the mac

friendly, helpful
& supportive
local banking

53RD ANNUAL REPORT 2024

CONTENTS

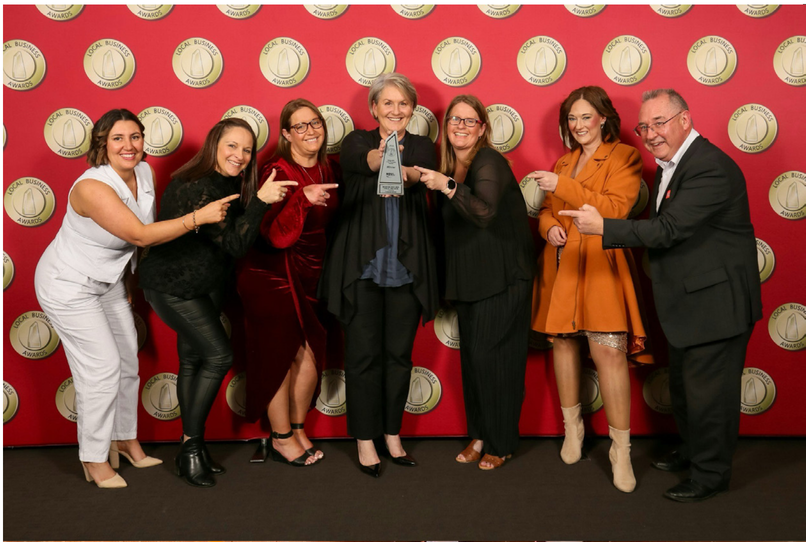
YEAR IN REVIEW

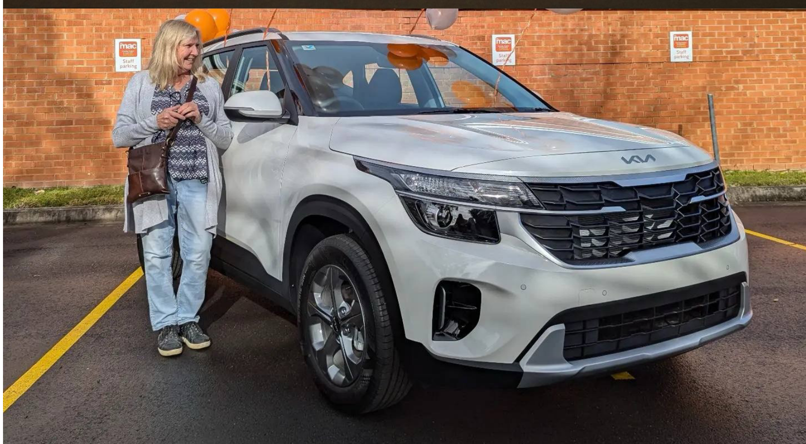
10,944 members are currently banking with The Mac

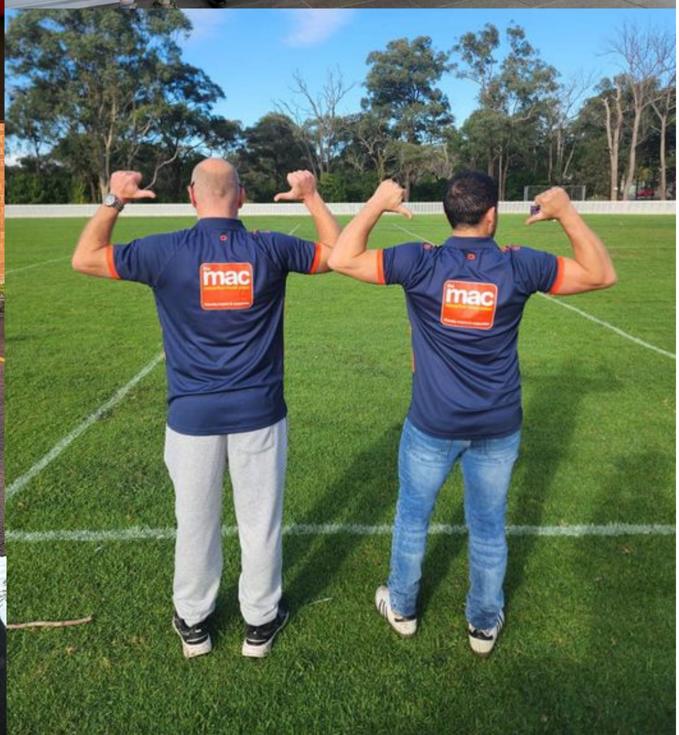
1,063 personal loans
844 home loans
27 business loans
1,162 term deposits
33,414 deposit accounts

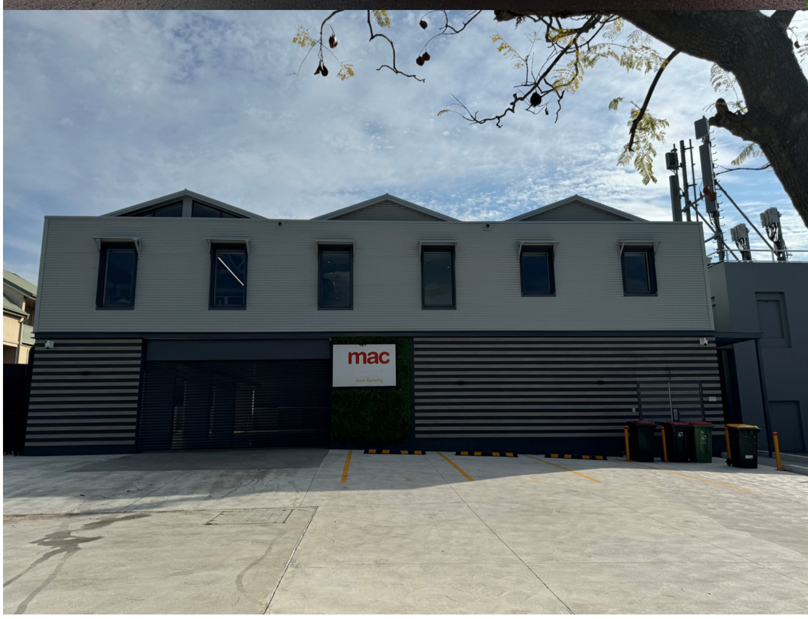
Donated $48,022 to our community groups

Sponsored 33 schools, community and sporting groups









the mac
friendly, helpful & supportive local banking

CHAIRMAN'S REPORT

On behalf of your board of Directors, I am pleased to provide an update on the organisational performance over the past twelve months. Proudly, our incredible staff continue to provide outstanding service to our members in so many ways; which aligns to The Mac's core values of being "Friendly Helpful and Supportive". It is clear that our staff continue to support Chief Executive Officer Dave Cadden and his Executive Management Team; notably Rebecca Brookes, Paul Brooks and Craig Oliver. Together we publicly acknowledge their efforts and drive in carrying forward a compelling vision for members to choose The Mac as their bank and trusted financial partner.

Our brand continues to shine in the community, alongside our branch network in Camden, Picton and Tahmoor, where you will see our brand supporting community and sporting groups across the region which is at the heart of where we established our home in the Macarthur over 50 years ago.

Our core banking and financial performance remained strong in 2023/24, giving our members and community the confidence that the stewardship and decisions by the board and management team are being made in the best interests of our members and long-term prosperity of the organisation.

The new Head Office in Camden approaches completion, with the anticipated opening and ribbon cutting at our AGM in November. We will also have the opportunity to recognise some of our previous directors and employees at this occasion and note their courage and vision to create the Clutha Employees Credit Union in 1971, which today stands proudly as The Mac Credit Union. A united thanks to all the team who have been involved in the build of our head office, and also our builder and architect who have been wonderful partners with The Mac over many years.

We are aware of the cost of living impacts facing our members, and understand the pressures of rising interest rates. Our staff are able to work with members to support them and match their banking needs with the right product. As an organisation we face ongoing societal challenges, particularly in the realm of cyber resilience and scams. Safeguarding our digital infrastructure is paramount, and we are committed to continually enhancing our defences against cyber threats and emerging risks.

I would like to thank the board of directors for their ongoing commitment to The Mac, noting we set a high standard around the board room and invest time in staying across industry and legislative changes. To each of my colleagues I thank you for your support, and particularly recognise Emma MacFarlane who has stepped down from the board to spend time with her family and focus on her own successful legal practice. Emma's contribution will be missed and note the collegiate and personal connection Emma made with each director and the management team.

Looking forward, we are optimistic about our prospects for continued sustainability and growth. By leveraging our strong financial foundation and prioritising innovation in our strategic plan, we aim to provide even greater value to our members while ensuring long-term financial stability.

Thank you for your unwavering support and I trust that you will continue a strong connection with The Mac,

Peter Buckley

Peter Buckley
Chairman

CEO's REPORT

The dramatic improvement in our financial results of the last few years has continued into the 2023/24 year. While the result was not of the same quantum seen in 2022/23, the results are an indicator of a healthy, sustainable and resilient small financial institution. These results speak to the strong management of our operations and Balance Sheet.

