2013-2014 Annual Report

MACQUARIE
CREDIT UNION

ABN 85 087 650 253 | AFSL 241132 | BSB 802 126

Our mission

To provide friendly, personal and efficient financial services at the lowest possible cost to our members

Providing financial services to our members at the lowest possible cost is something that this Credit Union prides itself in achieving.

Annual Report 13-14
Table of Contents

General Manager's Report

Year in review

Another challenging year has passed in which the market forecasts relating to the lending sector have not been fully realised and consumer confidence still with a way to go to recovery. Despite this there is renewed excitement at the Credit Union as a result of the new opportunities ahead from our expanded bond and in 2015 our much awaited move to new premises in Brisbane Street.

We look forward to the challenges ahead and our increased capacity to serve our members and be further involved in the community.

Dubbo Show

For the second year we had a presence at the Dubbo Show in May 2014. We increased our display area in the main pavilion to cater for our special guest, world famous chalk art artist Jenny McCracken. Jenny amazed onlookers by completing two outstanding pieces of art during the three days – one of a pair of corellas and one of the railway bridge across the Macquarie River as it was in the 1890s.

We intend to auction these pieces of art, with proceeds going to a local charity.

As well as Jenny's efforts, we conducted a colouring and art competition for all school children in Dubbo and displayed many of the entries we received at our stand. We also gave out over 2,000 balloons and information packs during the three days.

The level of interest produced by our presence at the Dubbo Show strengthened our belief that the people of Dubbo will embrace our special brand of financial service delivery.

Our Community Involvement

We are proud of our continued support to the community and our bond partners.

dream FESTIVAL

DUBBO REGIONAL ENTERTAINMENT ARTS AND MUSIC

Macquarie Credit Union 2014 Dream Festival

Our first year as major sponsor of this fabulous emerging festival that showcases Dubbo's cultural side and local expertise.

Dubbo Stampede

We provided sponsorship for this great event that promotes our community and the healthy pursuits of running, walking and just being active.

Trek for Kids

For the 10th year in a row Macquarie Credit Union has supported this great cause with a $2,000 donation.

Lisa Northill's Challenge

Our Office Supervisor Lisa, travelled to the remote and impoverished islands of Southern Fiji to raise vital funds for CUFA's programs helping to alleviate poverty throughout the Asia Pacific.

Staff's support for RFS

The staff efforts during the year raised money for the RFS. The funds were collected with ongoing weekly jeans days and other staff initiatives.

Employee of the Quarter
Shane Zaidan.

Employee of the Year
Michelle Kirkby

Dubbo Base Hospital Staff Awards

We are proud to offer continued support to the Dubbo Base hospital staff awards for excellence.

Easter Fireworks at Burrendong Dam

Our sponsorship enabled a great spectacle to be enjoyed by a huge crowd on the evening.

Country vs City

A great time was had when Dubbo hosted this event in 2014 and we sponsored the window displays throughout Dubbo with the winner being Urban Beach.

Millie the brave

Sponsoring of Millie Hicks for the World's Greatest Shave

Millie raised over $5000 and the Credit Union was proud to support the efforts of one of our younger members for a great cause.

50th Anniversary of the Credit Union

To mark the 50th anniversary of the beginning of our Credit Union we have planned an anniversary dinner to be held in early November this year. We will be inviting as many of the past directors and staff as we can contact, along with many of the very early members and others who have made a significant contribution to our Credit Union over the past 50 years.

The theme of the dinner will be anything 50 years old. We will be encouraging attendees to dress up in clothes of the era of the 1960s, and we will have a special guest band playing Beatles music.

The Beatles shot to fame in the early 1960's and Macquarie Credit Union was formed in 1964. The Beatles' music has proved to be very popular over a long period of time, just like Macquarie Credit Union.

Temporary Branch in Dubbo Square

We have used temporary space at Dubbo Square for staff to be available for members and the community away from the Branch. This has given us the opportunity to provide greater awareness of the Credit Union and the ability to showcase our products and services.

Our Members are our best Advocates

We have always been proud of our great products and low fees that our members have enjoyed over the years and in August 2014 we introduced a simple reward scheme for members to introduce friends and family as new members. This means that a lot more people can take advantage of the benefits that the Credit Union has to offer.

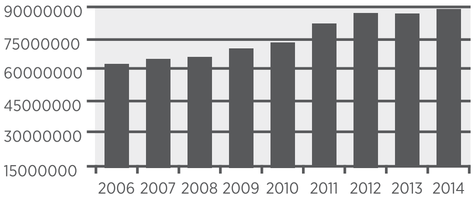
Instead of spending large dollars on advertising we believe our best advocates are our own members and they should be directly rewarded for helping grow their Credit Union.

I look forward to being a part of our great Credit Union's next 50 years of service to members.

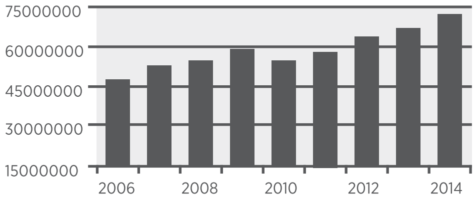
Performance over Time

The following graphs provide a simple picture of how the Credit Union has performed over the past few years.

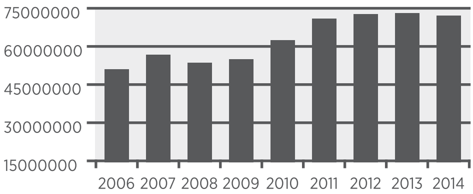
Assets



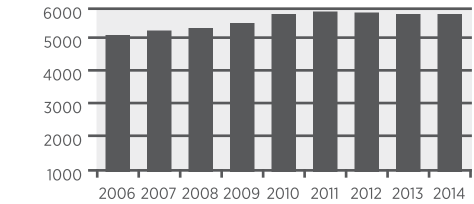
Deposits



Loans



Members



Matthew Bow
General Manager

Chairman's Report

Last year in the annual report I wrote that it had been the most challenging year for our Credit Union since its inception. Well it looks like those challenging conditions are with us for a little longer than I or anyone else could foresee.

The pickup in consumer confidence which was widely predicted has not really taken place yet. Consumers are still unwilling to commit to spending in any way like what was the previous "norm", even though the official cash rate (and subsequently interest rates) has been kept at its lowest level for decades.

Despite the relatively mild consumer activity mentioned above, your Credit Union was able to post quite satisfactory financial results for the past year.

Our after tax profit for the year was $421,002 and assets grew by $2.5m during the year to $88.4m.

Our Move into the Community

Last year I announced our plan to make our products and services available to all people in the Dubbo community. The official launch of this campaign took place at our annual dinner in November last year.

We have been working very hard throughout this year to lay the foundation for our successful move into the Dubbo community. One of the initiatives to be introduced is to provide assistance to the schools in Dubbo to educate school children in the world of finance. It is never too early to learn about the basics of finance, as we hear every day of stories of adults being overwhelmed by the complexity of some of the financial situations they have got themselves into. These situations are certainly not helped by the sometimes questionable tactics being revealed by some of the larger financial institutions.

Community Sponsorship

Another initiative is to help out various community organisations that we believe will be of lasting benefit to the community, by way of sponsorships. We will be particularly targeting sporting and cultural activities.

As a clear indication of this initiative, we are very pleased to become the first major sponsor of the Dream Festival in Dubbo. This festival is held during October each year, and highlights the vast range of cultural activities taking place in the city. There is something for everyone, with around a dozen events spread over a two week period, and the involvement of children, particularly in the lantern parade, is a pleasing feature of the festival. We are very pleased to have a close working relationship with the committee that is responsible for the festival, and are sure that our commitment will continue as this unique festival grows to become one of the outstanding events in rural Australia in the years to come.

50 years of the Credit Union

This year has also been a time to reflect as we celebrate our 50th birthday. The Credit Union has grown and evolved over the years responding to the Australian financial market and the needs of our members. From our humble beginnings in 1964 by employees of Macquarie County Council to our move to expand the bond to the Local Government Area of Dubbo, the support of our members has ensured the growth and survival of the Credit Union.

Change is inevitable in business and the expansion of the bond will allow the Credit Union to continue to grow into the future however it will always remain defined by its traditional bond partners through its proud heritage.

New Office Building

One of the most exciting things to happen in the coming year is our move early in 2015 to new office premises in Brisbane Street, Dubbo. A new building is in the process of being constructed for us on the site of the old ambulance station in Dubbo, next to the Commercial Hotel.

We have been working toward this move for a couple of years now; as our continued growth means that we have run out of room at our current premises in

Hawthorn Street. The move will allow all businesses and individual customers in Dubbo to access our office very easily. There will be plenty of parking, and we will be in walking distance from all businesses in the CBD. We are continually getting enquiries from businesses in Dubbo, particularly in the CBD area, and our move to the new site is eagerly awaited by staff and customers alike.

