or any part of those proceedings. The party was not subject to any such proceedings during the year.

DIRECTORS' REPORT cont'd

DIRECTORS' MEETINGS

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Meetings of Audit and Risk Committee
Number of meetings held:	10	3
Number of meetings attended:		
Catherine O'Dwyer	9	
Margaret Hill	9	1
Garry Oliver	10	3
Anne MacBean	8	3
Bruce Harvey	7	1
Owen Lysaght	2	1
Raelene Harrison	1	
Ann Ellis	2	
Lauren Barber	2	

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 5 of the Annual Report.

Signed in accordance with a resolution of the directors.

Anne MacBean
Director

Garry Oliver
Chairperson

Date: 19-Oct-11

FITZROY AND CARLTON COMMUNITY CREDIT CO-OPERATIVE LTD

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FITZROY AND CARLTON COMMUNITY CREDIT CO-OPERATIVE LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: Mills Partners

Name of Partner: Jeffrey Mills

Dated: 18 October 2011

Mt Waverley VIC 3149

Fitzroy and Carlton Community Credit Co-operative Ltd

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STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2011		Notes	2011	2010
			\$	\$
INTEREST INCOME	4		780,066	702,998
INTEREST EXPENSE			(143,140)	(111,063)
NET INTEREST REVENUE			636,926	591,935
OTHER INCOME:				
DIVIDEND INCOME			6,045	4,423
FEE AND COMMISSION INCOME			261,489	270,309
OTHER OPERATING INCOME			54,228	80,268
IMPAIRMENT LOSSES ON LOANS AND ADVANCES			(69,801)	(93,524)
EMPLOYEE BENEFITS EXPENSE			(384,073)	(401,839)
OCCUPANCY EXPENSES			(80,956)	(80,106)
DEPRECIATION AND AMORTISATION EXPENSES			(20,154)	(19,424)
GENERAL ADMINISTRATIVE EXPENSES			(367,082)	(303,349)
PROFIT (LOSS) BEFORE INCOME TAX	4		36,622	48,693
INCOME TAX EXPENSE	5		-	-
PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF THE COMPANY			36,622	48,693
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX:				
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBER OF THE COMPANY			36,622	48,693

The above statement should be read in conjunction with the accompanying Notes

Fitzroy and Carlton Community Credit Co-operative Ltd

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STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011		Notes	2011	2010
			\$	\$
ASSETS				
Cash and cash equivalents	6		1,077,656	808,232
Placements with other financial institutions	7		6,025,000	5,750,000
Other receivables	8		99,575	109,262
Loans and advances	10		3,178,448	2,957,632
Investment securities	9		991,976	2,476,374
Income Tax Refundable	17		4,903	3,000
Other financial assets	11		35,380	35,380
Property, plant and equipment	12		36,152	41,328
Other assets	13		16,115	14,377
TOTAL ASSETS			11,465,205	12,195,585
LIABILITIES				
Amounts owed to other depositors	14		10,348,016	10,963,815
Other payables	15		198,866	306,069
Borrowings	16		-	50,000
Provisions	18		31,104	25,104
TOTAL LIABILITIES			10,577,986	11,344,988
NET ASSETS			887,219	850,597
EQUITY				
Reserves			34,362	32,156
Retained profits			852,857	818,441
TOTAL EQUITY			887,219	850,597

The above statement should be read in conjunction with the accompanying Notes

THIS PAGE IS CHANGES IN EQUITY-SEPARATE EXCEL SHEET

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	790,899	717,008
Borrowing costs	(135,127)	(108,371)
Other non interest income received	320,616	359,640
Personnel, occupancy costs and general expenses paid	(799,598)	(789,731)
Income tax (paid)/refunded	(1,903)	26,627
Net (increase)/decrease in loans and advances	(290,617)	(303,714)
Net (increase)/decrease in amounts receivable from other financial institutions	(275,000)	1,250,000
Net (increase)/decrease in investments	1,484,398	(977,279)
Net increase/(decrease) in deposits and other borrowings	(759,263)	141,853
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	334,405	316,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(14,978)	(26,897)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(14,978)	(26,897)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Subordinated Debt-from Brotherhood of St Laurence	(50,000)	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(50,000)	-
NET INCREASE/(DECREASE) IN CASH HELD	269,427	289,136
Add opening cash brought forward	808,232	519,096
CLOSING CASH CARRIED FORWARD	1,077,659	808,232

The above statement should be read in conjunction with the accompanying Notes

Fitzroy and Carlton Community Credit Co-operative Ltd

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for Fitzroy and Carlton Community Credit Co-operative Ltd as an individual entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information and transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Income recognition

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to financial assets.