We have continued to see strong growth in our loan portfolio-at a time where Cost of Living pressures are having a significant impact on living standards. As part of our loan assessment process we take steps to ensure that members are well equipped to deal with both these cost of living pressures and also potentially higher interest rate levels. We are very proud of the fact that we will not put our members/borrowers into a position where they cannot afford to service their loan commitments.

Our Deposit portfolio has also grown in the year-as members have taken advantage of attractive Term Deposit rates. The broader market for deposit rates is currently extremely competitive as a result of external pressures. We are not immune to these pressures-but we attempt to balance these against ensuring our long term sustainability. In real terms this means that we may need to continue to make some "difficult" decisions in terms of the pricing of some of our deposit products.

We have continued to maintain the prescribed key ratios (Capital Adequacy and Liquidity) at levels well above the minimum Standards required by our Regulator. Our forecasting indicates that there is sufficient Capital and Liquidity to maintain close to our current growth levels into the medium term.

It is very pleasing to see our new Head Office Building in View St, Camden coming to life over recent months. This is the last "piece in the puzzle" of the redevelopment of our Camden footprint. We are very proud of the statement this makes in terms of our commitment to the local area. Our staff will occupy the building early in the FY25 year. I would like to pay tribute especially to those staff who have worked from various remote locations over the last 3 years while waiting for the Head Office Building to be completed.

Our forecasting indicates that our financial results in future years will keep The Mac on a responsible and sustainable footing. We have sufficient capacity to enable future investment in:

- *The ongoing safety and security of member information*
- *Further enhancement of digital delivery channels*

To the staff of The Mac-I thank you for another fantastic year of passion, commitment and honesty. I am very proud to lead a team that consistently strives to do the best they can for our members in an ethical and transparent manner. We deliver products and services that compare favourably with our competitors-with a very small fraction of their resources and budgets.

Finally, I would like to thank your Board of Directors, led by Chairman Peter Buckley for a year of wise counsel, direction & encouragement. The Board continues to show courage and support in investing for the future of The Mac.

Dave Cadden
Chief Executive Officer

COMMUNITY SUPPORT

An integral part of The Mac being "friendly, helpful & supportive" is contributing to the community we serve. To this end, we continue to commit significant financial and human resources to a large number of charitable, community, school & sporting groups.

Additionally, The Mac provides significant "in-kind" support to a number of large local charitable groups. This support takes a number of different forms, including:

- *Concessional interest rates*
- *Other services such as bulk cash & coin deliveries provided free of charge*
- *Staff and Management acting as Directors/Committee members on a number of Boards*

This support amounts to a figure in the order of $48,022 for the 2023/24 year. Given our core values of being friendly, helpful and supportive, The Mac does not expect a financial return from this support.

The following groups have benefited from our support during 2023/24:

- *South West Sydney Academy of Sport*
- *Douglas Park Wilton Football Club*
- *Macarthur Skylarks Hockey Club*
- *The Oaks Netball Club*
- *Wollondilly Netball Association*
- *Elderslie High School*
- *Camden High School*
- *Mount Annan High School*
- *Elizabeth Macarthur High School*
- *Mater Dei*
- *Festival of Steam*
- *Illuminate Wollondilly*
- *Turning Point*
- *Macarthur Breast Cancer Gala*
- *Softball Macarthur*
- *Meals on Wheels*
- *Picton Physical Culture*
- *Camden Public School*
- *Bloom Festival*
- *Great Cycle Challenge*
- *Narellan Vale Public School*
- *Mount Annan Public School*
- *Cawdor Public School*
- *Hammondcare*
- *Oakdale Public School*
- *Lions Club*
- *Wollondilly Australia Jnr Football*
- *Berrima District Historic Vehicle Club*

- *Macarthur Art Group*
- *St Patricks College*
- *Bargo Men's Bowling Club*
- *St Paul's School Fete*
- *Mount Hunter Public School*

In addition, The Mac supports the Customer Owned Banking Sector via participation on a number of Committees and discussion groups.

DIRECTORS' REPORT

The directors present their report together with the financial report of Macarthur Credit Union Ltd ("the Credit Union") for the financial year ended 30 June 2024 and the auditor's report thereon.

The Credit Union is a public company registered under the Corporations Act 2001.

Information on Directors

The names of the Directors of the Credit Union in office at any time during or since the end of the financial year are:

Name	Qualifications	Responsibilities
Peter Buckley	*MBA, B. Com, GAICD*	*Chairman of Directors Executive Committee member Board member since November 2018*
Richard Drinnan	*B. Comm CA*	*Audit Committee member Risk Committee member Board member since June 2024*
Ashley Jennings	*Adv Dip Accounting, Adv Dip Mngmt, JP*	*Chairman Governance Committee Executive Committee member Audit Committee member Board member since January 2020*
Emma Macfarlane	*LLB, B.Bus (Mgt).*	*Risk Committee member Governance Committee member Board member since May 2021 Resigned July 2024*
Shayley McCracken	*B.Bus & Com (Acc), CA, AAICD*	*Audit Committee member Governance Committee member Director Nominations Committee member Board member since November 2022*
Lloyd Pollard	*B Com, JP, MAMI*	*Deputy Chairman of Directors Audit Committee member Risk Committee member Board member since November 2021*
Phillip Rankin	*B.Bus (Accounting), CPA, ATI, JP*	*Chairman of Audit Committee Executive Committee member Risk Committee Member Director Nominations Committee member Board member since November 2020*
Antony Schesser	*MBA*	*Chairman Risk Committee Governance Committee Member Executive Committee member Director Nominations Committee member Board member since November 2020*

Information on Company Secretaries

David Cadden	*Dip.HR, Dip. Fin Serv., Dip. F&MBM, GAICD, JP*	*Chief Executive Officer Since 2007*
Paul Brooks	*B.Com, FCPA, GAICD*	*Chief Financial Officer Since 2007*

Information on Board Meetings

The number of meetings of directors (including meetings of committees of directors) and number of meetings attended by each of the directors of the Credit Union during the financial year are:

	Directors meetings		Audit Committee meetings		Risk Committee meetings		Governance Committee meetings		Executive Committee meetings		Director Nominations Committee meetings	
	E	A	E	A	E	A	E	A	E	A	E	A
Number of meetings held:	8		5		3		3		2		2	
Number of meetings attended:												
Peter Buckley	8	8	5	3	-	-	-	-	2	2	-	-
Richard Drinnan	1	1	1	1	-	-	-	-	-	-	-	-
Ashley Jennings	8	7	5	5	-	1	3	3	2	2	-	-
Emma Macfarlane	8	7	-	-	3	2	3	2	-	-	-	-
Shayley McCracken	8	8	5	4	-	-	3	2	-	-	2	1
Lloyd Pollard	8	8	5	5	3	3	-	-	-	-	-	-
Phillip Rankin	8	7	5	5	3	3	-	-	2	2	2	2
Antony Schesser	8	8	-	-	3	3	3	3	2	2	2	2

E = Eligible to attend
A = Attended

Directors are entitled to attend meetings of other Committees in an ex-officio capacity.

Board Remuneration and Directors' Benefits

During or since the financial year ended 30 June 2024, no director of the Credit Union has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of remuneration paid or payable to the directors disclosed in the accounts at Note 27, by reason of a contract entered into by the Credit Union with:

- *A director; or*
- *A firm of which a director is a member; or*
- *An entity in which a director has a substantial financial interest except for loans disbursed to directors which are also disclosed at Note 27.*

All directors hold one (1) ordinary $5 share of the Credit Union.

Indemnifying Directors, Officers and Auditors

Insurance premiums have been paid to insure each of the directors and officers of the Credit Union, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Credit Union. In accordance with normal commercial practice, disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the Credit Union.

Principal Activities

The principal activity of the Credit Union during the course of the financial year was the provision of a range of financial services and associated activities to members.

Operating and Financial Review

The operating result for the year was a profit after tax of $1,586,000. This compares to the profit result for 2022/23 of $2,293,000.

The results for the financial year were underpinned by:

- *An reduction in Net Interest Income to $10,517,000 from $10,607,000*
- *An increase in Operating Expenses to $9,044,000 from $8,105,000*

All prudential requirements have been met during the year.

Significant Changes in State Of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Credit Union that occurred during the financial year.

Events subsequent to Balance Date

There have been no significant events occurring after balance date which may affect the Credit Union's operations or the results of those operations.

Likely Developments and Results

The Camden Administration building will be completed and occupied in the early part of the 2024/25 year. Other than that there are no other matters, circumstances or likely developments have arisen since the end of the financial year that have significantly affected or may significantly affect:

- *The operations of the Credit Union*
- *The results of those operations; or*
- *The state of affairs of the Credit Union in the financial years subsequent to this financial year.*

Rounding

The financial report is presented in Australian Dollars. The Credit Union is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out following the Director's Report on page 15.

This report is signed in accordance with a resolution of the directors.

Peter Buckley	*Phillip Rankin*
Chairman of Board of Directors	*Chairman of Audit Committee*

Signed at Camden 18th September 2024

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Macarthur Credit Union Ltd (the "Credit Union") is responsible for the overseeing of policy, performance and strategies to be implemented by Management. The Board, which also establishes and maintains a legal and ethical environment, is responsible to all Members of the Credit Union.