Acknowledgements

Our staff have once again shown why we have such a high satisfaction rating with members by continuing to provide outstanding service to all people they deal with, be it in person, by telephone or email.

Their efforts in manning the stand at the Dubbo show for the full three days and dealing with the often chaotic scenes of up to 40 children at a time clambering for attention, deserves special mention.

Once again our General Manager Matthew Bow and his deputy Leanne Bourne have provided the leadership and direction that has become a hallmark of our Credit Union. As well as their normal management duties, they have been coordinating all the activities involved with the 50th year celebrations, move into the Dubbo community and the construction and fit out of our new building.

Your directors have had a busy year working through all the changes that are in the pipeline for our Credit Union, as well as the normal oversight that is a constant part of their duties. They have worked hard to put a strategy in place that will see our Credit Union continue to grow and serve the community well into the future. They have all shown a very real sense of determination to make our Credit Union an even better place for all our members to achieve their financial goals.

Throughout the year we have formed closer ties with many of our larger membership groups, particularly the Dubbo Base Hospital. I thank the representatives of all our employee groups for their help during the year in being the conduit between their fellow work colleagues and our office staff. This close cooperation lays the foundation for a very rewarding and hassle free experience for our members.

Conclusion

The sense of anticipation of our expansion into the Dubbo community, the construction and occupation of our new office building and the coming to fruition of our many new community initiatives is quite palpable.

I am sure the people of Dubbo will enjoy the ability to participate in our friendly, professional and personal delivery of their financial experiences, especially knowing that we are a locally based and managed business and that our profits remain in this area.

Being the only locally based financial institution in Dubbo boasting 50 years of experience and year on year growth, all local staff and directors, and a record of service second to none, I feel quite sure that the Macquarie Credit Union will become the financial institution of choice for the majority of businesses and individuals in Dubbo over the coming years.

Chris Shepherd
Chairman

Financial Statements for the year ended 30 June 2014

TABLE OF CONTENTS

Directors' Report

Your Directors present their report on the Credit Union for the financial year ended 30 June 2014.

DIRECTORS

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

TE Bacon	PM Nolan
J Gray	DAJ Rootes
RK Mills	CJ Shepherd
J Moss	

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

COMPANY SECRETARY

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

Mr Matthew Bow – Mr Bow has worked for Macquarie Credit Union Limited for the past nine years and was appointed the General Manager of the Credit Union on 19 November 2007. He was appointed company secretary on 19 November 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Credit Union during the year were the provision of financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the constitution. There were no significant changes in the nature of the Credit Union's activities during the year.

OPERATING RESULTS

The profit recorded by the Credit Union for the financial year after providing for income tax was $421,002 (2013: $639,438).

DIVIDENDS RECOMMENDED

The Credit Union's constitution does allow the payment of a dividend, but the Directors of the Credit Union have elected not to pay a dividend for the year ended 30 June 2014.

REVIEW OF OPERATIONS

The Credit Union recorded a profit of $421,002 compared to $639,438 in the 2013 year. The directors are very pleased with the result.

Interest revenue decreased by $535,068 (10%) to $4,815,819 due to decreased borrowings by members and lower interest rates. In turn, this resulted in interest expense decreasing by $427,679 (17.2%) to $2,065,293 as the Credit Union decreased interest rates on its term deposits to aid in offsetting the lower loan interest rates.

Other revenue decreased by $10,732 (1.9%) to $562,009. Impaired losses on loans decreased by $1,800 (2.3%) to $77,254, employee benefits expense increased by $125,755 (13.4%) to $1,064,737 and other expenses increased by $89,254 (6.8%) to $1,408,023.

ENVIRONMENTAL ISSUES

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Credit Union during the financial year.

EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances 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 future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

During the next financial year the Directors do not expect any significant changes in the operations or services of the Credit Union which will affect the results of the Credit Union.

Further information as to future developments, prospects and business strategies of the Credit Union have not been included in this report as the Directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the interests of the Credit Union.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments) by reason of a contract made by the Credit Union or a related corporation with a Director or with a firm of which he or she is a member, or with an entity in which he or she has a substantial financial interest.

INDEMNIFYING OFFICERS AND AUDITOR

The Credit Union has a Directors' and Officers' liability insurance policy covering all Directors. The premium paid in respect of this policy in force at the date of this report was $345.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, for the auditor of the Credit Union.

INFORMATION ON DIRECTORS

The Directors in office at the date of this report are:

Mr C J Shepherd	**Chairman**
Experience	Appointed Chairman 23/10/86 Board Member since 19/04/71
Interest in Shares	One ordinary share in the Credit Union

Mr T E Bacon	**Director**
Experience	Board Member since 1/11/03
Interest in Shares	One ordinary share in the Credit Union

Mr J Gray	**Director**
Experience	Board Member since 10/10/12
Interest in Shares	One ordinary share in the Credit Union

Mr R K Mills	**Director**
Experience	Board Member since 22/05/06
Interest in Shares	One ordinary share in the Credit Union

Mr J Moss	**Director**
Experience	Board Member since 24/2/09
Interest in Shares	One ordinary share in the Credit Union

Mr P M Nolan	**Director**
Experience	Board Member since 1/11/03
Interest in Shares	One ordinary share in the Credit Union

Mr D A J Rootes	**Director**
Experience	Board Member since 30/08/06
Interest in Shares	One ordinary share in the Credit Union

GENERAL BOARD ATTENDANCE

During the financial year the following meetings of Directors were held. Attendances were:

	Board Meetings Eligible to Attend	Board Meetings Attended	Audit and Risk Committee Meetings Eligible to Attend	Audit and Risk Committee Meetings Attended
TE Bacon	12	10	2	1
J Gray	12	10	2	2
RK Mills	12	10	6	6
J Moss	12	9	6	6
PM Nolan	12	10	6	3
DAJ Rootes	12	9	-	-
CJ Shepherd	12	12	4	4

PROCEEDINGS ON BEHALF OF CREDIT UNION

No person has applied for leave of Court to bring proceedings on behalf of the Credit Union or intervene in any proceedings to which the Credit Union is a party for the purpose of taking responsibility on behalf of the Credit Union for all or any part of those proceedings.

The Credit Union was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 14 of the financial statements.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the audit and risk committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

• all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and

• the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethics Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2014:

	$
Taxation services	1,528
Preparation of financial statements	5,733
	$7,261

PRUDENTIAL STANDARD APS 330 – PUBLIC DISCLOSURES

As required by the Prudential Standards, the Credit Union's public disclosures of prudential information are located at www.macquariecu.com.au/aboutus/aps330 Prudential Disclosures.

Signed in accordance with a resolution of the Board of Directors at Dubbo on 27 August 2014 for and on behalf of the Directors by:

Chris Shepherd **John Moss**

Auditor's Declaration

Luka Group
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MACQUARIE CREDIT UNION LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 there has been:

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

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

Luka Group

LUKA GROUP

JM SHANKS
PARTNER

2 River Street
Dubbo
Dated: 27 August 2014

Chartered Accountants

COVER OF EXCELLENCE

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Directors' Declaration

The Directors of Macquarie Credit Union Limited declare that:

1. The financial statements and notes set out on pages 16 to 62 are in accordance with the Corporations Act 2001; and

    i) comply with Accounting Standards and the Corporations Regulations 2001; and

    ii) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Credit Union.