All revenue received arises from the operating activities of the financial institution.

Fees and commissions are recognised as revenues or expenses on an accrual basis.

Other income is recognised when received.

(b) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short term borrowings in the balance sheet.

Employee benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Income Tax....cont'd

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Financial Instruments

Recognition and Initial Measurement

Financial Instruments are initially measured at cost on trade date, which include transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(a) Financial assets at fair value through the profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(c) Held to maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held to maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

(d) Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Impairment of Assets

At each reporting date, the entity reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Loans and advances

Loans and advances are recognised at recoverable amount, after assessing required provisions for impairment. Impairment of a loan is recognised when there is reasonable doubt that not all the principal and interest can be collected in accordance with the terms of the loan agreement. Impairment is assessed by specific identification in relation to individual loans or by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

Bad debts are written off when identified. If a provision for impairment is recognised in relation to a loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in the statement of financial performance account.

All loans and advances are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below:

Non-Accrual Loans - are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful, and hence provisions for impairment are recognised.

Restructured Loans - arise when the borrower is granted a concession due to continuing difficulties in meeting the original terms, and the revised terms are not comparable to new facilities. Loans with revised terms are included in non-accrual loans when impairment provisions are required.

Past-due items - are loans where payments of principal and/or interest are at least 90 days in arrears. Full recovery of both principal and interest is expected. If an impairment is required, the loan is included in non-accrual loans.

Receivables - related parties / entities

Amounts receivable from related parties/entities are carried at nominal amounts due. Details of the terms and conditions are set out in Note 27.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Leasehold improvements are measured on the cost basis.

Plant and equipment are measured on the cost basis.

Property, plant and equipment are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have been discounted to their present value.

Depreciation

Depreciation of fixed assets, and amortisation of intangible assets, is calculated on a straight line method, and rates are based on the effective life of the assets.

The following rates are used:

Computer Equipment and software -	3 years
Computer Software -	1 to 3 years
Office Equipment -	6.66 years
Motor Vehicle -	5 years
Leasehold Improvements -	the lease term

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

2. Date Financial Report authorised for issue

The financial report was authorised for issue on 19 October 2011 by the board of directors.

3. Accounting Standards

Australian Accounting Standards which have been issued or amended and which are applicable to the entity but are not yet effective have not been adopted in the preparation of the financial statements at reporting date. These are not expected to impact the entity.

Fitzroy and Carlton Community Credit Co-operative Ltd

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30 JUNE 2011

	Notes	2011 \$	2010 \$
4. PROFIT FROM ORDINARY ACTIVITIES			
Profit from ordinary activities before income tax is arrived at after charging/(crediting) the following items:			
Impairment losses on loans and advances	10(d)	<u>69,801</u>	93,524
Depreciation of plant & equipment		20,154	19,424
General and Administration			
Personnel costs		378,073	387,839
Other		367,082	303,349
Rental – operating leases		80,956	80,106
Provision for employee entitlements		6,000	14,000
Other expenses		<u>852,265</u>	804,718
REVENUE FROM ORDINARY ACTIVITIES			
Interest revenue from Financial Institutions		452,508	412,078
Interest revenue from Loans and Advances		<u>327,558</u>	290,920
Interest revenue		<u>780,066</u>	702,998
Non Interest Income			
Dividend income		6,045	4,423
Fees and commissions			
Other fee income		116,365	125,185
Transaction Fees		145,124	145,124
Other commissions		-	-
Bad debts recovered		11,540	8,908
Other income		3,488	21,360
Donations received		<u>39,200</u>	50,000
Non interest income		<u>321,762</u>	355,000
Operating revenue		<u>1,101,828</u>	1,057,998
5. INCOME TAX			
The prima facie tax payable on profit on ordinary activities has been calculated using a tax rate of 45% for medium credit union (2010: 45% for medium credit union). The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Operating Profit		<u>36,622</u>	48,693
Prima Facie tax payable @ 45% (2010: 45%)		16,480	21,912
Tax effect of:			
Tax not payable on first \$50,000 taxable income		(22,500)	(22,500)
Investment Allowance		-	-
Rebatable franked dividends		(465)	374
Temporary differences not recognised		6,485	214
Under (Over) provision in prior years		-	-
Income tax expense		<u>-</u>	-
The applicable weighted average effective tax rates are as follows:		0%	0%
The component of tax expense comprise:			
Current tax		-	-
Deferred tax		-	-
Recoupment of prior year tax losses		-	-
Under / (over) provision in respect of prior years		<u>-</u>	-
No adjusted franking account balance has been disclosed as under corporations and taxation laws, franking credits are currently not available to the members.		<u>-</u>	-