Guidelines have been established to ensure optimum Board performance and the Constitution of the Credit Union provides for one third of the Directors to retire each year. Directors may stand for re-election and where the number of candidates standing exceeds the available positions, a vote by members determines the successful candidates.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- *In accordance with the Constitution of the Credit Union, the Board comprises a minimum of seven (7) Members elected at the Annual General Meeting by the Credit Union Membership. The Chairman is elected by the Board of Directors.*
- *Casual Board vacancies are filled by the Board having regard to appropriate qualifications and expertise.*
- *The Board is required to meet at least bi-monthly and follow meeting guidelines that ensure all Directors are made aware of and have all necessary information to participate in an informed discussion of all agenda items.*
- *As part of its renewal process, the Board can appoint Associate Directors. These Associate Directors are engaged with the intention of replacing retiring Directors at a future time, but after gaining experience in proper Board/Governance practice. While the Associate Directors are encouraged to contribute to Board discussion, they do not have voting rights. It is envisaged that a successful Associate Director would be appointed in the future as a Director by the Credit Union Membership via the usual election process.*

COMMITTEE STRUCTURE

The following Committees support the work of the Board:

Executive Committee

The Executive Committee's powers are limited to those delegated to it by the Board from time to time. The Board invites the CEO to attend all Executive Committee Meetings in an advisory capacity, unless his attendance would be inappropriate because of reasons such as conflict of interest. The Members of the Executive Committee as at 30 June 2024 were, Peter Buckley (Chairman), Phillip Rankin, Ashley Jennings and Antony Schesser.

The role of the Executive Committee is to:

- *Undertake any tasks assigned by the Board;*
- *Review the CEO's performance and salary; and*
- *Review policy recommendations from Management for Board consideration.*

Audit Committee

The primary objective of the Audit Committee is to assist the Board in fulfilling its responsibilities in respect of the accounting and reporting practices of the Credit Union.

The Members of the Audit Committee as at 30 June 2024 were Phillip Rankin (Chairman), Richard Drinnan, Ashley Jennings, Shayley McCracken and Lloyd Pollard.

The Board invites the CEO or his nominee(s) to attend all Audit Committee Meetings in an advisory and secretarial capacity unless their attendance would be inappropriate because of reasons such as conflict of interest.

The role of the Audit Committee is to:

- *Review all draft annual financial reports prior to approval by the Board;*
- *Monitor compliance with statutory requirements for financial reporting;*
- *Direct and monitor the Internal Audit function;*
- *Liaise with the External Auditor and review the adequacy of the scope and quality of the audit (in consultation with the CEO);*
- *Initiate special projects and investigations on matters within its Terms of Reference; and*
- *Review relevant Policies and Procedures*

Governance Committee

The primary objective of the Governance Committee is to assist the Board in implementing good corporate governance practices.

The specific functions of the Committee include the:

- *Establishment and review of procedures to assess Board, Committee and Director performance;*

- *Development and review of appropriate corporate governance principles, policies and practices; and*
- *Development, implementation and monitoring of Director training and development.*

The Members of the Governance Committee as at 30 June 2024 were Ashley Jennings (Chairman), Emma Macfarlane, Shayley McCracken and Antony Schesser.

Risk Committee

The primary objective of the Risk Committee is to assist the Board in fulfilling its responsibilities in respect of the Credit Union's risk management framework.

The Members of the Risk Committee as at 30 June 2024 were Antony Schesser (Chairman), Richard Drinnan, Emma Macfarlane, Lloyd Pollard and Phillip Rankin.

The role of the Risk Committee is to:

- *Advise the Board on the Credit Union's risk appetite and risk management strategy;*
- *Oversee senior management's implementation of the risk management strategy;*
- *Review the performance and setting the objectives of the Credit Union's Chief Risk Officer; and*
- *Oversee the appointment and removal of the Chief Risk Officer.*

Director Nominations Committee

The primary objective of the Director Nominations Committee is to assist the Board in assessing the fitness and propriety of potential candidates for Director of the Credit Union.

The specific functions of the Committee include:

- *Assessing & determining the fitness and propriety of Directors, potential Directors, the Company Secretary & senior Credit Union Executives;*
- *Providing advice to the Board to ensure that it has the adequate skills, expertise & experience to discharge its responsibilities;*
- *Evaluating the performance of the Board (including individual Directors) & making recommendations to the Board in this regard;*
- *Overseeing the induction process for new Directors and reviewing the continuing education program for Directors; and*
- *Reviewing processes for selection and removal of Directors, including succession planning.*

The Members of the Director Nominations Committee as at 30 June 2024 were Antony Schesser, Phillip Rankin and Shayley McCracken. In accordance with the Committee Charter an independent external Chair (Doug Ferris) has been appointed.

BOARD REMUNERATION

Directors are remunerated by fees during the year within the aggregate amount approved by members at the previous Annual General Meeting. The Board determine the composition of fees payable to individual directors up to this aggregate amount approved by members. Directors are entitled to the Superannuation Guarantee Contribution in addition to their Directors Fees.

MONITORING THE BOARD'S PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is reviewed annually by the Chairman. In conjunction with this review, the Board undertakes an annual self-assessment, review process and a performance review of the Chair.

Crowe Audit Australia
ABN 13 969 921 386

491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

Main 02 6021 1111
Fax 02 6041 1892
www.crowe.com.au

Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Macarthur Credit Union Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been no contraventions of:

1) The auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

2) Any applicable code of professional conduct in relation to the audit.

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

18 September 2024
Albury

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2024

	Note	2024 $ '000	2023 $ '000
Interest revenue calculated using the effective interest rate method	3	16,851	12,723
Interest expense	3	(6,334)	(2,116)
Net interest income		10,517	10,607
Fee and commission income	4	876	854
Fee and commission expenses	6	(599)	(586)
Net fee and commission income		277	268
Other income	5	347	275
Operating income		11,141	11,150
Net impairment gain/(loss) on loans and receivables		(30)	(38)
Non Lending Losses		(29)	(27)
Personnel expenses	6	(3,919)	(3,629)
ATM expenses		(554)	(509)
General administration expenses		(447)	(397)
Marketing expenses		(366)	(219)
Other operating expenses		(1,244)	(1,170)
Depreciation and amortisation expenses	6	(623)	(556)
Information technology expenses		(1,525)	(1,367)
Office occupancy expense		(211)	(213)
Gain/(Loss) on disposal of assets		(96)	20
Operating expenses		(9,044)	(8,105)
Profit before income tax		**2,097**	**3,045**
Income tax expense	8	(511)	(752)
Profit for the year		**1,586**	**2,293**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income		47	68
Income tax attributable to revaluation		(12)	(17)
Total other comprehensive income for the year		35	51
Total comprehensive income for the year		**1,621**	**2,344**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements as set out on pages 20 to 52.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 $ '000	2023 $ '000
Assets			
Cash and cash equivalents	9(a)	14,154	567
Loans and advances	10(a)	254,937	235,910
Placements with ADI's	10(b)	78,100	87,100
Other financial assets	12	1,734	1,687
Property, plant and equipment	14	7,390	2,076
Right of use assets	23(a)	30	129
Investment property	15	2,488	2,697
Intangibles	16	549	601
Other assets	17	1,293	1,722
Total assets		**360,675**	**332,489**
Liabilities			
Deposits	18	326,819	298,722
Bank overdraft	9(b)	-	2,332
Trade and other payables	19	1,826	804
Current tax payable		386	668
Lease liabilities	23(a)	41	157
Provisions	20	1,303	1,136
Net deferred tax liabilities	13	64	55
Total liabilities		**330,439**	**303,874**
Net assets		**30,236**	**28,615**
Equity			
Reserves	21(b)	1,017	978
Retained earnings	21(a)	29,219	27,637
Total equity		**30,236**	**28,615**

The statement of financial position is to be read in conjunction with the notes to the financial statements as set out on pages 20 to 52.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2024

	Note	2024 $ '000	2023 $ '000
Cash flows from operating activities			
Interest received		16,842	12,490
Dividends received		88	58
Other cash receipts in the course of operations		1,136	1,070
Interest paid		(4,808)	(1,841)
Income taxes paid		(802)	-
Net increase in loans funded		(19,057)	(23,782)
Net increase/(decrease) in deposits		26,572	(42,836)
Other cash payments in the course of operations		(7,263)	(8,086)
Net cash flows from/(used in) operating activities	**25 a)**	**12,708**	**(62,927)**
Cash flows from investing activities			
Net redemption in placements with ADI's		9,000	51,628
Proceeds on sale of property, plant and equipment		-	24
Purchase of other investments		-	(50)
Acquisitions of property, plant and equipment and investment properties		(5,497)	(264)
Acquisition of intangible assets		(176)	(235)
Net cash flows from investing activities		**3,327**	**51,103**
Cash flows from financing activities			
Repayment of the lease liabilities		(116)	(106)
Net cash flows used in financing activities		**(116)**	**(106)**
Net increase/(decrease) in cash held		**15,919**	**(11,931)**
Cash and cash equivalents at the beginning of the financial year		(1,765)	10,166
Cash and cash equivalents at the end of the financial year	**25 b)**	**14,154**	**(1,765)**

The statement of cash flows is to be read in conjunction with the notes to the financial statements as set out on pages 20 to 52.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2024

	Redeemed share capital reserve	General reserve for credit losses	Retained earnings	Fair Value Reserve	Total equity
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Balance at 1 July 2022	153	354	24,995	769	26,271
Total comprehensive income for the year					
Profit after tax	-	-	2,293	-	2,293
Other comprehensive income					
Total other comprehensive income for the year	-	-	-	51	51
Total comprehensive income for the year	-	-	2,293	51	2,344
Transfer from/(to) retained profits	5	(354)	349	-	-
Balance at 30 June 2023	158	-	27,637	820	28,615
Balance at 1 July 2023	158	-	27,637	820	28,615
Total comprehensive income for the year					
Profit after tax	-	-	1,586	-	1,586
Other comprehensive income					
Total other comprehensive income for the year	-	-	-	35	35
Total comprehensive income for the year	-	-	1,586	35	1,621
Transfer from/(to) retained profits	4	-	(4)	-	-
Balance at 30 June 2024	162	-	29,219	855	30,236

The statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 20 to 52.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2024

1. Reporting entity

Macarthur Credit Union Ltd ("the Credit Union") is a company, limited by shares, incorporated and domiciled in Australia. The address of the Credit Union's registered office is 52B Argyle St, Camden. The Credit Union is a for-profit company.