2. In the Directors' opinion 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed at Dubbo on 27 August 2014 for and on behalf of the Directors by:

Chris Shepherd

John Moss

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		$	$
Interest revenue	3	4,815,819	5,350,887
Interest expense	4	(2,065,293)	(2,492,972)
Net interest revenue		**$2,750,526**	**$2,857,915**
Other revenue	3	562,009	572,741
Impairment losses on loans and advances	4	(77,254)	(79,054)
Employee benefits expense	4	(1,064,737)	(938,982)
Occupancy expense	4	(107,889)	(105,772)
Depreciation and amortisation expense	4	(81,146)	(88,837)
Other expenses	4	(1,408,023)	(1,318,769)
Profit before income tax expense		573,486	899,242
Income tax expense	5	(152,484)	(259,804)
Profit for the year after income tax expense		**$421,002**	**$639,438**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**$421,002**	**$639,438**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014	2013	2012
		$	$	$
ASSETS				
Cash and liquid assets	7	17,112,187	13,019,474	12,082,752
Accrued receivables	8	192,661	265,976	454,442
Loans and advances	9	70,473,118	71,999,397	73,420,408
Other investments	10	163,336	163,336	170,456
Property, plant and equipment	11	98,856	77,796	110,641
Intangibles	12	83,597	59,773	74,462
Deferred tax assets	13	240,306	228,191	235,053
Other assets	14	62,031	51,610	14,874
TOTAL ASSETS		**$88,426,092**	**$85,865,553**	**$86,563,088**
LIABILITIES				
Deposits and short term borrowings	15	72,328,483	67,142,057	63,432,373
Payables and other liabilities	16	581,922	588,309	687,752
Interest bearing liabilities	17	3,600,000	6,600,000	11,600,000
Tax liabilities	18	-	68,615	15,163
Provisions	19	189,031	160,918	161,584
TOTAL LIABILITIES		**$76,699,436**	**$74,559,899**	**$75,896,872**
NET ASSETS		**$11,726,656**	**$11,305,654**	**$10,666,216**
EQUITY				
Reserves	20	476,576	492,375	498,812
Retained profits	21	11,250,080	10,813,279	10,167,404
TOTAL EQUITY		**$11,726,656**	**$11,305,654**	**$10,666,216**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Retained Profits	Credit Losses Reserve	Total
	$	$	$
Balance at 1 July 2012	**$10,167,404**	**$498,812**	**$10,666,216**
Profit for the year	639,438	-	639,438
Transfer from reserves for credit loss for the year	6,437	(6,437)	-
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2013	**$10,813,279**	**$492,375**	**$11,305,654**
Profit for the year	421,002	-	421,002
Transfer from reserves for credit loss for the year	15,799	(15,799)	-
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2014	**$11,250,080**	**$476,576**	**$11,726,656**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest on loans		4,299,800	4,863,652
Interest on investments		505,185	533,142
Other non-interest income		657,473	767,385
Interest paid on members' savings		(1,967,113)	(2,357,124)
Interest paid on other finance		(181,380)	(271,305)
Payments to suppliers and employees		(2,516,921)	(2,416,995)
Income tax paid		(233,212)	(199,490)
Members' loan repayments		15,920,556	17,073,882
Members' loans' disbursed		(14,471,531)	(15,731,926)
Net cash provided by (used in) operating activities	**28.3**	**$2,012,857**	**$2,261,221**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments		-	7,120
Sale of property, plant and equipment		31,364	-
Purchase of property, plant and equipment		(137,934)	(41,303)
Net cash used in investing activities		**$(106,570)**	**$(34,183)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in member savings		5,186,426	3,709,684
Repayment of borrowings		(3,000,000)	(5,000,000)
Net cash provided by (used in) financing activities		**$2,186,426**	**$(1,290,316)**
NET INCREASE IN CASH HELD		**$4,092,713**	**$936,722**
Cash at beginning of year		13,019,474	12,082,752
CASH AT END OF YEAR	**28.2**	**$17,112,187**	**$13,019,474**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements are for Macquarie Credit Union Limited as an individual entity. Macquarie Credit Union Limited is a financial institution, incorporated and domiciled in Australia.

The financial statements of Macquarie Credit Union Limited comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The financial statements were authorised for issue on 27 August 2014 in accordance with a resolution of the Board of Directors.

The following is a summary of the material accounting policies adopted by the Credit Union in the preparation of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

1.1 Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

1.2 Income Tax

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

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

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

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

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

1.3 Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Credit Union commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Office equipment	33.3% - 50%
EDP equipment	33.3%
Office furniture and fittings	33.3%
Motor vehicles	22%

Assets with a cost less than $1,000 are not capitalised.

1.4 Intangible Assets

Items of computer software which are not integral to the computer hardware owned by the Credit Union are classified as intangible assets, not as part of property, plant and equipment. Computer software is amortised over the expected useful life of the software at 33.3% per year.

1.5 Loans to Members

(i) Basis of Inclusion

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the loans using the effective interest method.

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Credit Union at reporting date, less any allowance or provision against debts considered doubtful. A loan is classified as impaired where the recovery of the debt is considered unlikely as determined by the Board of Directors.

(ii) Interest Earned

Term Loans - The loan interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Overdraft - The loan interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of the month.

Non-Accrual Loan Interest - while still legally recoverable, interest is not brought to account as income where the Credit Union is informed that the member has deceased, or, where a loan is impaired. A loan is classified as impaired where recovery of the debt is considered unlikely as determined by the Board of Directors. Australian Prudential Regulation Authority (APRA) has made it mandatory that interest is not recognised as revenue after the irregularity exceeds 90 days for a loan facility, or 90 days for an overlimit overdraft facility.

(iii) Loan Origination Fees and Discounts

Loan establishment fees and discounts are initially deferred as part of the loan balance, and are brought to account as income over the expected life of the loan. The amounts brought to account are included as part of interest revenue.

1.6 Loan Impairment

(i) Specific and Collective Provision

A provision for losses on impaired loans is recognised when there is objective evidence that the impairment of a loan has occurred. Estimated impairment losses are calculated on either a portfolio basis for loans of similar characteristics, or on an individual basis. The amount provided is determined by management and the board to recognise the probability of loan amounts not being collected in accordance with terms of the loan agreement.

The APRA Prudential Standards requires a minimum provision to be maintained, based on specific percentages on the loan balance which are contingent upon the length of time the repayments are in arrears. This approach is used to assess the collective provisions for impairment.

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or group of financial assets is impaired. Evidence of impairment may include indications that the borrower has defaulted, is experiencing significant financial difficulty, or where the debt has been restructured to reduce the burden to the borrower.

(ii) Reserve for Credit Losses

In addition to the above specific provision, the Board of Directors has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties. The reserve is based on estimation of potential risk in the loan portfolio.

1.7 Bad Debts Written Off

Bad debts are written off from time to time as determined by management and the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provision for doubtful debts if a provision for impairment had previously been recognised. If no provision had been recognised, the write offs are recognised as expenses in the statement of comprehensive income.

1.8 Equity Investments

Investments in shares are classified as available for sale financial assets where they do not qualify for classification as loans and receivables, or investments held for trading.

Investments in shares, which do not have a ready market and are not capable of being reliably valued, are recorded at the lower of cost or recoverable amount. Investments in shares where no market value is readily available are carried at cost less any provision for impairment.

Realised net gains and losses on available for sale financial assets taken to the profit and loss account comprises only gains and losses on disposal.

All investments are in Australian currency.

1.9 Members' Deposits

(i) Basis for Measurement

Member savings and term investments are quoted at the aggregate amount of money owing to depositors.

(ii) Interest Payable

Interest on savings is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on savings is brought to account on an accrual basis in accordance with the interest rate terms and conditions of each savings and term deposit account as varied from time to time. The amount of the accrual is shown as part of amounts payable.

1.10 Provision for Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows to be made by the Credit Union in respect of services provided by employees up to the reporting date.

The provision for annual leave was reviewed with entitlements not expected to be used within twelve months being measured at the present value of the estimated future cash outflows.

Contributions are made by the Credit Union to an employee's superannuation fund and are charged as expenses when incurred. The Credit Union has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees on retirement.

1.11 Cash and Liquid Assets

Cash and liquid assets comprise cash on hand and at call deposits with banks or financial institutions, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in interest bearing liabilities in the statement of financial position.

1.12 Impairment of Assets

At each reporting date, the Credit Union assesses whether there is an indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

1.13 Provisions

Provisions are recognised when the Credit Union has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

1.14 Goods and Services Tax

As a financial institution the Credit Union is input taxed on all income except other income from commissions and some fees. An input taxed supply is not subject to Goods and Services Tax (GST) collection, and similarly the GST paid on purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition, certain prescribed purchases are subject to Reduced Input Tax Credits, of which 75% of the GST paid is recoverable.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of the GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included where applicable GST is collected. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

Cashflows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

1.15 Comparative Amounts

When the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable.

1.16 Adoption of New and Revised Accounting Standards

During the current year the Board adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions.

2. INTEREST REVENUE AND INTEREST EXPENSE

The following tables show the average balance for each of the major categories of interest bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Most averages are monthly averages, and are representative of the Credit Union's operations during the period.