Fitzroy and Carlton Community Credit Co-operative Ltd

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30 JUNE 2011

Notes	2011 \$	2010 \$
5. INCOME TAXcont'd		
Deferred Tax Assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
- Temporary Differences	63,992	59,669
- Tax Losses	-	-
	63,992	59,669
6. CASH AND CASH EQUIVALENTS		
Cash on hand and at banks	177,656	408,232
Deposits at call	900,000	400,000
	1,077,656	808,232
Cash and cash equivalents are subject to interest rate risk as they earn interest at variable rates. Cash and cash equivalents are at variable rates. In 2011 the average variable interest rates were 4.85% (2010: 3.10%).		
7. PLACEMENTS WITH OTHER FINANCIAL INSTITUTIONS -HELD TO MATURITY INVESTMENTS		
Interest earning deposits	6,025,000	5,750,000
(a) Concentration of credit risk The investment in deposits comprised of 3 term deposits of \$0.5M, \$1M and \$1.025M with 3 banks, 3 fixed term deposits of \$1.0M each and 1 fixed term deposit of \$0.5M with 4 credit unions (2010- 3 term deposits of \$0.5M each with 2 banks, 8 fixed term deposits of \$0.5M each and 1 fixed term deposit of \$0.25M with 6 credit unions)		
(b) Maximum exposure to credit risk The maximum credit exposure to credit risk for the entity is the carrying amount of the above principal amounts plus any outstanding interest payments, which at balance date is \$63,840 (2010: \$82,312) less impairment losses.		
(c) Maturity Analysis		
Not longer than 3 months	4,525,000	4,250,000
Longer than 3 and not longer than 12 months	1,000,000	500,000
Longer than 1 and not longer than 5 years	500,000	1,000,000
	6,025,000	5,750,000
(d) Interest rate risk Amount placed with other financial institutions are not subject to interest rate risk as they earn interest at fixed rates. As these deposits are accounted for as held to maturity financial instruments, and not as fair value though profit or loss, or available for sale, any changes in interest rates in the market rates will not affect the entity's profit or loss, or equity. Amount placed with other Financial Institutions are at fixed rates. In 2011 the average fixed rates were 5.63% (2010: 5.28%).		
8. OTHER RECEIVABLES		
Interest receivable	88,622	99,455
Other	10,953	9,807
	99,575	109,262

Fitzroy and Carlton Community Credit Co-operative Ltd

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NOTES continued

30 JUNE 2011

	Notes	2011 \$	2010 \$
9. INVESTMENT SECURITIES			
HELD TO MATURITY FINANCIAL ASSETS			
Negotiable Certificates of Deposits and Treasury Bond-No longer than 3 months		991,976	2,476,374
Negotiable Certificates of Deposits-Longer than 3 and no longer than 12 months		-	-
Total		991,976	2,476,374

(a) Concentration of credit risk

The investment comprised of a Govt bond with a State Treasury (2010- 1 NCD of \$0.5M with a bank and the balance in 2 Govt bonds with 2 State Treasuries)

(b) Maximum exposure to credit risk

The maximum credit exposure to credit risk for the entity is the carrying amount of the above principal amounts plus any outstanding interest payments, which at balance date is \$1,973 (2010: \$11,106) less impairment losses.

(c) Interest rate risk

Amount placed in NCDs are not subject to interest rate risk as they earn interest at fixed rates. As these deposits are accounted for as held to maturity financial instruments, and not as fair value through profit or loss, or available for sale, any changes in interest rates in the market rates will not affect the entity's profit or loss, or equity.

Amount placed in NCDs are at fixed rates. In 2011 the average fixed rates were 5.01% (2010: 4.47%).

10. LOANS AND ADVANCES

Overdrafts		15,413	20,340
Term loans		3,278,309	3,036,260
		3,293,722	3,056,600
Provision for impairment	8(d)	115,274	98,968
Total loans and advances (net)		3,178,448	2,957,632

(a) Maximum exposure to credit risk

The maximum credit exposure to credit risk for the entity is the gross amount receivable less impairment losses.

(b) Maturity analysis

Overdrafts		20,340	20,340
Not longer than 3 months		298,178	266,130
Longer than 3 and not longer than 12 months		1,024,850	975,256
Longer than 1 and not longer than 5 years		1,661,656	1,543,503
Longer than 5 years		173,424	152,403
		3,178,448	2,957,632

(c) Concentration of risk

Loans which represent 10% or more of shareholders' equity:
Aggregate value 5 individual loans (2010: 4)

651,135	520,836
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(d) Collateral held for credit risk exposure

Loans are either unsecured loans or loans secured by motor vehicles, and registered mortgages.