The principal activity of the Credit Union during the course of the financial year was the provision of a range of financial services and associated activities to members.

2. Basis of preparation

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASB's") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial report of the Credit Union complies with International Financial Reporting Standards (IFRS's) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was approved for issue by the directors on 18 September 2024.

b) Basis of measurement

The financial report was prepared on the historical cost basis, except for equity investments that are stated at their fair value.

c) Functional and presentation currency

The financial report is presented in Australian dollars. The Credit Union is of a kind referred to in ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods. In particular, information about key areas of estimation uncertainty and critical judgements in applying accounting policies that have a material effect on the amount recognised in the financial statements are described in the following notes:

- *Note 11 – Impairment of financial assets – expected credit loss*
- *Note 12 – Fair value assumptions used for other financial assets*

Land and Buildings (within Property, Plant and Equipment) and Investment Properties are held at cost. The Fair Value of both of these is disclosed in Note 14 of the financial statements.

e) Goods and services tax

As a financial institution, the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis, using the safe harbour apportionment rate of 18% adopted per Practical Compliance Guide 2018/15 from 1 July 2018. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

f) New or amended accounting standards adopted

The Credit Union has adopted all standards which became effective for the first time at 30 June 2024, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Credit Union.

The Credit Union has adopted the amendments to AASB 101 Presentation of Financial Statements which require only the disclosure of material accounting policy information rather than significant accounting policies and therefore policy information which does not satisfy one of the following requirements has been removed from these financial statements:

- *Relates to change in accounting policy*
- *Policy has been developed in the absence of an explicit accounting standard requirement*
- *Documents an accounting policy choice*
- *Relates to an area of significant judgement or estimation*
- *Relates to a complex transaction and is required to explain the treatment to the user.*

g) New or amended accounting standards not yet mandatory

There are no new accounting standards or interpretations expected to have any significant impact on the Credit Union's financial report that are issued and not yet applicable.

3. Net Interest Income

	2024 $ '000	2023 $ '000
Interest revenue		
Financial assets measured at amortised cost:		
Placements with ADIs	4,605	3,654
Loans and advances	12,246	9,069
	16,851	12,723
Interest expense		
Deposits	6,322	2,090
Interest bearing liabilities	6	13
Lease liabilities	6	13
	6,334	2,116
Net interest income	10,517	10,607

Interest income and expense is recognised under the effective interest rate method in accordance with AASB 9 Financial Instruments

4. Fee and commission income

	2024 $ '000	2023 $ '000
ATM fees	129	118
Direct debit fees	52	50
Loan fees	115	114
Direct entry reference fees	91	89
Insurance commission	17	15
BPAY transaction commission	36	36
VISA card fees	185	187
VISA card commission	196	194
Other fee and commission income	55	51
	876	854

Fee and commission income relating to deposit or loan accounts is transaction based and therefore recognised when the transaction takes place, or recognised over time as services are provided. The revenue relating to transactions is recognised at the point in time when the transaction takes place.

Transaction fees and provision of services are defined within product terms and conditions. Commission income is recognised when the performance obligation is satisfied.

5. Other Income	**2024** **$ '000**	**2023** **$ '000**
Dividend income	88	58
Rental income from investment properties	218	168
Bad debts recovered	3	9
Other revenue	38	40
	347	275

Dividends are brought to account in the statement of profit and loss when the right to receive income is established.

Rental income from investment properties is recognised in the statement of profit and loss on a straight line basis over the term of the lease.

6. Other expenses		
Fee and commission expenses		
Dishonour fee expenses	7	6
VISA card fees	372	382
Other fee and commission expenses	220	198
	599	586
Personnel expenses		
Wages and salaries	3,276	2,991
Superannuation contributions	343	299
Payroll tax	135	116
Provision for employee entitlements	165	223
	3,919	3,629

Personnel expenses are recognised in the period the employee has rendered service to the Credit Union, in accordance with AASB 119 Employee Benefits.

Depreciation & amortisation expenses		
Plant and equipment	92	75
Buildings	61	61
Right of use assets	99	100
Leasehold improvements	23	23
Investment properties	124	113
Intangible assets	224	184
	623	556

7. Auditor's remuneration

Audit and review services	**2024 $ '000**	**2023 $ '000**
Crowe		
Audit of financial statements	57	51
Other regulatory assurance services	30	28
Other assurance services	-	15
	87	94
Other services		
Crowe		
Taxation services	8	7
	8	7
	95	101

The above amounts are on a GST exclusive basis, including any out of pocket costs recovered.

8. Income tax expense

a) Recognised in the income statement

Current tax expense		
Current year	618	688
Adjustments for prior years	(31)	-
	587	688
Deferred tax expense		
Origination and reversal of temporary differences	(3)	54
Adjustments for prior years	(73)	10
	(76)	64
Total income tax expense in income statement	511	752

b) Reconciliation between income tax expense and profit before tax

Profit before tax	2,097	3,045
Income tax using the domestic corporation tax rate (2024: 25%, 2023: 25%)	524	761
Increase/(decrease) in income tax expense due to:		
Imputation gross-up on dividends received	9	6
Non-deductible expenses	15	-
Other differences in tax treatment	32	9
Non assessable income	-	-
Franking credits on dividends received	(38)	(24)
(Over)/under provided in prior periods	(31)	-
	511	752
Income tax expense	511	752

Income tax on the profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

			2024	**2023**
			$ '000	**$ '000**
9.	**Cash and cash equivalents**			
a)	Cash on hand		443	547
	Cash at bank		13,711	20
			14,154	567
b)	Bank overdraft		-	(2,332)

Cash and cash equivalents comprise cash on hand, at call deposits and short term deposits with original maturities of one month or less. Bank overdrafts that are repayable on demand and form an integral part of the Credit Union's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are measured at amortised cost using the effective interest method.

			2024	2023
10.	**Financial assets**			
a)	**Loans and advances**			
	Overdrafts		64	53
	Term loans		250,492	231,513
	Loans to related parties	27	4,484	4,437
	Provision for impairment	11	(103)	(93)
	Total loans and advances		254,937	235,910
b)	**Placements with ADIs**			
	Investments placed with other ADIs		78,100	87,100
			78,100	87,100

Loans and advances and Placements with ADIs' are financial assets held at amortised cost.

Further details of the risks associated with financial assets and the management of those risks are contained in Note 26. Details of loans to related parties are included at Note 27.

11. Provision for Impairment - ECL Loans and advances to members	Stage 1 12 month ECL	Stage 2 not credit impaired	Stage 3 credit impaired	Total
2024	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Carrying amount at the beginning of the year	61	1	31	93
Transfers due to change in credit risk	-	-	-	-
Net remeasurement of loss allowance	28	9	(7)	30
Write Offs	-	-	(20)	(20)
Balance as at 30 June 2024	**89**	**10**	**4**	**103**
2023	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Carrying amount at the beginning of the year	6	4	46	56
Transfers due to change in credit risk	-	-	-	-
Net remeasurement of loss allowance	55	(3)	(13)	39
Write Offs	-	-	(2)	(2)
Balance as at 30 June 2023	**61**	**1**	**31**	**93**

The table above represents the reconciliation from the opening balance to the closing balance of the ECL allowance for loan and advances to members to which impairment requirements under AASB 9 apply.

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Credit Union expects to receive. The allowance for ECLs is based on an assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes. ECLs are calculated from initial recognition of the financial asset for the behavioural life of the loan.

Sensitivity analysis and forward looking approach

The Credit Union has prepared a sensitivity analysis of the ECL, taking into consideration the following scenarios. These have been developed using a combination of publicly available data, internal forecasting and third party information.

Base Case – prepared using reasonable and supportable information that is available without undue cost or effort. This information includes any current Hardship loans, current loan to valuation ratio, capacity to repay and expected default ratios. An "overlay" has been provided for mortgages funded over the last 12 months to reflect a potential large decline in property values. We have also included a fixed amount for potential selling costs in the event of loan securities needing to be realised. There have been significant changes in a number of economic factors such as rising inflation and interest rates. However, other factors such as high levels of household savings and employment have been instrumental in ensuring that borrowers' ability to repay have not materially changed.