	Average Balance $	Interest $	Average Rate %
Interest revenue – 2014			
Deposits with financial institutions	14,065,438	516,019	3.7%
Loans and advances (other than Commercial loans)	70,153,040	4,215,902	6.0%
Commercial loans	942,283	83,898	8.9%
	$85,160,761	**$4,815,819**	
Interest revenue – 2013			
Deposits with financial institutions	12,308,963	487,235	4.0%
Loans and advances (other than Commercial loans)	71,339,007	4,753,736	6.7%
Commercial loans	1,182,733	109,916	9.3%
	$84,830,703	**$5,350,887**	
Borrowing costs - 2014			
Customer deposits	70,521,106	1,883,913	2.7%
Short-term borrowings	4,773,158	181,380	3.8%
	$75,294,264	**$2,065,293**	
Borrowing costs – 2013			
Customer deposits	69,454,827	2,221,667	3.2%
Short-term borrowings	6,350,000	271,305	4.3%
	$75,804,827	**$2,492,972**	

	2014	2013
	$	$

3. REVENUE FROM ORDINARY ACTIVITIES

Interest revenue	**$4,815,819**	**$5,350,887**
Non-interest revenue		
Dividends received	65,205	39,666
Fees and commissions		
- Fees and charges	287,018	311,752
- Commissions	156,458	189,536
Gain on disposal of assets	19,460	-
Bad debts recovered	6,804	10,554
Other revenue	27,064	21,233
Total non-interest revenue	**$562,009**	**$572,741**

4. PROFIT FROM OPERATIONS

Profit from operations before income tax expense has been determined after recognising the following expenses:-

Interest expense		
- Deposits from members	1,883,913	2,221,667
- Short term borrowings	181,380	271,305
	$2,065,293	**$2,492,972**

Impairment losses		
- Bad debts written off directly against profit	28,057	69,943
- Addition/(reversal) of amounts against provision for impaired loans	49,197	9,111
	$77,254	**$79,054**

Depreciation and amortisation		
- Office equipment	240	137
- Office furniture	747	747
- Motor vehicles	28,159	27,536
- EDP hardware	10,967	14,245
- Amortisation of intangible assets	41,033	46,172
	$81,146	**$88,837**

Occupancy expenses	**$107,889**	**$105,772**

	2014	2013
	$	$

4. PROFIT FROM OPERATIONS (CONTINUED)

Employee benefits expense		
- Salaries	807,755	755,071
- Superannuation contributions	83,331	75,191
- Annual leave	14,657	13,004
- Long service leave	13,093	(13,592)
- Sick leave	363	(78)
- Other	145,538	109,386
	$1,064,737	**$938,982**

Other expenses		
- Fees and commissions	241,018	236,727
- Loans administration	99,968	102,158
- Data processing	375,888	389,420
- Marketing	150,017	154,318
- General administration	541,132	436,146
	$1,408,023	**$1,318,769**

5. INCOME TAX EXPENSE

The components of income tax expense comprise:

Provision for income tax	175,264	252,942
(Increase)/decrease in deferred tax assets	(9,666)	4,931
Adjustment for previous years	(13,114)	1,931
	$152,484	**$259,804**

The prima facie tax on operating profit before income tax is reconciled to income tax as follows:

Prima facie tax on operating profit @ 30% (2013 – 30%)	172,046	269,773
Add tax effect of non allowable items Less tax effect of:		
- Rebateable fully franked dividends	(19,562)	(11,900)
- Deferred tax asset movement related to prior year	-	1,931
Income tax expense attributable to operating profit	**$152,484**	**$259,804**

The applicable weighted average effective tax rate is 27% (2013 - 29%)

	2014	2013
	$	$

6. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Credit Union for:

- Audit of the financial statements	34,216	32,588
- Audit of the APRA returns	6,190	5,899
- Other services	7,265	6,915
	$47,671	**$45,402**

7. CASH AND LIQUID ASSETS

Imprest accounts	288,456	208,164
Deposits at call	5,357,185	4,311,310
Interest earning deposits	9,962,381	8,500,000
Floating rate note	1,504,165	-
	$17,112,187	**$13,019,474**

8. ACCRUED RECEIVABLES

Members clearing accounts	118,815	203,639
Interest receivable	73,846	62,337
	$192,661	**$265,976**

9. LOANS AND ADVANCES

Overdrafts	401,900	523,742
Visa	634,302	632,151
Term loans	69,724,090	70,881,481
	$70,560,292	**$72,037,374**
Provision for impaired loans	(87,174)	(37,977)
	$70,473,118	**$71,999,397**

9.1 Maturity Analysis

Overdrafts	401,900	523,742
Visa	634,302	632,151
Not longer than 3 months	1,069,740	1,116,722
Longer than 3 months but less than 12 months	3,063,351	4,278,668
Longer than 1 year but less than 5 years	13,177,362	17,878,328
Longer than 5 years	52,213,637	47,607,763
	$70,560,292	**$72,037,374**

	2014 $	2013 $
9.2 Security Dissection		
Secured by mortgage over real estate	62,388,466	62,347,241
Partly secured by goods mortgage	5,580,065	6,670,068
Wholly unsecured	2,591,761	3,020,065
	$70,560,292	**$72,037,374**

It is impractical to provide a valuation of the security held against loans due to the large number of assets to be valued to arrive at the amount. A breakdown of the quality of the security on a portfolio basis is as follows:

Security held as mortgages against real estate is on the basis of:		
- loan to valuation ratio of less than 80%	48,282,208	47,681,977
- loan to valuation ratio of greater than 80% and mortgage insured	12,436,051	11,957,974
- loan to valuation ratio of greater than 80% and not mortgage insured	1,670,207	2,707,290
	$62,388,466	**$62,347,241**

9.3 Concentration of Risk

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

i) Geographical Area		
- New South Wales	67,432,638	69,058,916
- Other States and Territories	3,127,654	2,978,458
	$70,560,292	**$72,037,374**

ii) Loans to members who individually have a loan and overdraft facility, which represents in total 10% or more of capital in aggregate $4,157,032 (2013 – $3,137,750).

9.4 Movement in the Provision		
Opening balance	37,977	28,866
Bad debts written off against provision	(28,057)	(69,943)
Loans provided for during the year	77,254	79,054
	$87,174	**$37,977**

9.5 Analysis of Loans that are impaired or potential impaired by class

	2014 Carrying Value	2014 Impaired Loans	2014 Provision for Impairment
Loans to members			
- Residential	62,388,527	190,209	38,042
- Personal	7,135,563	52,645	38,098
- Overdrafts/Visa	1,036,202	35,832	11,034
Total	**$70,560,292**	**$278,686**	**$87,174**

	2013 Carrying Value	2013 Impaired Loans	2013 Provision for Impairment
Loans to members			
- Residential	62,347,241	-	-
- Personal	8,534,240	231,962	36,488
- Overdrafts/Visa	1,155,893	4,564	1,489
Total	**$72,037,374**	**$236,526**	**$37,977**

It is not practicable to determine the fair value of all collateral as at reporting date due to the variety of asset conditions.

9.6 Analysis of Loans that are Impaired or Potential Impaired Based on Age of Repayments Outstanding

Days in Arrears	2014 Carrying Value	2014 Provision	2013 Carrying Value	2013 Provision
0 – 90 days	5,590	-	174,943	-
91 – 182 days	14,929	5,971	-	-
183 – 273 days	-	-	57,019	36,488
274 – 365 days	-	-	-	-
Over 365 days	222,335	70,168	-	-
Overlimit facilities over 14 days	35,832	11,035	4,564	1,489
	$278,686	**$87,174**	**$236,526**	**$37,977**

The provision based on the age of repayments outstanding has been taken from the June D2A return, and is based on the formula for impairment provided by APRA. The impaired loans are generally not secured against residential property. Some impaired loans are secured by a bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value of all collateral as at the reporting date due to the variety of assets and condition.

9.7 Assets Acquired Via Enforcement of Security

At reporting date there was one member with a current repossession order for the security of a house and car loan past due by 90 days which has not yet been recovered. (2013 – one car loan)

9.8 Loans with Repayments Past Due but not Regarded as Impaired

There are no loans past due by 90 days or more which are not considered to be impaired. (2013 – Nil)

9.9 Loans restructured

There were no loans restructured during the year. (2013 – Nil)

9.10 Key Assumptions in Determining Impairment

In the course of the preparation of the annual report the Credit Union has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as job losses or economic circumstances. In identifying the impairment likely from these events the Credit Union is required to estimate the potential impairment using the length of time the loan is in arrears and the historical losses arising in past years. Given the relatively small number of impaired loans, the circumstances may vary for each loan over time resulting in higher or lower impairment losses.

10. OTHER INVESTMENTS

	2014	2013
	$	$
Shares held with Special Service Providers		
- Ordinary shares	155,855	155,855
Shares – at cost		
- Unlisted	7,481	7,481
	$163,336	**$163,336**

The shareholding in CUSCAL is measured at cost as its fair value could not be measured reliably. This company was created to supply services to the member Credit Unions and does not have an independent business focus. These shares are held to enable the Credit Union to receive essential banking services. The shares are not able to be traded and are not redeemable.

The financial statements of CUSCAL record that the net tangible asset backing of these shares exceeds their cost value. Based on the net assets of CUSCAL, any fair value determination on these shares is likely to be greater than their cost value, but due to the nature of services supplied a market value if not able to be determined readily.