NOTES continued

30 JUNE 2011

	2011	2010
	\$	\$
10. LOANS AND ADVANCES (cont'd)		
(e) Provision for impairment		
Opening balance	98,968	131,166
Bad and doubtful debts provided for during the year	61,827	91,422
Bad debts written off during the year	(45,521)	(123,620)
Reversal of amounts provided	-	-
Closing balance	<u>115,274</u>	<u>98,968</u>
(f) Bad and doubtful debts expense comprises:		
Bad and doubtful debts comprises:		
Provision for impairment loss	61,827	91,422
Bad debts written off directly	7,974	2,102
	<u>69,801</u>	<u>93,524</u>

(g) Interest Rate Risk Sensitivity analysis

In 2011 the average interest rates for the entity's loan and advances were 10.41% (2010: 9.76%). As these are at variable rates the entity is subject to interest rate risk. Sensitivity analysis relating to its exposure to interest rate risk is disclosed in Note 29.

IMPAIRMENT OF LOANS AND ADVANCES

(a) Ageing and Impairment Losses

30 June 2011

	Gross	Amount Impaired	Amount Not Impaired
	\$	\$	\$
Not past due	2,817,582		2,817,582
Past due 0 — 30 days	309,558		309,558
Past due 30 — 60 days	31,744	-	31,744
Past due 60 — 90 days	16,442	500	15,942
Past due 90 — 182 days	20,568	16,160	4,408
Past due 182 — 273 days	52,998	54,701	1,703
Past due 273 — 365 days	18,402	17,485	917
Over 365 days	26,428	26,428	-
	<u>3,293,722</u>	<u>115,274</u>	<u>3,178,448</u>

30 June 2010

Not past due	2,357,324	-	2,357,324
Past due 0 — 30 days	570,332	-	570,332
Past due 30 — 60 days	14,192	-	14,192
Past due 60 — 90 days	10,079	632	9,447
Past due 90 — 182 days	50,961	44,624	6,337
Past due 182 — 273 days	37,039	37,039	-
Past due 273 — 365 days	1,803	1,803	-
Over 365 days	14,870	14,870	-
	<u>3,056,600</u>	<u>98,968</u>	<u>2,957,632</u>

(b) Factors the entity considered in determining that the amount are impaired are disclosed in Note 1.

(c) Credit quality of financial assets that are neither past due nor impaired are discussed in Note 29.

(d) The entity does not hold collateral on the above impaired loans.

(e) No assets have been acquired through security enforcement.

Fitzroy and Carlton Community Credit Co-operative Ltd

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NOTES continued

30 JUNE 2011

11. OTHER FINANCIAL ASSETS

Notes

AVAILABLE FOR SALE FINANCIAL ASSETS

Unlisted investments, at cost

Shares in CUSCAL

(a)

	2011	2010
	\$	\$
	35,380	35,380
	35,380	35,380

(a) CUSCAL exists to provide a range of payments, financial and advisory services to its members. Fair value of CUSCAL shares could not be measured reliably as these shares are held pursuant to membership in CUSCAL, and there is no ready market for its shares.

12. PROPERTY, PLANT AND EQUIPMENT

\$ \$

Leasehold improvements

At cost

Less accumulated amortisation

107,135	107,135
(107,135)	(107,135)
-	-

Plant and equipment

At cost

Less accumulated depreciation

Less accumulated impairment losses

457,185	442,208
(421,033)	(400,880)
-	-
36,152	41,328

Total Property, Plant and Equipment

36,152	41,328
---------------	---------------

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
Balance-beginning of year	-	41,328	41,328
Additions	-	14,978	14,978
Depreciation expense	-	(20,154)	(20,154)
Carrying amount-end of 2011 year	-	36,152	36,152
Balance-beginning of year	-	33,855	33,855
Additions	-	26,897	26,897
Depreciation expense	-	(19,424)	(19,424)
Carrying amount-end of 2010 year	-	41,328	41,328

13. OTHER ASSETS

Prepayments

Other

16,115	14,377
-	-
16,115	14,377

14. AMOUNT OWED TO OTHER DEPOSITORS

Call deposits

Term deposits

9,303,823	9,200,041
1,044,193	1,763,774
10,348,016	10,963,815

(a) Maturity analysis:

On call

Not longer than 3 months

Longer than 3 and not longer than 12 months

Longer than 1 and not longer than 5 years

6,978,918	7,214,742
1,620,874	2,589,332
1,748,224	1,159,741
-	-
10,348,016	10,963,815

(b) Concentration of risk

The Credit Co-operative's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.