Worse than Base Case – considers a deterioration of the borrower's position. I.e. increased unemployment and/or a decline in the property market.

Better than Base Case – considers an improvement in the metrics highlighted above.

The Credit Union has elected to use the base case to measure its ECL allowance at 30 June 2024. This was based on an assessment of the probability of each scenario occurring.

Given current economic uncertainty and judgement applied to assumptions, the expected credit losses reported should be considered as a best estimate within a range of possibilities.

The Mac uses the APRA Prudential Standard APS 220 ("Credit Quality") as a basis for calculating the Specific Statutory component of the Provision. An additional specific component is also applied based on the risk profile of the loan. In the case that these Prescribed Provisions are in excess of the ECL allowance, the total Provision held will be equivalent to the Prescribed Provision.

Credit risk categorisation

For the purpose of calculating ECLs, assets are categorised into three 'stages' as follows:

Stage 1: no significant increase in credit risk since initial recognition

On initial recognition, and for financial assets where there has not been a significant increase in credit risk since the date of advance, provision is made for losses from credit default events expected to occur within the next 12 months. The ECL for these stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset. This is based on past history and adjusted for future expectations.

Stage 2: significant increase in credit risk

Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument. In determining whether the risk of default has increased significantly since recognition, the Credit Union considers both quantitative and qualitative factors. These include:

- *When a loan reaches 30 days past due;*
- *Loans with approved hardship or modified terms.*
- *Loans with high loan to valuation ratios (LVR) not supported by Lenders' Mortgage Insurance*

Stage 3: credit impaired (or defaulted) loans

Financial assets are transferred into stage 3 when there is objective evidence that an instrument is credit impaired. Provisions for stage 3 assets are made on the basis of credit default events expected to occur over the lifetime of the instrument. Assets are considered credit impaired when:

- *there is evidence of significant financial difficulty of the borrower or issuer;*
- *a breach of contract such as a default occurs or when a loan reaches 90 days past due;*
- *the restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;*
- *it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or*

- *there is a disappearance of an active market for a security because of financial difficulties.*

Write-offs

Loans remain on the statement of financial position, net of associated provisions, until they are deemed to have no reasonable expectation of recovery. Loans are generally written off after realisation of any proceeds from collateral and upon conclusion of the collections process, including consideration of whether an account has reached a point where continuing attempts to recover are no longer likely to be successful. Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the value of impairment losses recorded in the income statement.

	2024	2023
12. Other financial assets	**$ '000**	**$ '000**
Other equity investments - at FVOCI	1,734	1,687
	1,734	1,687

The Credit Union has elected for these equity investments to be held at fair value through other comprehensive income (FVOCI). Subsequent movements in fair value are recognized in other comprehensive income and never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss, unless the dividend clearly represents return of capital. Refer to Note 26(d) for further details on the determination of fair value of other financial assets.

13. Tax assets and liabilities

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Deferred tax assets		
Provisions	352	307
Accruals	19	13
Right of use asset (net of lease liability)	3	7
Other	12	14
Total deferred tax assets	386	341
Deferred tax liabilities		
Property, plant & equipment	(95)	(127)
Other financial assets - equity investments	(273)	(261)
Other	(82)	(8)
Total deferred tax liabilities	(450)	(396)
Net deferred tax assets/(liabilities)	(64)	(55)

14. **Property, plant and equipment**	**2024 $ '000**	**2023 $ '000**
Freehold land and buildings		
Freehold land-at cost	427	427
Buildings on freehold land-at cost	1,478	1,478
Provision for depreciation	(440)	(379)
	1,465	1,526
Leasehold improvements		
At cost	213	244
Provision for depreciation	(202)	(207)
	11	37
Plant and equipment		
At cost	622	686
Provision for depreciation	(387)	(462)
	235	224
Capital work in progress at cost	5,679	289
Total property, plant and equipment		
At cost	8,419	3,124
Provision for depreciation	(1,029)	(1,048)
	7,390	2,076

Recognition and Measurement

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of PPE. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- *Buildings* — *40 years*
- *Plant and equipment* — *3-7 years*
- *Leasehold improvements* — *7-10 years*

The residual value, the useful life and the depreciation method applied to an asset are reviewed at least annually.

Fair Value Assessment

The Board has assessed the methodology for assessing the value of its Land and Buildings. While appropriate Fair Value methodologies have been taken into consideration it has been determined that historical cost is the most appropriate measure for determining appropriate values.

The Credit Union's Picton property was valued as at 30 June 2023 by an independent Valuer in accordance with the Accounting Policy. The property was valued at $1.425m, which is in excess of the written down value.

The Camden properties were last valued by an independent Valuer as at 30 June 2022. These values (an aggregate value of $5.9m) are deemed as an accurate reflection of Fair Value of the Buildings and are in excess of the written down values.

The Camden properties will be valued upon completion of the Head Office Building and an assessment made of the most appropriate valuation method during the 2024/25 year.

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

2024	Freehold land and buildings $ '000	Leasehold improvements $ '000	Plant and equipment $ '000	Capital work in progress $	Total $
Carrying amount at the beginning of the year	1,526	37	224	289	2,076
Additions	-	-	107	5,390	5,497
Transfer in/(out)	-	-	-	-	-
Disposals	-	(3)	(4)	-	(7)
Depreciation/Amortisation	(61)	(23)	(92)	-	(176)
Carrying amount at the end of the year	1,465	11	235	5,679	7,390

2023	Freehold land and buildings $ '000	Leasehold improvements $ '000	Plant and equipment $ '000	Capital work in progress $	Total $
Carrying amount at the beginning of the year	1,580	58	142	314	2,094
Additions	7	2	161	76	246
Transfer in/(out)	-	-	-	(101)	(101)
Disposals	-	-	(4)	-	(4)
Depreciation/Amortisation	(61)	(23)	(75)	-	(159)
Carrying amount at the end of the year	1,526	37	224	289	2,076

Redevelopment of Camden Premises- *The construction of the building to house Administration Staff is still in progress and will be completed early in the 2024/25 year. Costs associated with this project are currently classified as Capital work in progress. A review of the costs relating to this has been undertaken, both at balance date and subsequently. This review focussed on the appropriate classification (being capitalised or expensed) of these costs. The capital commitments at 30 June represent the "cost to complete" of the project. Refer to Note 24(d) for Capital expenditure commitments.*

15. Investment property	**2024 $ '000**	**2023 $ '000**
Investment property-at cost	4,249	4,352
Provision for depreciation	(1,761)	(1,655)
	2,488	2,697
A reconciliation of the carrying amount is set out below:		
Carrying amount at the beginning of the year	2,697	2,692
Additions	-	17
Transfer in/(out)	-	101
Disposals	(85)	-
Depreciation	(124)	(113)
Carrying amount at the end of the year	2,488	2,697

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life. The estimated useful life for investment property in the current and comparative periods is 40 years.

Refer to Note 23(b) for further details of leasing activities for these investment properties and Note 14 for further details of the fair value of investment property.

	2024	**2023**
	$ '000	**$ '000**
16. Intangibles		
Computer software-at cost	1,916	1,880
Provision for amortisation	(1,400)	(1,463)
Intangible Assets	516	417
Work in progress	33	184
Total Intangible Assets	549	601
Reconciliation of the carrying amount of intangible assets:		
Carrying amount at the beginning of the year	601	550
Additions	176	235
Disposals	(4)	-
Amortisation	(224)	(184)
Carrying amount at year end	549	601

Where computer software costs are not integral to the associated hardware, they are recognized as an Intangible Asset. The criteria for recognition are that the asset can be clearly identified, reliably measured and probable that future economic benefits will be generated.

The capitalised costs of computer software comprises all costs directly attributable to developing the software, including costs for computer software paid to third parties. Intangible Assets are carried at capitalised cost less amortisation and any accumulated impairment losses.

Amortisation is recognized in profit or loss on a straight line basis over the estimated useful life of the computer software. The estimated useful life of computer software in the current and comparative periods is between 3 and 5 years.

	$ '000	**$ '000**
17. Other assets		
Interest & fees receivable	536	527
Investment premiums	26	151
Prepayments	328	318
Other (including member clearing accounts)	403	726
	1,293	1,722
18. Deposits		
Call deposits	191,082	220,994
Term deposits	133,905	77,422
Accrued interest payable	1,832	306
	326,819	298,722

Deposits, being member savings and term deposits are measured at amortised cost and are recognised as the aggregate amount of money owing to depositors.