The Credit Union is not intending, nor is it able to dispose of these shares as the services supplied by the company relate to the day to day activities of the Credit Union.

11. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	$	$
Office furniture - at cost	142,906	140,323
Less: provision for depreciation	(140,051)	(139,304)
	2,855	**1,019**
Office equipment - at cost	95,765	92,882
Less: provision for depreciation	(93,122)	(92,882)
	2,643	**-**
Motor vehicles - at cost	177,201	165,108
Less: provision for depreciation	(94,103)	(107,263)
	83,098	**57,845**
EDP hardware - at cost	262,470	260,175
Less: provision for depreciation	(252,210)	(241,243)
	10,260	18,932
	$98,856	**$77,796**

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

	Office Furniture	Office Equipment	Motor Vehicles	EDP Hardware	Total
2014	$	$	$	$	$
Balance at 1 July 2013	1,019	-	57,845	18,932	77,796
Additions	2,583	2,883	65,316	2,295	73,077
Disposals	-	-	(11,904)	-	(11,904)
Depreciation expense	(747)	(240)	(28,159)	(10,967)	(40,113)
Balance at 30 June 2014	**$2,855**	**$2,643**	**$83,098**	**$10,260**	**$98,856**
2013					
Balance at 1 July 2012	1,766	137	85,381	23,357	110,641
Additions	-	-	-	9,820	9,820
Disposals	-	-	-	-	-
Depreciation expense	(747)	(137)	(27,536)	(14,245)	(42,665)
Balance at 30 June 2013	**$1,019**	**$-**	**$57,845**	**$18,932**	**$77,796**

12. INTANGIBLES

	2014	2013
	$	$
EDP software	712,890	648,033
Accumulated amortisation	(629,293)	(588,260)
	$83,597	**$59,773**

Movement in carrying amounts for each class of intangibles between the beginning and end of the current financial year.

Opening balance at 1 July	59,773	74,462
Additions	64,857	34,293
Disposals	-	(2,810)
Depreciation expense	(41,033)	(46,172)
Closing balance at 30 June	**$83,597**	**$59,773**

13. DEFERRED TAX ASSETS

Deferred tax assets	237,857	228,191
Income tax paid in advance	2,449	-
	$240,306	**$228,191**

14. OTHER ASSETS

Prepayments	$62,031	$51,610

15. DEPOSITS AND SHORT TERM BORROWINGS

Term deposits	26,181,589	28,229,603
Call deposits	46,096,734	38,861,274
Withdrawable shares	50,160	51,180
	$72,328,483	**$67,142,057**

15.1 Maturity Analysis

On call	46,146,894	38,912,454
Not longer than 3 months	15,087,485	19,447,797
Longer than 3 and not longer than 12 months	11,094,104	8,781,806
	$72,328,483	**$67,142,057**

15.2 Concentration of Deposits

i) There are no members who individually have deposits, which represent 10% or more of total liabilities (2013: Nil).

ii) Details of the geographic concentration of the deposits are set out below.

	2014	2013
	$	$
Geographical Area		
- New South Wales	70,671,441	65,270,397
- Other States and Territories	1,657,042	1,871,660
	$72,328,483	**$67,142,057**

16. PAYABLES AND OTHER LIABILITIES

Payables and accrued expenses	106,115	103,096
Accrued interest payable	308,812	392,012
Members' clearing accounts	166,995	93,201
	$581,922	**$588,309**

17. INTEREST BEARING LIABILITIES

Deposits from other ADI	3,600,000	3,600,000
TWT short term loan	-	3,000,000
	$3,600,000	**$6,600,000**

18. TAX LIABILITIES

Income tax	**$-**	**$68,615**

19. PROVISIONS

Employee leave entitlements	**$189,031**	**$160,918**
Opening balance at 1 July	160,918	161,584
Additional provisions raised during the year	87,362	42,011
Amounts used	(59,249)	(42,677)
Balance at 30 June	**$189,031**	**$160,918**

20. RESERVES

Reserve for credit losses	**$476,576**	**$492,375**

20.1 Reserve for Credit Losses

This reserve records amounts previously set aside as a General provision on loans and advances and is maintained to comply with the Prudential Standards set down by APRA.

	2014	2013
	$	$
Balance at the beginning of the year	492,375	498,812
Transfer to/from retained profits	(15,799)	(6,437)
Balance at end of year	**$476,576**	**$492,375**

21. RETAINED PROFITS

Retained profits at the beginning of the financial year	10,813,279	10,167,404
Net profit attributable to members	421,002	639,438
Transfer to/from reserves	15,799	6,437
Retained profits at the end of the financial year	**$11,250,080**	**$10,813,279**

Balance of franking credits held by the Credit Union after adjustments for credits that will arise from the payment of income tax payable as at the end of the financial year is $3,104,530 (2013 - $2,929,266). Franking credits represent reserves upon which income tax has been paid.

22. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

22.1 Names of Directors and other Key Management Personnel

During the course of the financial year the following were the key management persons of the Credit Union:

TE Bacon	RK Mills	PM Nolan	CJ Shepherd	M Bow
J Gray	J Moss	DAJ Rootes		L Bourne

22.2 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any director (whether executive or otherwise) of the Credit Union. *Control* is the power to govern the financial and operating policies of the Credit Union so as to obtain benefits from its activities.

Key Management Persons (KMP) have been taken to comprise the Directors and the two members of the executive management team during the financial year (2013 – 4), responsible for the day to day financial and operational management of the Credit Union.

The aggregate compensation of key management persons during the year comprising amounts paid or payable or provided for was as follows:

	2014	2013
	$	$
Salary and fee	249,912	287,478
Superannuation contributions	32,979	23,220
	$282,891	**$310,698**

22.2 Key Management Personnel Compensation (continued)

Compensation includes all employee benefits (as defined in AASB 119 Employee Benefits). Employee benefits are all forms of consideration paid, payable or provided by the Credit Union, or on behalf of the Credit Union, in exchange for services rendered to the Credit Union.

Compensation includes:

(i) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;

(ii) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;

(iii) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;

(iv) termination benefits; and

(v) share-based payment.

22.3 Loans to Key Management Persons

Loans provided to key management persons are on conditions no more favourable than those extended to members. Security has been obtained for these loans in accordance with the Credit Union's lending policy.

There is no provision for impairment in relation to any loan extended to key management persons. No loan impairment expense in relation to these loans has been recognised during the year.

There are no benefits on concessional terms and conditions applicable to the close family members of the key management persons. There are no loans which are impaired in relation to the loan balances with close family relatives of directors and management.

	2014 $	2013 $
Aggregate value of loans and overdrafts to Directors and other Key Management Personnel at reporting date	$924,614	$962,162
Aggregate value of loans disbursed to Directors and Key Management Personnel during the year	$4,000	$-
Aggregate value of revolving credit facilities limits granted or increased to Directors and Key Management Personnel during the year	$-	$-
Interest earned on loans and revolving credit facilities to Directors and Key Management Personnel during the year	$43,882	$55,079

	2014 $	2013 $
22.4 Savings of Key Management Personnel		
Total value of term and savings deposits from Directors and Key Management Personnel at reporting date	$417,157	$765,383
Total interest paid on deposits to Directors and Key Management Personnel during the year	$20,817	$27,755

Directors and key management personnel have received interest on deposits with the Credit Union during the financial year. Interest has been paid on terms and conditions no more favourable to those available on similar transactions to members of the Credit Union.

22.5 Other Transactions with Related Parties

Other transactions between related parties include deposits from Directors and their Directors related entities, which are received on the same terms and conditions as applicable to members.

There were no benefits paid or payable to the close family members of the key management personnel.

There are no service contracts to which key management personnel or their close family members are an interested party.

The Credit Union's policy for receiving deposits from other related parties and, in respect of other related party transactions, is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit.

23. EXPENDITURE AND CREDIT COMMITMENTS

23.1 Future Capital Commitments

At 30 June 2014 the Credit Union has no future capital commitments (2013: $Nil).

	2014 $	2013 $
23.2 Lease Expenditure Commitments		
Operating leases		
Within 1 year	-	26,977
1 to 5 years	-	-
	$-	**$26,977**

	2014 $	2013 $

23.3 Other Expenditure Commitments

The costs committed under contracts with Ultradata and TransAction Solutions Pty Ltd are as follows:

	2014 $	2013 $
Within 1 year	149,120	168,968
1 to 5 years	-	149,120
	$149,120	**$318,088**

23.4 Outstanding Loan Commitments

Loans approved by the Board but not funded as at 30 June 2014 amounted to $2,700,241 (2013: $1,674,434).

The withdrawal of these funds is at the discretion of the Board subject to available liquid funds. It is anticipated all of the commitment will be paid within 12 months.