Fitzroy and Carlton Community Credit Co-operative Ltd

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NOTES continued

30 JUNE 2011

	2011	2010
	\$	\$
14. AMOUNT OWED TO OTHER DEPOSITORS.....cont'd		
Notes		
(c) Liquidity risk		
Cash flows from call deposits and term deposits are not expected to result in a net outflow - as when liability is settled there are expected to be simultaneous inflows of similar or greater amount.		
(d) Interest Rate Risk		
In 2011 the average interest rates for amount owed to other depositors were 1.41% (2010: 1.05%).		
Fair value sensitivity analysis for fixed rate term deposits.		
The entity does not account for these financial instruments as at fair value through profit or loss, therefore any changes in interest rates will not affect profit or loss on these fixed rate instruments.		
Sensitivity analysis for variable rate call deposits		
As these are at variable rates the entity is subject to interest rate risk. Sensitivity analysis relating to its exposure to interest rate risk is disclosed in Note 29.		
15. OTHER PAYABLES		
Accrued expenses	72,750	50,641
Accrued interest payable	25,835	17,822
Employee benefits	37,705	31,566
Dormant Funds	13,770	13,976
Clearing Accounts	48,806	192,064
	<u>198,866</u>	<u>306,069</u>
16. BORROWINGS		
Subordinated Debt-from Brotherhood of St Laurence	-	50,000
Maturity analysis:		
Longer than 3 and not longer than 12 months	-	50,000
This debt is subordinate to other debts of the Credit Co-operative, including the claims of member depositors, except that in the event of the Credit Co-operative being wound up the debt would rank ahead of the distribution of share capital to members. Interest payable by the Credit Co-operative is variable and equal to the 90 day BBSW rate plus 2% calculated quarterly. The loan was repaid in December 2010		
17. TAX LIABILITIES /(INCOME TAX REFUNDABLE)		
Income tax	(4,903)	(3,000)
	<u>(4,903)</u>	<u>(3,000)</u>
18. PROVISIONS		
Long-term Employee Benefits	31,104	25,104
	<u>31,104</u>	<u>25,104</u>
Opening balance	25,104	11,104
Additional provisions raised during the year	6,000	14,000
Amount used	-	-
Balance at end of year	<u>31,104</u>	<u>25,104</u>

Notes	2011	2010
	\$	\$
18. PROVISIONScont'd		
A provision has been recognised for long-term employee benefits relating long service leave for employees. The probability of long service leave being taken is based on historical data.		
In determining the present value of future cash outflows of employee benefits, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.		
Superannuation Commitments		
The Credit Co-operative contributes to defined contribution superannuation fund for employees in satisfaction of the requirements of the Superannuation Guarantee levy. Benefits provided under the plan are based on contributions for each employee. Contributions are calculated as a percentage of the employee's salary.		
19. RESERVES		
Redeemed Capital Reserve		
This reserve represents the amount of members withdrawal shares redeemed since 1 July 1999. The Corporations Act requires redemption of shares to be made out of profits.		
General Reserve for Credit Loss		
This reserve records amount set aside in excess of the calculated impairment losses for loans and advances.		
Financial Asset Reserve		
This reserve records revaluation of financial assets		
20. EXPENDITURE COMMITMENTS		
(a) Estimated capital expenditure contracted for at balance date but not provided for:	-	-
(b) Operating lease commitments (non cancellable):		
Due within one year	81,962	86,362
Due between one and five years	129,774	211,736
Due beyond five years	-	-
	211,736	298,098

21. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year there has been no item, transaction or event of a material or unusual nature likely in the opinion of the directors to affect substantially the results of the Credit Co-operative's operations for the next succeeding financial year.

22. SEGMENT INFORMATION

The Credit Co-operative operates predominantly in one business and geographical segment being the finance industry within Victoria. The operations comprise the acceptance of deposits and the provision of loans.

23. COMPANY DETAILS

Fitzroy and Carlton Community Credit Co-operative Ltd is a financial institution, incorporated and domiciled in Australia.

The registered office of the company is:

Fitzroy and Carlton Community Credit Co-operative Ltd
 145 Brunswick St
 Fitzroy VIC 3065