	Note	2024 $ '000	2023 $ '000
19. Trade and other payables			
Trade creditors		517	432
Sundry creditors (including member clearing accounts)		1,309	372
Trade and other payables are stated at amortised cost		1,826	804
20. Provisions			
Employee benefits			
Annual leave		378	308
Long service leave (1)		801	690
Long service leave (2)		86	102
		1,265	1,100
Other Provisions			
Provision for Make Good			
Carrying amount at the beginning of the year		36	35
Provisions made/(reversed) during the year		2	1
Carrying amount at year end		38	36
Total Provisions		1,303	1,136

(1) *Expected to be settled within 12 months*

(2) *Expected to be settled outside of 12 months*

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Credit Union has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

	Note	2024 $ '000	2023 $ '000
21. Equity			
a) Retained earnings			
Balance at the beginning of the year		27,637	24,995
Profit for the year		1,586	2,293
Transfer to redeemed share capital account	21b(i)	(4)	(5)
Transfer (to)/from general reserve for credit losses	21b(ii)	-	354
Balance at the end of the year		29,219	27,637
b) Reserves			
Redeemed share capital account	21b(i)	162	158
General reserve for credit losses	21b(ii)	-	-
Fair value reserve	21b(iii)	855	820
		1,017	978
(i) Redeemed share capital account			
Balance at the beginning of the year		158	153
Member shares redeemed during year		4	5
Balance at the end of the year		162	158

The redeemed share capital account represents the value of member shares redeemed during the year. As the member shares are redeemable preference shares, the Corporations Act 2001 requires that any redemptions are made from retained earnings.

	2024	2023
(ii) General reserve for credit losses		
Balance at the beginning and end of the year	-	354
Transfer from/(to) retained profits	-	(354)
Balance at the end of the year	-	-
(iii) Fair value reserve		
Balance at the beginning of the year	820	769
Add: increase on revaluation of investment (Shares)	47	68
Less: deferred tax thereon	(12)	(17)
Balance at the end of the year	855	820

The fair value reserve relates to the revaluation of equity investments (other financial assets) classified as fair value through other comprehensive income.

22. Contingencies

In the normal course of business the Credit Union enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of Members. The Credit Union uses the same credit policies and assessment criteria in making commitments and conditional obligations for these risks as it does for ordinary loans and advances.

	2024 $ '000	2023 $ '000
Guarantees	779	434

Financial guarantees written are conditional commitments issued by the Credit Union to guarantee the performance of a Member to a third party. The Credit Union holds security over all guarantees issued.

23. Leases

(a) Credit Union as a lessee

Nature of the leasing activities

The Credit Union leases a property in Tahmoor, which is used as a member service centre, and photocopiers (which have applied the low value asset exemption).

At the lease commencement, the Credit Union recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Credit Union believes it is reasonably certain that the option will be exercised.

The Credit Union has elected to apply the exceptions to lease accounting for leases of low-value assets (defined by the Credit Union as $10,000). The Credit Union recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Terms and conditions of leases

The Tahmoor Branch has a lease term of 5 years which will expire in October 2024. It has an annual pricing mechanism based on a fixed rate increase at each anniversary.

There is no non-index (i.e. CPI) related variable lease payments associated with this property lease.

There are no leases not yet commenced to which the lessee is committed.

Right-of-use assets

	$ '000	$ '000
At cost	528	528
Accumulated depreciation	(498)	(399)
Balance at end of the year	30	129

Reconciliation of the carrying amount of each class of right of use assets is set out below:

Land and Buildings	**2024** **$ '000**	**2023** **$ '000**
Balance at 1 July	129	229
Depreciation charge	(99)	(100)
Balance at 30 June	30	129

Lease liabilities

Current		
Not later than 1 year	41	116
Non-current		
Later than 1 year	-	41
Total	41	157

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Not later than 1 year	41	123
Later than 1 year and not later than 5 years	-	41
Total	41	164

The Credit Union does not face any significant liquidity risks with regard to its lease liabilities. Lease liabilities are monitored within the Credit Union's finance function.

Extension options

The lease for the Tahmoor branch premises contained an extension option, which allowed the Credit Union to extend the lease term beyond the original period.

The Credit Union includes options in the leases to provide flexibility and certainty to the Credit Union operations and reduce costs of moving premises. The extension options are at the Credit Union's discretion.

At commencement date and each subsequent reporting date, the Credit Union assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments not included in the lease liabilities, as the Credit Union has no unexercised option periods remaining on leases at 30 June 2024 (2023: nil).

Income statement

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income relating to leases where the Credit Union is a lessee are shown below:

	2024 $ '000	2023 $ '000
Interest expense on lease liabilities	6	13
Rental expense relating to low value assets	17	16
	23	29

Statement of cash flows

Total cash outflow for leases (including interest)	123	119

Exemptions applied

The Credit Union has applied the exemptions relating to short-term leases and leases of low-value assets. As at 30 June 2024, the Credit Union has no commitment for short-term leases (2023: nil).

Key assumptions used in calculations

The calculation of the right-of-use assets and lease liabilities are dependent on the following critical accounting judgements:

Assessment of lease term – as discussed above, this considers consideration of extension options on a lease by lease basis.

Determination of the appropriate rate to discount the lease payments – The Credit Union has used its incremental borrowing rate, as the rate implicit in the leases is not known. The Credit Union's assessed incremental borrowing rate was determined based on consideration of reference rates for commercial lending, lease term and a lease specific adjustment considering the 'secured borrowing' element of the leases.

(b) Credit Union as a lessor

Leases are classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

OPERATING LEASES

Nature of the leasing activities

The Credit Union receives rental income from tenants who lease a portion of the land and buildings owned by the Credit Union in Camden. These leases are classified as operating lease for financial reporting purposes and the assets are included as investment properties in the Statement of Financial Position (refer Note 15).

Terms and conditions of leases

These operating lease contracts contain extension options at the right of the lessee. All contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The Credit Union manages the risk associated with the underlying investment property via appropriate insurance coverage and use of real estate agents where appropriate.

Income statement

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income relating to operating leases where the Credit Union is a lessor (i.e. investment properties) are shown below:

	2024 $ '000	2023 $ '000
Lease/rental income (excluding variable lease payments not dependent on an index or rate	218	168
Total lease/rental income relating to investment properties	218	168
Direct operating expenses (including repairs & maintenance) arising from investment property that generated rental income during the period	247	216
Total direct operating expenses relating to investment properties	247	216

Maturity analysis of lease payments receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	155	161
1 - 2 years	55	83
2 - 3 years	4	18
3 - 4 years	-	4
Total undiscounted lease payments receivable	**214**	**266**

Finance Leases

Nature of the leasing activities

The Credit Union is not the lessor in any arrangements assessed as a finance lease.

24. Commitments

a) Outstanding loan commitments

Loans approved but not yet funded	7,387	8,112

b) Loan redraw facilities

Undrawn value of redraw facilities	41,643	39,552

c) Industry support contract

The Credit Union is a member of the Credit Union Financial Support System ("CUFSS"), a company limited by guarantee to provide member institutions with financial support in the event of any of them experiencing liquidity or capital adequacy difficulties. The significant conditions of participation are:

- *The Credit Union has executed an equitable charge in favour of CUSCAL; and*
- *The Credit Union has deposited 3% of its total assets as deposits with CUSCAL.*

There is a cap on the amount that would be required to contribute to the provision of a loan facility in the event of a CUFSS member requiring assistance. The cap is equal to 3% of the contributing member's total assets.

		2024	2023
d)	**Capital expenditure commitments**	**$ '000**	**$ '000**
	Estimated capital expenditure contracted for at balance date but not provided for (payable not later than one year):		
	Property, plant & equipment	1,532	-

Expenditure commitments are stated exclusive of Goods and Services Tax.

25.	**Statement of cash flows**		
a)	**Reconciliation of cash flows from operating activities**		
	Profit after tax	1,586	2,293
	Adjustments for:		
	Loss/(Gain) on disposal of property, plant & equipment	96	(20)
	Depreciation and amortisation	624	556
	Impairment loss on loans and receivables	30	38
	Net cash from operating activities before changes in assets and liabilities	2,336	2,867
	Net (increase)/decrease loans funded	(19,057)	(23,782)
	Movement in interest receivable	(9)	(234)
	Movement in other receivables	477	480
	Movement in prepayments	(35)	(55)
	Movement in current tax assets	(286)	670
	Movement in net deferred tax assets	(3)	81
	Net increase/(decrease) in deposits	26,572	(42,836)
	Movement in accrued interest payable	1,526	275
	Movement in trade creditors	85	87
	Movement in sundry creditors	936	(704)
	Movement in employee benefits	166	224
	Net cash from/(used in) operating activities	**12,708**	**(62,927)**
b)	**Reconciliation of cash and cash equivalents**		
	Cash and cash equivalents comprises:		
	Cash on hand and at bank	14,154	567
	Overdraft	-	(2,332)
	Total Cash and cash equivalents	**14,154**	**(1,765)**

Bank overdraft facility

The Credit Union has access to an overdraft facility provided by Cuscal Limited to the extent of $4,000,000 (2023: $2,000,000) and incurs an interest rate of 8.1% (2023: 7.85%). This overdraft facility is secured by a Cash Deposit.

26. Financial risk management

Introduction and overview

The Credit Union has exposure to the following risks from its use of financial instruments:

- *credit risk*
- *liquidity risk*
- *market risk*

This note presents information about the Credit Union's exposure to each of the above risks, the Credit Union's objectives, policies and processes for measuring and managing risk, and the Credit Union's management of capital.

Risk management framework

The Board of directors has an overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Board has established the Executive, Audit, Risk and Governance committees which are responsible for developing and monitoring the Credit Union's risk management policies. These Board committees report regularly to the Board of directors on their activities.