23.5 Unfunded Loan Facilities

Loan facilities to members for overdrafts approved but unfunded at 30 June 2014 amounted to $2,363,758 (2013: $2,289,287). Total facilities increased by $74,470 during the year (2013: decrease of $76,400). There are no restrictions to withdrawal of the funds provided normal payments are maintained.

23.6 Other

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 the members. The Credit Union applies the same credit policies and assessment criteria in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet loan assets. The Credit Union holds collateral supporting these commitments where it is deemed necessary.

24. STANDBY BORROWING FACILITIES

The Credit Union has gross borrowing facilities with CUSCAL of:

	2014 $	2013 $
Loan facility		
Gross	1,600,000	1,600,000
Current borrowing	-	-
Net available	**$1,600,000**	**$1,600,000**

	2014	2013
	$	$

24. STANDBY BORROWING FACILITIES (continued)

Loan facility – TWT Fund		
Gross	5,000,000	5,000,000
Current borrowing	-	(3,000,000)
Net available	**$5,000,000**	**$2,000,000**

Overdraft facility		
Gross	300,000	300,000
Current borrowing	-	-
Net available	**$300,000**	**$300,000**

There are no restrictions as to withdrawal of these funds. The borrowing facilities are secured by a fixed and floating charge over the assets of the Credit Union.

25. CONTINGENT LIABILITIES

Credit Union Financial Support System

The Credit Union is a participant in the Credit Union financial support scheme (CUFSS). The purpose of the CUFSS is to protect the interests of Credit Union members, increase stability in the industry and provide liquidity in excess of current borrowing limits in times of need.

An Industry Support Contract made on the 4 March 1999 between Credit Union Services Corporation (Australia) Limited, (CUSCAL), Credit Union Financial Support System Limited and participating Credit Unions required the Credit Union to execute an equitable charge in favour of CUSCAL. The charge is a fixed and floating charge over the assets and undertakings of the Credit Union and secures any advances which may be made to the Credit Union under the scheme. The balance of the debt at 30 June 2014 was $Nil (2013: $Nil).

There are no other contingent liabilities at reporting date or the date of this report.

26. ECONOMIC DEPENDENCY

The Credit Union has an economic dependency on the following suppliers of services:

Credit Union Services Corporation (Australia) Limited - (CUSCAL)
This entity supplies financial banking services to the Credit Union and is an approved Special Service Provider for the provision of financial intermediation services. The Credit Union has invested most of its high quality liquid assets and operating liquid assets with the entity to maximise return on funds and to comply with the Emergency Liquidity Support requirements under the Prudential Standards.

This entity also supplies the Credit Union rights to members' cheques and Visa cards in Australia and provides services in the form of settlement with bankers for members' cheques and Visa card transactions and the production of Visa cards for use by members.

This entity also operates the switching computer used to link Visa cards operated through rediATM's and other approved EFT suppliers to the Credit Union's EDP systems.

Ultradata Australia Pty Limited
This company provides and maintains the application software utilised by the Credit Union.

TransAction Solutions Pty Ltd (TAS)
This entity provides computing services to the Credit Union.

27. SEGMENTAL REPORTING

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

28. CASH FLOW INFORMATION

28.1 Cash flows presented on a net basis

Cash arising from the following activities are presented on a net basis in the Statement of Cash Flows:

(i) member deposits to and withdrawals from savings, money market and other deposit accounts;

ii) sales and purchases of maturing certificates of deposit;

28.2 Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call with other financial institutions. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2014 $	2013 $
Cash on hand and at SSP's	5,645,641	4,519,474
Interest earning deposits	9,962,381	8,500,000
Floating rate note	1,504,165	-
Cash as per Statement of Cash Flows	**$17,112,187**	**$13,019,474**

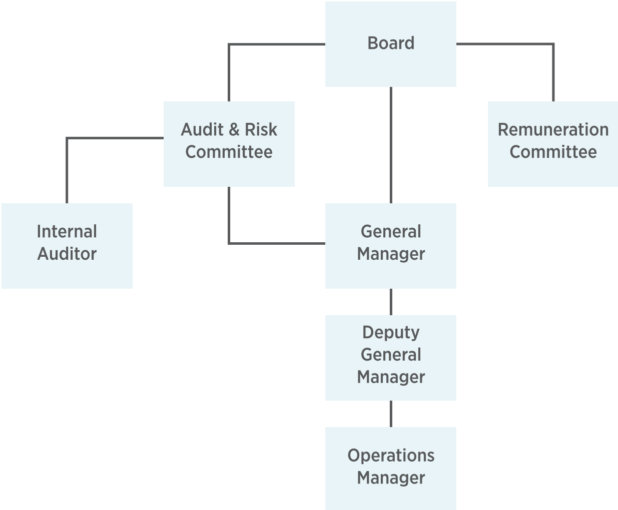
28.3 Reconciliation of Net Cash Provided by Operating Activities to Net Profit for the year after Income Tax expense

Operating profit after tax	421,002	639,438
Non cash flow items:		
Employee leave entitlements	28,113	(666)
Depreciation and amortisation	81,146	88,837
Gain on disposal of assets	(19,460)	-
Bad debts written off	77,254	79,055
Changes in assets and liabilities:		
Decrease/(increase) in accrued receivables	73,315	188,466
(Increase)/decrease in prepayments	(10,421)	(36,736)
(Increase)/decrease in deferred tax assets	(9,666)	6,862
(Decrease)/increase in payables	(6,387)	(99,443)
(Decrease)/increase in provision for income tax	(71,064)	53,452
Net cash from revenue activities	**$563,832**	**$919,265**
Non-revenue operations		
Movement in members loans	1,449,025	1,341,956
	$2,012,857	**$2,261,221**

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

INTRODUCTION

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Credit Union. The Credit Union's risk management focuses on the major areas of market risk, credit risk, and operational risk. Authority flows from the Board of Directors to the Audit and Risk Committee which are integral to the management of risk. The following diagram gives an overview of the structure.



The diagram shows the risk management structure. The main elements of risk governance are as follows:

Board: This is the primary governing body. It approves the level of risk which the Credit Union is exposed to and the framework for reporting and mitigating those risks.

Audit and Risk Committee: Its key role in risk management is the assessment of the controls that are in place to mitigate risks. The Audit and Risk Committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The Audit and Risk Committee receives the internal audit reports on assessment and compliance with the controls, and provides feedback to the Board and General Manager.

The Audit and Risk Committee should discharge the following additional responsibilities:

- formulation of the Credit Union's Risk Strategy;
- determining policies to ensure that the Credit Union's Risk Strategy is adhered to; and
- monitoring adherence to those policies.

This requirement is reflected in the Charter of the Audit and Risk Committee.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Remuneration Committee: Its key role is to ensure that the Credit Union's remuneration arrangements align with its circumstances and advance the Credit Union's mission of serving its members. The Remuneration Committee is to also ensure that the Credit Union's Remuneration Policy and practices appropriately aligns remuneration and risk management in compliance with CPS 510: Governance and PPG 511: Remuneration.

General Manager: This person has responsibility for both liaising with the operational function to ensure timely production of information for the Audit and Risk Committee and ensuring that instructions passed down from the Board via the Audit and Risk Committee are implemented.

Internal Audit: Internal audit has responsibility for implementing the controls testing and assessment as required by the Audit and Risk Committee.

Key risk management policies encompassed in the overall risk management framework include:

- Interest rate risk;
- Liquidity management;
- Credit risk management; and
- Operations risk management including data risk management.

A. MARKET RISK AND HEDGING POLICY

The objective of the Credit Union's market risk management is to manage and control market risk exposures in order to optimise risk and return.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities will have an adverse effect on the Credit Union's financial condition or results. The Credit Union is not exposed to currency risk, and other significant price risk. The Credit Union does not trade in the financial instruments it holds on its books. The Credit Union is exposed only to interest rate risk arising from changes in market interest rates.

The management of market risk is the responsibility of the Audit and Risk Committee, which reports directly to the Board.

Interest Rate Risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to the changes in interest rates.

Most banks are exposed to interest rate risk within its Treasury operations. This Credit Union does not have a treasury operation and does not trade in financial instruments.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest Rate Risk in the Banking Book

The Credit Union is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets and liabilities.

The interest rate risk on the banking book is measured monthly, and reported to the Board by the General Manager.

In the banking book the most common risk the Credit Union faces arises from fixed rate assets and liabilities. This exposes the Credit Union to risk of sensitivity should interest rates change.

The level of mismatch on the banking book is set out in Note 30 below. The table set out in Note 30 displays the period that each asset and liability will reprice as at reporting date. The risk is not considered significant to warrant the use of derivatives to mitigate this risk.

Method of Managing Risk

The Credit Union manages its interest rate risk by the use of interest rate sensitivity analysis, the detail and assumptions used are set out below.