NOTES continued

30 JUNE 2011

Notes	2011 \$	2010 \$
24. CASH FLOW STATEMENT		
a) Reconciliation of the operating profit after tax to the cash flow from operations:		
Operating profit after tax	36,622	48,693
Provision for impairment	61,827	91,422
Bad debts written off	7,974	2,102
Depreciation of plant & equipment	20,154	19,424
Changes in assets and liabilities		-
Prepayments	(1,738)	337
Interest receivable	10,833	14,010
Other receivables	(1,146)	4,640
Sundry creditors	28,248	(18,774)
Interest payable	8,013	2,692
Tax provision	(1,903)	26,627
Provision for employee benefits	6,000	14,000
Loans and advances	(290,617)	(303,714)
Amounts receivable from other financial institutions	(275,000)	1,250,000
Investments	1,484,398	(977,279)
Deposits and other borrowings	(759,260)	141,853
Net cash flow from operating activities	<u>334,405</u>	<u>316,033</u>
b) Reconciliation of cash		
Cash balance comprises:		
– Cash	177,656	408,232
– Other short-term liquid assets	900,000	400,000
Closing cash balance	<u>1,077,656</u>	<u>808,232</u>
c) Cash Flows presented on a net basis		
Cash flows arising from the following activities are presented on a net basis in the Cash Flow Statement:		
(i) customer deposits to and withdrawals from deposit accounts;		
(ii) borrowings and repayments on loans, advances and other receivables;		
(iii) deposits to and withdrawals from amounts deposited with other financial institutions and other investments.		
d) CUSCAL Overdraft Facility		
The Credit Co-operative has credit facilities in the form of a \$30,000 (2010-\$30,000) overdraft with Credit Union Services Corporation (Aust) Ltd. Overdraft drawn as at 30th June, 2011 was Nil (2010 - Nil).		
Security: Fixed and floating charge held by CUSCAL over the assets and undertakings of the Credit Co-operative.		
25. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS		
In the normal course of business the Credit Co-operative enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of customers. The Credit Co-operative holds collateral supporting these commitments where it is deemed necessary.		
(a) Contingent liabilities		
Dormancy fees subject to members claims	<u>19,973</u>	<u>19,973</u>
(b) Credit related commitments		
Binding commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since some of the commitments are expected to expire without being drawn the total commitment amounts do not necessarily represent future cash requirements.		
Approved but undrawn loans and credit limits	<u>82,447</u>	<u>68,313</u>

Fitzroy and Carlton Community Credit Co-operative Ltd

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NOTES continued**30 JUNE 2011****25. CONTINGENT LIABILITIES AND CREDIT COMMITMENTScont'd****(c) Credit Union Financial Support**

The Credit Co-operative is a member of the Credit Union Financial Support System (CUFFS) and as a member it:

- (i) may be required to advance funds of up to 3% of total assets to another credit union requiring financial support,
- (ii) may be required to advance permanent loans of up to 0.2% of total assets per financial year, to another credit union requiring financial support.

26. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors of the Credit Co-operative for:

External audit-current year

External audit-(over)under accrual in prior years

Other services in relation to the Credit Co-operative

2011	2010
\$	\$

21,000	18,000
--------	--------

-	27
---	----

2,455	-
-------	---

23,455	18,027
--------	--------

27. KEY MANAGEMENT PERSONNEL AND RELATED PARTY TRANSACTIONS

The directors of Fitzroy and Carlton Credit Co-operative Ltd during the financial year were:

Garry Oliver, Catherine O'Dwyer, Margaret Hill, Anne MacBean, Owen Lysaght, Raelene Harrison, Ann Ellis, Lauren Barber and Bruce Harvey

Key Management Personnel Compensation**Short-term Benefits**

Salaries & fees

79,844	79,362
--------	--------

Post-employment Benefits

Superannuation contribution

7,044	7,050
-------	-------

86,888	86,412
--------	--------

Loans

Aggregate amount of loans in existence at balance date made by the entity to Key Management Personnel and their related parties are:

Opening balance

42,693	27,367
--------	--------

New fundings

1,100	31,250
-------	--------

Interest earned

3,916	3,794
-------	-------

Repayments

(14,329)	(19,718)
----------	----------

Closing balance

33,380	42,693
--------	--------

Provisions for doubtful debts on balance

-	-
---	---

Irrevocable commitments and contingencies

-	-
---	---

All loans made by the entity to Key Management Personnel and their related parties have been made on the normal terms and conditions applying to members generally. None of the conditions has been breached.

Deposits

Aggregate amount of deposits in existence at balance date made to the entity by Key Management Personnel and their related parties are:

Opening balance

14,400	15,903
--------	--------

Closing balance

13,520	14,400
--------	--------

Interest paid in year

35	68
----	----

Fees charged in year

-	-
---	---

28. CAPITAL MANAGEMENT

Management controls the capital of the entity in order to maintain adequate capital, to act as a buffer against the risks associated with its activities.

The entity is subject to externally imposed capital requirements in that it has to comply with a prudential capital ratio (PCR) as determined by Australian Prudential Regulation Authority (APRA), which is based on a percentage of its total risk-weighted assets.

The entity must, at all times, maintain a risk-based capital ratio in excess of its PCR.

The entity's Board had resolved to maintain a minimum capital of sixteen per cent (2010: sixteen per cent) of its total risk-weighted assets.