The Credit Union's risk management policies are established to identify and analyse the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Credit Union's Executive, Audit, Risk and Governance committees are responsible for monitoring compliance with the Credit Union's risk management policies and procedures, and reviewing the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Executive, Audit, Risk and Governance committees are assisted in these functions by the Chief Risk Officer and outsourced internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's loans and other receivables to members and deposits with other authorised deposit-taking institutions.

The Credit Union has established a credit risk management system incorporating methodologies with respect to monitoring and grading credit quality, measuring asset impairment, valuing security and provisioning.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the CEO. The Regional Lending Manager, reporting to the Chief Operating Officer (COO), is responsible for oversight of the Credit Union's credit risk, including:

- *Formulation of credit policies covering collateral requirements, credit assessment risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.*
- *Establishing delegation structures for the approval of loans. Delegation limits are allocated to the Regional Managers and Branch Managers. Larger loans require the approval of the CEO or the Board of Directors as appropriate.*
- *In reviewing credit risk a member's character and capacity to service the loan commitment is assessed.*
- *Compliance reviews are undertaken by the Credit Control staff in conjunction with the Credit Union's Chief Risk Officer. The reviews centre on compliance with the Credit Union's Policies and Procedures, specifically the assessment of loan serviceability.*

Exposure to credit risk

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk at 30 June 2024:

	Loans and advances to members 2024 $ '000	**Placements with ADI's 2024 $ '000**	**Cash and cash equivalents 2024 $ '000**
Carrying Amount	**254,937**	**78,100**	**14,154**
Stage 1: no significant increase in credit risk since initial recognition			
Secured by mortgage - current	239,933	-	-
Secured by mortgage - less than or equal to 30 days in arrears	-	-	-
Investment grade	-	77,100	14,154
Unrated	-	1,000	-
Other	10,204	-	-
Carrying amount	250,137	78,100	14,154
Stage 2: significant increase in credit risk			
Secured by mortgage	4,883	-	-
Other	10	-	-
Carrying Amount	4,893	-	-
Stage 3: credit impaired (or defaulted) loans			
Secured by mortgage	-	-	-
Other	10	-	-
Carrying Amount	10	-	-
Expected credit loss	(103)	-	-
Total carrying amount	**254,937**	**78,100**	**14,154**

For a definition of Stage 1, 2 & 3 refer to Note 11

Exposure to credit risk (continued)

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk at 30 June 2023:

	Loans and advances to members 2023 $ '000	**Placements with ADI's 2023 $ '000**	**Cash and cash equivalents 2023 $ '000**
Carrying Amount	**235,910**	**87,100**	**567**
Stage 1: no significant increase in credit risk since initial recognition			
Secured by mortgage - current	225,977	-	-
Secured by mortgage - less than or equal to 30 days in arrears	-	-	-
Investment grade	-	83,047	567
Unrated	-	4,053	-
Other	9,883	-	-
Carrying amount	235,860	87,100	567
Stage 2: significant increase in credit risk			
Secured by mortgage	-	-	-
Other	101	-	-
Carrying Amount	101	-	-
Stage 3: credit impaired (or defaulted) loans			
Secured by mortgage	-	-	-
Other	42	-	-
Carrying Amount	42	-	-
Expected credit loss	(93)	-	-
Total carrying amount	**235,910**	**87,100**	**567**

Impaired loans

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement.

Past due loans but not impaired loans

Loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Credit Union.

Loans with renegotiated terms

Restructured loans have renegotiated terms due to deterioration in the borrower's financial position and where the Credit Union has made concessions outside of its normal policies and procedures. Once the loan has been restructured it remains in this category independent of satisfactory performance after restructuring.

Collateral and other credit enhancements

The Credit Union holds collateral against loans and advances to members in the form of mortgage interests over property, other registered securities over assets, and guarantees. Mortgage insurance contracts are entered into in order to manage the credit risk around the residential loan mortgage portfolio. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2024 $ '000	2023 $ '000
Against Individually impaired:		
Property value	-	-
Against past due but not impaired:		
Property value	7,010	650
Other	-	-
Total	7,010	650

The increase in the security held against financial assets in 2023/24 relates to short term arrears, and has not resulted in an increase to our ECL at reporting date.

Repossessed collateral

In the event of member default on a mortgage facility, any loan security is usually held as mortgagee in possession and therefore the Credit Union does not usually hold any real estate or other assets acquired through the enforcement of security. The Credit Union did not take possession of any property assets during the year (2023: $Nil).

Concentration of loans and other receivables

The Credit Union's maximum single exposure to an individual or groupings of individual loans should be no more than 10% of capital. Within the Credit Union's investment portfolio, the maximum capital exposure to any one Bank, rated Authorised Deposit-taking Institution (ADI), unrated Mutual ADI, and their related counterparties, is based on the long term rating and/or APRA guidelines.

The Credit Union operates predominantly in the finance industry within the Macarthur region of New South Wales.

b) Liquidity risk

Liquidity risk is defined by the Credit Union as the risk associated with having difficulty in meeting financial obligations as they fall due.

Management of liquidity risk

Liquidity risk is managed by regular monitoring of the volatility and maturity structure of the deposits and loans portfolios and identifying other risks, such as concentration within the deposits and loans portfolios, and maintaining a forward commitments register. The Credit Union reviews on a daily basis the liquidity profile of its financial assets and liabilities, and details of other projected cash flows arising from projected future business. A portfolio of short term liquid assets is maintained, comprising of short term liquid investment securities. The Credit Union's liquidity position is reviewed on both a daily and weekly basis. Reporting to the Board is undertaken on a monthly basis.

Exposure to liquidity risk

The key measure used by the Credit Union for managing liquidity risk is the Minimum Liquidity Holdings (MLH) ratio as prescribed by the Credit Union's prudential regulator, the Australian Prudential Regulation Authority (APRA). This ratio measures the total of liquid assets as a percentage of the Credit Union's liability base. The Credit Union is to maintain a minimum 9% of total adjusted liabilities as liquid assets capable of being converted to cash within two business days.

Details of the Credit Union's MLH ratio at balance date and during the reporting period are as follows:

	2024	**2023**
As at 30 June	22.14%	22.31%
Average liquidity for the year	22.63%	24.51%
Minimum liquidity during the year	21.11%	22.31%
Maximum liquidity during the year	23.52%	25.59%

The Credit Union has a minimum internal MLH ratio limit of 15%.

The residual contractual maturities of the Credit Union's financial liabilities are details as follows:

2024	Carrying amount $ '000	Gross nominal (outflow)/ inflow $ '000	Less than 1 month $ '000	1 to 3 months $ '000	3 months to 1 year $ '000	1 to 5 years $ '000
Financial Liabilities						
Deposits	326,819	(330,653)	(213,297)	(47,825)	(68,117)	(1,414)
Trade and other payables	1,826	(1,826)	(1,826)	-	-	-
	328,645	(332,479)	(215,123)	(47,825)	(68,117)	(1,414)
Unrecognised loan commitments	7,387	(7,387)	(7,387)	-	-	-
Total financial liabilities	336,032	(339,866)	(222,510)	(47,825)	(68,117)	(1,414)

2023	Carrying amount $ '000	Gross nominal (outflow)/ inflow $ '000	Less than 1 month $ '000	1 to 3 months $ '000	3 months to 1 year $ '000	1 to 5 years $ '000
Financial Liabilities						
Deposits	298,722	(300,355)	(236,288)	(27,809)	(33,733)	(2,525)
Trade and other payables	804	(804)	(804)	-	-	-
	299,526	(301,159)	(237,092)	(27,809)	(33,733)	(2,525)
Unrecognised loan commitments	8,112	(8,112)	(8,112)	-	-	-
Total financial liabilities	307,638	(309,271)	(245,204)	(27,809)	(33,733)	(2,525)

The Credit Union classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or Fair Value through Profit or Loss (FVTPL).

The previous table shows the undiscounted cash flows on the Credit Union's financial liabilities on the basis of their earliest possible contractual maturity. The Credit Union's expected cash flows on these instruments vary significantly from this analysis. For example, at call deposits from members are expected to maintain a stable or increasing balance and unrecognised loan commitments are not expected to be drawn down immediately. The gross nominal inflow/(outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability.

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

The Credit Union has exposure to non traded interest rate risk generated by banking products such as loans and deposits. The Credit Union does not operate a trading book. Overall authority for the management of market risk is vested in the Audit Committee. The Audit Committee is responsible for the development of detailed risk management policies and for the review of their implementation.

Exposure to interest rate risk

The principal risk to which the Credit Union is exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring gaps in the maturity profiles of interest rate sensitive assets and liabilities.

In preparing and managing these maturity profiles, it is assumed that the contractual maturity period of assets and liabilities equates to their actual repricing.

The day to day monitoring of these gaps is undertaken by senior management, with the results of this monitoring reported to the Board of Directors on a monthly basis.

The Credit Union's potential exposure to movements in interest rates is measured as the cumulative gap in maturity time brackets as a percentage of pre-tax profit. This measures the impact of a 2% movement (either upwards or downwards) in market interest rates. At 30 June 2024, the exposure was $89,347 (2023: $149,957). This exposure reflects the potential impact on the Credit Union's annual profit. The 2% movement in market interest rates has long been determined as an extreme but plausible stress test to determine exposure to interest rate risk movements.