Interest Rate Sensitivity

The Credit Union's exposure to market risk is measured and monitored using interest rate sensitivity models.

The policy of the Credit Union to manage the risk is to maintain a balanced 'on book' strategy by ensuring the net interest rate gaps between assets and liabilities are not excessive. The gap is measured monthly to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed rate interest products available through investment assets, and term deposits to rectify the imbalance to within acceptable levels. The policy of the Credit Union is not to undertake derivatives to match the interest rate risks. The Credit Union's exposure to interest rate risk is set out in Note 30 which details the contractual interest change profile.

Based on calculations as at 30 June 2014, the net profit impact for a 1% movement in interest rates would be $100,974 (2013 - $90,259).

The Credit Union performs a sensitivity analysis to measure market risk exposures.

The method used in determining the sensitivity was to evaluate the profit based on the timing of the interest repricing on the banking book of the Credit Union for the next 12 months. In doing the calculation the assumptions applied were that:

- the interest rate change would be applied equally over to the loan products and term deposits;
- the rate change would be as at the beginning of the 12 month period and no other rate changes would be effective during the period;
- the term deposits would all reprice to the new interest rate at the term maturity, or be replaced by a deposit with similar terms and rates applicable;
- savings deposits would not reprice in the event of a rate change;
- mortgage loans and personal loans would all reprice to the new interest rate within 28 days;
- all loans would be repaid in accordance with the current average repayment rate (or contractual repayment terms);
- the value and mix of call savings to term deposits will be unchanged; and
- the value and mix of personal loans to mortgage loans will be unchanged.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

There has been no change to the Credit Union's exposure to market risk or the way the Credit Union manages and measures market risk in the reporting period.

Price Risk – Equity Investments

The Credit Union is not exposed to price risk on the value of shares.

B. LIQUIDITY RISK

Liquidity risk is the risk that the Credit Union may encounter difficulties raising funds to meet commitments associated with financial instruments, eg. borrowing repayments or member withdrawal demands. It is the policy of the Board of Directors that treasury maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the prudential liquidity ratio daily.

The Credit Union has a longstanding arrangement with the industry liquidity support service, Credit Union Financial Support Services (CUFSS) which can access industry funds to provide support to the Credit Union should support be necessary at short notice.

The Credit Union is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 24 hours under the APRA Prudential Standards. The Credit Union policy is to apply 15% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level the management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits, or borrowing facilities available. Note 24 describes the borrowing facilities as at reporting date. These facilities are in addition to the support from CUFSS.

The maturity profile of the financial liabilities, based on the contractual repayment terms are set out in the specific note 30. The ratio of liquid funds over the past year is set out below:

APRA	2014	2013
	%	%
To total adjusted liabilities		
As at 30 June	16.17	14.75
Minimum during the year	14.94	14.68
To total member deposits		
As at 30 June	18.13	17.16

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

C. CREDIT RISK

Credit risk is the risk that members, financial institutions and other counterparties will be unable to meet their obligations to the Credit Union which may result in financial losses. Credit risk arises principally from the Credit Union's loan book and investment assets.

Credit Risk – Loans

Loans to	2014 Carrying Value $	2014 Off Balance Sheet $	2014 Max Exposure $	2013 Carrying Value $	2013 Off Balance Sheet $	2013 Max Exposure $
Residential	62,388,527	7,354,387	69,742,914	62,347,241	1,472,830	63,820,071
Personal	7,135,563	659,666	7,795,229	8,534,240	201,604	8,735,844
Overdraft/Visa	1,036,202	2,303,519	3,339,721	1,155,893	3,445,180	4,601,073
Total	**$70,560,292**	**$10,317,572**	**$80,877,864**	**$72,037,374**	**$5,119,614**	**$77,156,988**

Carrying value is the value on the statement of financial position. Maximum exposure is the value on the statement of financial position plus the undrawn facilities (Loans approved not advanced, redraw facilities; lines of credit facilities; overdraft facilities; credit card limits).

All loans and facilities are within Australia. Concentrations are described in note 9.

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter on a weekly basis. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are creditworthy (capable of meeting loan repayments).

The Credit Union has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure over the value to individual borrowers, non mortgage secured loans, commercial lending and concentrations to geographic and industry Credit Unions considered at high risk of default;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures;
- Review of compliance with the above policies.

A regular review of compliance is conducted as part of the internal audit scope.

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with the Credit Union that requires interest and a portion of the principle to be paid every month. On the first day of the month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings. Once the past due exceeds 90 days the loans is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Daily reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days. For loans where repayments are doubtful, external consultants are engaged to conduct recovery action once the loan is over 90 days in arrears. The exposures to losses arise predominately in the personal loans and facilities not secured by registered mortgages over real estate.

If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss. Based on the net present value of future anticipated cash flows, is recognised in the statement of comprehensive income. In estimating these cash flows, management makes judgments about a counterparty's financial situation and the net realisable value of any underlying collateral.

In addition to specific provisions against individually significant assets, the Credit Union makes collective assessments for each financial asset portfolio segmented by similar risk characteristics.

Statement of financial position provisions are maintained at a level that management deems sufficient to absorb probable incurred losses in the Credit Union's portfolio from homogenous portfolios of assets and individually identified loans.

A provision for incurred losses is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered. Specific loans and portfolios of assets are provided against depending on a number of factors including deterioration in country risk, changes in a counterparty's industry, and technological developments, as well as identified structural weaknesses or deterioration in cash flows.

The provisions for impaired and past due exposures relate to the loans to members.

Past due value is the 'on balance sheet' loan balances which are past due by 90 days or more.

Details are as set out in Note 9.

Bad debts

Amounts are written off when collection of the loan or advance is considered to be remote. All write offs are on a case by case basis, taking account of the exposure at the date of the write off.

On secure loans, the write off takes place on ultimate realisation of collateral value, or from claims on any lenders mortgage insurance.

A reconciliation in the movement of both past due and impaired exposure provisions is provided in Note 9.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Collateral Securing Loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Credit Union is exposed to risks in the reduction the Loan to Valuation ratio (LVR) cover should the property market be subject to a decline.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken.

The Board policy is to maintain at least 70% of the loans in well secured residential mortgages which carry an 80% loan to valuation ratio or less. Note 9 describes the nature and extent of the security held against the loans held as at reporting date.

Concentration risk – Individuals

Concentration risk is a measurement of the Credit Union's exposure to an individual counterparty (or Credit Union of related parties). If prudential limits are exceeded as a proportion of the Credit Union's regulatory capital (10%) a large exposure is considered to exist. No capital is required to be held against these but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark, to be higher than acceptable.

The aggregate value of large exposure loans are set out in Note 9. (The Credit Union holds no significant concentrations of exposures to members). Concentration exposures to counterparties are closely monitored with annual reviews being prepared for all exposures over 5% of the capital base.

The Credit Union's policy on exposures of this size is to insist on an initial Loan to Valuation ratio (LVR) of at least 80% and bi-annual reviews of compliance with this policy are conducted.

Concentration risk – Industry

There is no concentration of credit risk with respect to loans and receivables as the Credit Union has a large number of customers dispersed in areas of employment.

The Credit Union has a concentration in the retail lending for members who comprise employees and family in the electricity industry and all levels of government. This concentration is considered acceptable on the basis that the Credit Union was formed to service these members, and the employment concentration is not exclusive. Should members leave the industry the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans. The details of the geographical concentrations are set out in Note 9.