Management effectively manages the entity's capital by assessing the entity's exposure to credit risk and adjusting its risk-weighted assets in response to changes in this risk.

There has been no change in the strategy adopted by management to control the capital of the entity since the prior year. This strategy is to ensure the entity's risk based capital is above 16% (2010: 16%). The risk based capital for the year ended 30 June 2011 and 30 June 2010 are as follows:

Total risk-weighted assets	5,100,430	5,191,948
Level 1 capital base	844,165	814,948
Risk based capital	16.6%	15.7%

29. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The entity's activities expose it primarily to the financial risks of credit, liquidity and changes in interest rates. The board of directors are responsible for monitoring and managing the financial risks of the entity. They monitor these risks through monthly board meetings where monthly management accounts are presented and analysed. Any changes identified are communicated to the management who implement the changes. The entity does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

(a) Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity monitors its cash flow needs on a daily basis. In the event of a potential cash deficit, the entity has access to an Overdraft of \$30,000 provided by CUSCAL.

Long-term liquidity needs are met by attracting new Member funds or borrowings from other Credit Unions, the later at commercial rates.

(b) Credit Risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The entity has exposure to credit risk through its loans and advances to customers, and funds placed with other financial institutions.

The entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

Fitzroy and Carlton Community Credit Co-operative Ltd

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NOTES continued

30 JUNE 2011

29. FINANCIAL RISK MANAGEMENT.....cont'd

The Management manage the credit risk in:

(i) loans and advances to customers by funding its loans in accordance with lending policy. This requires an assessment of counterparty's repayment capacity and security and specifies acceptable terms and conditions. Any loans outside its policy has to be approved by the Board of Directors. Any loan exceeding 10% of its capital base has to be consulted with APRA. The Internal Auditor regularly monitors compliance with the lending policy, and

(ii) funds are placed with other financial institutions by only depositing with financial institutions holding a financial services licence and are supervised by APRA. This is managed by the General Manager and he reports back to the Board of Directors on a monthly basis.

The entity minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of customers within the specified category. However, the majority of customers are concentrated in Australia. Credit risk in loans receivable is managed by conducting a risk assessment process for all borrowers. In addition, Loan Protection Insurance is taken which protects the entity in the event of the death of a borrower.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the entity's income or the value of its obligations, and arises on variable rate debt.

Call Deposits owed to other depositors are at variable rate.

The financial assets subject to variable interest rate risk are cash and cash equivalents, and loans and advances. The entity does not actively hedge the interest rate risk and is therefore subject to short term fluctuations in interest rates on its variable rate financial instruments as detailed.

(d) Other Market Price Risks

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of changes in market prices. The entity is not exposed to any significant price risk.

Fair Values

Unless otherwise separately disclosed in the relevant notes to the financial statements, the aggregate fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, approximate their carrying values.

Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk. The entity does not have significant exposure to foreign currency and price risk at balance date.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss, and correspondingly the equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

30 June 2011

Change in profit

Change in equity

30 June 2010

Change in profit

Impact on Profit or loss	
100bp increase	100bp decrease
\$	\$

(657)	657
-------	-----

(657)	657
-------	-----

(3,880)	3,880
---------	-------

Change in equity

(3,880)

3,880

Fitzroy and Carlton Community Credit Co-operative Ltd
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings	Redeemed Capital Reserve	General Reserve for Credit Loss	Financial Asset Reserve	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2009	772,781	1,648	27,475	-	801,904
Profit (Loss) attributable to member of the entity	48,693				48,693
Total other comprehensive income for the year					-
Transferred to (from) General Reserve for Credit Loss	(2,103)		2,103		-
Transferred to General Reserve for redemption of members withdrawal shares	(930)	930			-
Balance at 30 June 2010	818,441	2,578	29,578	-	850,597
Profit (Loss) attributable to member of the entity	36,622				36,622
Total other comprehensive income for the year					-
Transferred to (from) General Reserve for Credit Loss	(2,206)		2,206		-
Transferred to General Reserve for redemption of members withdrawal shares					-
Balance at 30 June 2011	852,857	2,578	31,784	-	887,219

The accompanying notes form part of these financial statements

NOTES continued

30 JUNE 2011

NOTE 30 : FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The table below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 %	2010 %
<i>(i) Financial assets</i>														
Cash and liquid assets	1,077,656	808,232									1,077,656	808,232	4.85	3.10
Due from other financial institutions	-	-	5,693,599	4,863,267	617,409	1,145,119	-	-	-	-	6,025,000	5,750,000	5.63	5.28
Investment Securities	-	-	1,000,000	2,507,490	-	-	-	-	-	-	991,976	2,476,374	5.01	4.47
Unlisted shares and SSP deposits									35,380	35,380	35,380	35,380	N/A	N/A
Loans and advances	3,178,448	2,957,632									3,178,448	2,957,632	10.41	9.76
Total financial assets	4,256,104	3,765,864	6,693,599	7,370,757	617,409	1,145,119	-	-	35,380	35,380	11,308,460	12,027,618		