The Credit Union uses Value At Risk (VAR) as its measure of interest rate risk exposure. A summary of the gap position of the Credit Union's banking book, expressed as a percentage of regulatory capital, as at 30 June 2024:

	2024	2023
As at 30 June	0.32%	0.42%

In addition, the Credit Union uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on the banking book.

d) Fair value

A number of the Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Financial instruments carried at fair value

- *None of the Credit Union's 'equity investments' are traded in active markets. As such, the Credit Union is unable to base the fair value of its other investments on quoted market prices. Other valuation techniques have been applied.*
- *The Board has considered whether the latest available reported net assets of the underlying investments reflect the probable value of the investment as a whole. Should this not be the case the carrying fair value of the assets is adjusted accordingly. This is done in consultation with the management of the respective investment entity.*
- *Given the inherent uncertainty of valuing these underlying investments (arising from their illiquid nature) the values of these underlying investments may differ from the values that would have been used had a ready market for the investments existed.*

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on current market rates at the reporting date which incorporate an appropriate credit spread, and were as follows:

	2024	2023
Loans to members	5.69% - 8.62%	5.42% - 8.12%
Deposits	0.7% - 4.50%	0.15% - 4.00%

Financial instruments carried at amortised cost

- *The investment portfolio comprises of Floating Rate Notes, Security Deposits and a small portion of bonds. The material majority of these investments reprice quarterly, semi-annually or annually, and as such the fair value of these assets approximates their carrying amount.*
- *The fair values of all other liquid assets and other assets maturing within 12 months approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.*

- *The fair value of at call deposits with no specific maturity is approximately their carrying amount as they are short term in nature or are payable on demand.*
- *The fair value of term deposits at amortised cost is estimated by reference to current market rates offered on similar deposits.*
- *The fair value of variable rate financial instruments, including loan assets and liabilities carried at amortised cost are approximated by their carrying value. In the case of loan assets held at amortised cost, changes in the fair value do not reflect changes in credit quality, as the impact of credit risk is largely recognised separately by deducting the amount of an allowance for credit losses.*
- *The fair value of fixed rate loans at amortised cost is estimated by reference to current market rates offered on similar loans.*

Fair value hierarchy

The following tables show the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

			Fair Value		
30 June 2024	**Note**	**Carrying Amount ($'000)**	**Level 1 $ '000**	**Level 2 $ '000**	**Level 3 $ '000**
Financial assets measured at FVOCI					
Equity investments	12	1,734	-	-	1,734
		1,734	**-**	**-**	**1,734**
Financial assets measured at amortised cost					
Loans and advances to members	10(a)	254,937	-	-	253,749
		254,937	**-**	**-**	**253,749**
Financial liabilities measured at amortised cost					
Deposits	18	326,819	-	326,745	-
		326,819	**-**	**326,745**	**-**

			Fair Value		
30 June 2023	**Note**	**Carrying Amount ($'000)**	**Level 1 $ '000**	**Level 2 $ '000**	**Level 3 $ '000**
Financial assets measured at FVOCI					
Equity investments	12	1,687	-	-	1,687
		1,687	**-**	**-**	**1,687**
Financial assets measured at amortised cost					
Loans and advances to members	10(a)	235,910	-	-	232,018
		235,910	**-**	**-**	**232,018**
Financial liabilities measured at amortised cost					
Deposits	18	298,722	-	298,950	-
		298,722	**-**	**298,950**	**-**

The following table summarises the movement of Level 3 assets measured at fair value during the year:

Movement category	Other financial assets (at FVOCI) Total 2024 $ '000	2023 $ '000
Opening balances at 1 July	1,687	1,569
Purchases on equity investments	-	50
Revaluation through other comprehensive income	47	68
Closing balance at 30 June	**1,734**	**1,687**

e) Capital management - regulatory capital

The Credit Union's regulator, the Australian Prudential Regulation Authority (APRA) sets and monitors capital requirements for the Credit Union. The Credit Union reports to APRA under Basel II capital requirements and has adopted the standardised approach for credit risk and operational risk.

In implementing current capital requirements APRA requires the Credit Union to maintain a prescribed ratio of total capital to total risk weighted assets.

The Credit Union's regulatory capital is analysed in two tiers:

- *Tier 1 capital, which includes ordinary share capital, general reserves and retained earnings, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.*
- *Tier 2 capital, which includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on readily marketable securities classified as available for sale.*

Risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures. The Credit Union's policy is to maintain a strong capital base so as to maintain member, creditor and market confidence and to sustain future development of the business. The Credit Union has complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the Credit Union's management of capital during the period.

APRA has set a prudential capital requirement (PCR) for each Approved Deposit-Taking Institution (ADI) which must be met at all times. Subject to the minimum capital requirements of 8%, PCR's are set at a level proportional to each ADI's overall risk profile. A key principle of APRA's capital management framework is that ADI's should have a process for assessing their overall capital adequacy in relation to their risk profile and strategy for maintaining capital levels. This process is referred to as the Internal Capital Adequacy Assessment Process (ICAAP).

The Credit Union's regulatory capital position at 30 June was as follows:

	2024	2023
Common Equity Tier 1 capital	**$ '000**	**$ '000**
Retained earnings	30,236	28,615
Regulatory adjustments to Common Equity Tier 1 Capital	(2,283)	(2,288)
Total Common Equity Tier 1 Capital	27,953	26,327
Total capital base	27,953	26,327
Risk weighted assets	139,172	126,949
of which:		
Credit Risk	126,520	115,408
Operational Risk	12,652	11,541
Capital ratios		
Capital Adequacy Ratio	20.08%	20.74%
Tier 1 capital ratio	20.08%	20.74%

27. Related parties

The following were key management personnel of the Credit Union at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

- *Peter Buckley*
- *Richard Drinnan (Appointed June 2024)*
- *Ashley Jennings*
- *Emma Macfarlane (Resigned July 2024)*
- *Shayley McCracken*
- *Lloyd Pollard*
- *Phillip Rankin*
- *Antony Schesser*

Executives

- *David Cadden (CEO)*
- *Paul Brooks (CFO)*
- *Rebecca Brookes (COO)*
- *Craig Oliver (CRO)*

Remuneration of key management personnel ("KMP")

The aggregate compensation of KMP comprises amounts paid, payable or provided for during the year. These amounts are as follows:

	2024 $ '000	2023 $ '000
Short term employee benefits	1,069	962
Post employment benefits- Superannuation contributions	111	98
Other long term benefits	41	34
Total	1,221	1,094

Remuneration shown as "Short term employee benefits" in the above table is defined as cash salaries, paid annual leave and movements in annual leave provision. All remuneration to directors was approved by the members at the previous Annual General Meeting of the Credit Union.

Loans to key management personnel

	$ '000	$ '000
The aggregate value of loans to KMP at balance date amounted to:	4,484	4,437
The aggregate value of loans disbursed to KMP during the year amounted to:	865	970
Interest and fees earned on loans to KMP	195	179
Repayments during the year	1,013	1,556

The Credit Union's policy for lending to directors is that all loans are approved on the same terms and conditions that apply to members.

There are no benefits or concessional terms and conditions applicable to related parties of KMP. There are no loans to related parties which are impaired.

Deposits to key management personnel

Other transactions between related parties include deposits from directors, and other KMPs are:

	$ '000	$ '000
Total value term and savings deposits	190	169
Total Interest paid on deposits	2	1

28. Subsequent Events

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations, or state of affairs of the Credit Union in future financial years.

DIRECTORS' DECLARATION

1 In the opinion of the directors of Macarthur Credit Union Limited ('the Credit Union'):

(a) The financial statements and notes that are set out on pages 16 to 52 are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Credit Union's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and

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

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

2 The directors draw attention to Note 2 (a) which includes a statement of compliance with International Financial Reporting Standards.

3 The consolidated entity disclosure statement on page 54 is true and correct.

Signed in accordance with a resolution of the directors:

Peter Buckley
Chairman of Board of Directors

Phillip Rankin
Chairman of Audit Committee

Signed at Camden 18th September 2024

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Macarthur Credit Union Ltd does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A) of the Corporations Act 2001 does not apply to the entity.

Crowe Audit Australia
ABN 13 969 921 386

491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

Main 02 6021 1111
Fax 02 6041 1892
www.crowe.com.au

Macarthur Credit Union Ltd

Independent Auditor's Report to the Members of Macarthur Credit Union Ltd

Opinion

We have audited the financial report of Macarthur Credit Union Ltd ('the Credit Union'), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of Macarthur Credit Union Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Credit Union's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Credit Union in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Credit Union's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Credit Union are responsible for the preparation of

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Credit Union to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

18 September 2024
Albury

Branch Locations

Camden
52B Argyle Street, Camden NSW 2570

Picton
109-111 Argyle Street, Picton NSW 2571

Tahmoor
Shop 7 Tahmoor Town Centre, 117 Remembrance Drive, Tahmoor NSW 2573

1300 622 278
mail@themaccu.com.au
PO Box 121, Camden NSW 2570

the mac

friendly, helpful
& supportive
local banking