N/A - not applicable for non-interest bearing financial instruments

NOTES continued

30 JUNE 2010

NOTE 30 : FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS (cont'd)

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 %	2010 %
<i>(ii) Financial liabilities</i>														
Deposits and short term borrowings	9,303,823	9,200,041	1,054,637	1,778,984							10,348,016	10,963,815	1.41	1.05
Creditors									62,576	206,040	62,576	206,040	N/A	N/A
Other borrowings	-	50,000									-	50,000	6.71	5.64
Total financial liabilities	9,303,823	9,250,041	1,054,637	1,778,984	-	-	-	-	62,576	206,040	10,410,592	11,219,855		

N/A - not applicable for non-interest bearing financial instruments

NOTE 31. CONTINUED VIABILITY OF OPERATIONS

As disclosed in Note 28 Capital Management, the Credit Co-operative must comply with the PCR as determined by APRA based on the Credit Co-operative's risk profile. In assessing the Credit Co-operative's risk profile, APRA assesses the Credit Co-operative's credit risk concentrations, profitability, liquidity, concentration of particular types of assets or liabilities, and the effectiveness of the Credit Co-operative's management system for monitoring and controlling its risks. APRA has indicated that should the Credit Co-operative breach or be in danger of breaching this PCR then APRA has the authority to impose additional conditions.

The risk profile of the Credit Co-operative's loan portfolio impacts significantly on the Credit Co-operative's profitability and ultimately its ability to maintain an appropriate level of PCR as directed by APRA. The directors consider that the Credit Co-operative is able to meet the PCR conditions currently imposed by APRA.

Fitzroy and Carlton Credit Co-operative Ltd

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DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with international financial reporting standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company.
- 2 In the directors' opinion there are reasonable grounds to believe that the company 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 of Fitzroy and Carlton Credit Co-operative Ltd.

Garry Oliver
Director

Dated: 19 October 2011

Fitzroy & Carlton Community Credit Co-operative Ltd

ABN 70 087 651 438

INDEPENDENT AUDITOR'S REPORT

To the Members of Fitzroy & Carlton Community Credit Co-operative Ltd.

Report on the financial report

We have audited the accompanying financial report of Fitzroy & Carlton Community Credit Co-operative Ltd which comprises the statement of financial position as at 30 June 2011, and 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 and fair presentation 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 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 (IFRS).

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 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity'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 Fitzroy & Carlton Community Credit Co-operative Ltd, would be in the same terms if provided to the directors as at the date of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Fitzroy & Carlton Community Credit Co-operative 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 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Attention is drawn to Note 31 to the financial Statements relating to the Credit Co-operative's obligation to meet the Prudential Capital Ratio as determined by the Australian Prudential Regulatory Authority. Our opinion is not qualified in respect of this matter.

MILLS PARTNERS
Chartered Accountants

JEFFREY MILLS
Partner

Dated: 19 October 2011

ADJUSTED ENTRIES				Client Advised
PROFIT / LOSS		BALANCE SHEET		
DR	(CR)	DR	(CR)	
JNL				
	(PROFIT) PER T /B	26741		
1	Retained Profit-transfer to General Reserve for Credit Loss Bad debts Being adjustments at Y/E to correct Yew Jin's entries as Yew Jin posted the original entries as: Dr P/L Bad Debts Cr Gen Res for Credit Loss for monthly reporting / D2A forms but he has adjusted for Y/E reporting	-26741	2206	
2	FCCU 4629 S1 a/c Brotherhood St Laurence donation Being error as explained in WPs	-2206		
3	Income Tax Liability Income Tax Being reduction in income tax as calculated by auditor s/b \$0 tax	-7675	7675	
4	Transfer from retained earnings Transfer to Redeemed capital reserve Being redemption of 191 shares at \$2 each Amt is small-to adjust when the accumulated amount is larger			
TOTAL ADJUSTMENTS		0	-9881	9881
		0	-36622	36622
BALANCE C/F		36622		-36622
FINAL(PROFIT)		36622	-36622	36622

NOT ADJUSTED	
PROFIT / LOSS	BALANCE SHEET

-36622 36622

-800 800

382 -382

0	-800	1182	-382
0	-37422	37804	-382
37422			-37422
37422	-37422	37804	-37804
	-37422	37422	