Credit Risk – Liquid Investments

The Investment Policy of Macquarie Credit Union governs investments made by the Credit Union in Minimum Liquidity Holding assets ("MLH", as defined by APRA in APS210: Liquidity), and "non-MLH" assets which constitute loans and advances made to other Authorised Deposit Taking Institutions ("ADIs") that are not classified as MLH assets due to the rating of the institution, the type of product, or the structure of the product falling outside the definition of MLH.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Each MLH investment must be made with an APRA regulated ADI in accordance with the following Capital Base limits (expressed as a percentage of Credit Union's capital base, as reported in the Credit Union's APS330 Return the previous quarter), with a maximum dollar value as follows:

	Tier Limit (% of Capital Base) Max Tier Exposure ($)	**Institution Limit (% of Cap Base) Max Institution Exposure ($)**
Cuscal & Government	500%	500%
AA- Australian Major Bank	100% / $11m	50% / $5.5m
AA- and above (other)	50% / $5.5m	50% / $5.5m
A- to A+ ADIs	50% / $5.5m	50% / $5.5m
BBB- to BBB+ ADIs	50% / $5.5m	25% / $2.75m
Unrated ADIs	Nil / Nil	Nil / Nil

Each Non-MLH investment must be made with an Australian ADI in accordance with the following limits, with a maximum dollar value as follows:

	Institution Limit Max Institution Exposure ($)	**Non-MLH Portfolio Limit Max Exposure ($)**
Australian Credit Unions (Assets above $100m)	$1 million	$5 million
Other Australian Credit Unions (Assets below $100m)	$500,000	$2 million

There is a concentration of credit risk with respect to investment receivables with the placement of investments in CUSCAL. The credit policy is that investments are only made to institutions that are credit worthy.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

External Credit Assessment for Institution Investments

The exposure values associated with each credit quality step are as follows:

Investments with	2014 Carrying value $	2014 Past due value $	2014 Provision $	2013 Carrying value $	2013 Past due value $	2013 Provision $
CUSCAL	2,000,000	-	-	2,000,000	-	-
Banks	4,970,540	-	-	3,500,000	-	-
Other ADI	4,496,006	-	-	3,000,000	-	-
Total	**$11,466,546**	**-**	**-**	**$8,500,000**	**-**	**-**

D. OPERATIONAL RISK

Operational risk is the risk of loss to the Credit Union resulting from deficiencies in process, personnel, technology, infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in the Credit Union relate mainly to those risks arising from a number of sources including legal compliance, business continuity, data infrastructure, outsourced services failures, fraud, and employee errors.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses through the implementation of controls, whilst avoiding procedures which inhibit innovation and creativity. These risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact. Systems of internal control are enhanced through:

- the segregation of duties between employee duties and functions, including approval and processing duties;
- documentation of the policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of error and inappropriate behaviour;
- implementation of the whistleblowing policies to promote a complaint cultures and awareness of the duty to report exceptions by staff;
- education of members to review their account statements and report exceptions to the Credit Union promptly;
- effective dispute resolution procedures to respond to member complaints;
- effective insurance arrangements to reduce the impact of losses;
- contingency plans for dealing with the loss of functionality of systems or premises or staff.

Fraud

Fraud can arise from member card PINS, and internet passwords being compromised where not protected adequately by the member. It can also arise from other systems failures. The Credit Union has systems in place which are considered to be robust enough to prevent any material fraud. However, in common with all retail banks, fraud is potentially a real cost to the Credit Union. Fraud losses have been from card skimming and internet password theft.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

IT Systems

The worst case scenario would be the failure of the Credit Union's core banking system and IT network suppliers, to meet customer obligations and service requirements. The Credit Union has outsourced the IT systems management to an Independent Data Processing Centre (IDPC) which is owned by a collection of Credit Unions. This organisation has the experience in–house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf of the Credit Union by CUSCAL to service the settlements with other financial institutions for direct entry, ATM and Visa cards, and BPay etc.

A full disaster recovery plan is in place to cover medium to long-term problems which is considered to mitigate the risk to an extent such that there is no need for any further capital to be allocated.

E. CAPITAL MANAGEMENT

The capital levels are prescribed by Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards capital is determined in three components:

- Credit risk;
- Market risk (trading book);
- Operations risk.

The market risk component is not required as the Credit Union is not engaged in a trading book for financial instruments.

Capital Resources

Tier 1 Capital

The vast majority of Tier 1 capital comprises:

- Preference share capital;
- Retained profits;
- Realised reserves.

The preference shares issues are approved by APRA and qualify as Tier 1 capital.

Tier 2 Capital

Tier 2 capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption and funding flexibility features of equity. There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital resources as set down by APRA.

Tier 2 capital generally comprises:

- Available for sale reserves which arises from the revaluation of financial instruments categorised as available for sale and reflects the net gains in fair value of those assets in the year. This is included within upper Tier 2 capital.
- A subordinated loan, which is not applicable to the Credit Union.
- A general reserve for credit losses.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 30 June 2014, the Credit Union's capital comprises:

Tier 1 Capital	**June 2014**
	$
Fundamental Tier 1 Capital:	
- Retained earnings	10,813,279
- Transfer to general reserve	15,799
- Current year earnings net of expected dividends and tax expenses	421,002
Gross Tier 1 Capital	**11,250,080**
Deductions from Tier 1 Capital:	
- Deferred tax assets	240,306
- Information technology assets	83,597
- Equity in other ADI's	155,855
	479,758
Net Tier 1 Capital	**10,770,322**
Tier 2 Capital	
Upper Tier 2 Capital	
- General reserve for credit losses	476,576
Deductions from Tier 2 Capital	-
Net Tier 2 Capital	**$476,576**
Capital Base	**11,246,898**

At 30 June 2014, the Credit Union's risk weighted assets reported to APRA were as follows:

Credit Risk Items	**June 2014**
Credit Risk Items – Standardised Approach	
- On and Off Balance Sheet	39,952,681
Operational Risk	
- Standardised Approach	5,448,229
Market Risk	-
Total Risk Weighted Assets	**$45,400,910**
Capital Adequacy Ratio	**24.77%**

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

To manage the Credit Union's capital the Credit Union reviews the ratio monthly and monitors major movements in the asset levels. If the capital adequacy ratio declines by more than 0.5% for 3 consecutive quarters or reaches 17%, Management advises the Board. Management's advice will show how growth, profit levels, mix of loan products and the acquisition of other assets has affected the capital adequacy ratio.

Pillar 2 Capital on Operational Risk

The Credit Union uses the Standardised approach which is considered to be the most suitable for its business given the small number of distinct transaction streams. The operational risk capital requirement is calculated by mapping the Credit Union's three year average net interest and net non-interest income to the Credit Union's various business lines.

Based on this approach, the Credit Union's operational risk requirement is $5,448,229.

Internal Capital Adequacy Management

The Credit Union manages its internal capital levels for both current and future activities through the Audit and Risk Committee. The output of the Audit and Risk Committee is reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Credit Union's forecasts for asset growth, or unforeseen circumstances are assessed by the Board.

30. FINANCIAL INSTRUMENTS

30.1 Terms, Conditions and Accounting Policies

The Credit Union's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
(i) Financial assets			
Loans and advances	9	The loan interest is calculated on the daily balance outstanding and is charged in arrears to a member's account on the last day of each month, and on the 3rd day for overdrafts.	All housing loans are secured by registered mortgages. The remaining loans are assessed on an individual basis.
Short-term deposits	7	Short-term deposits are stated at the lower of cost and net realisable value. Interest is recognised in the profit and loss when earned.	Short-term deposits have an average maturity of 30 days and effective interest rates of 3.5% to 4.5%.
Unlisted shares	10	Unlisted shares are carried at the lower of cost or recoverable amount. Dividend income is recognised when the dividends are received.	
Listed Shares	10	Listed shares are valued at market value. Dividend income is recognised when the dividends are received.	

30.1 Terms, Conditions and Accounting Policies (continued)

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
Accrued Receivables	8	The carrying value of receivables is at their nominal amounts due.	
(ii) Financial liabilities			
Bank overdrafts	15	The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate.
Payables and other liabilities	16	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Credit Union.	Trade liabilities are normally settled on 30 day terms.
Deposits and short term borrowings	15	Deposits are recorded at the principal amount.	Details of maturity terms are set out in Note 15.

30.2 Net Fair Values

Net fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability.

Significant assumptions used in the determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts.

The information is only relevant to circumstances at reporting date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Credit Union, and there is no active market to assess the value of the financial assets and liabilities.

	Total carrying amount in the statement of financial position		Aggregate net fair value	
	2014	2013	2014	2013
	$	$	$	$
Financial assets				
Cash and liquid assets	17,112,187	13,019,474	17,112,187	13,019,474
Accrued receivables	192,661	265,976	192,661	265,976
Other investments	163,336	163,336	163,336	163,336
Loans and advances	70,473,118	71,999,397	70,194,432	71,762,871
Total financial assets	**$87,941,302**	**$85,448,183**	**$87,662,616**	**$85,211,657**

30.2 Net Fair Values (continued)

	Total carrying amount in the statement of financial position		Aggregate net fair value	
	2014	2013	2014	2013
	$	$	$	$
Financial liabilities				
Deposits and short term borrowings	72,328,483	67,142,057	72,328,483	67,142,057
Payables and other liabilities	581,922	588,309	581,922	588,309
Interest bearing liabilities	3,600,000	6,600,000	3,600,000	6,600,000
Total financial liabilities	**$76,510,405**	**$74,330,366**	**$76,510,405**	**$74,330,366**

The net fair value estimates were determined by the following methodologies and assumptions:

Cash and liquid assets

The carrying values of cash and liquid assets approximate their net fair value as they are short term in nature or are receivable on demand.

Accrued receivables

The carrying amounts approximate fair value because they are short term in nature.

Loan and other advances

For variable rate loans (excluding impaired loans) the amount shown in the statement of financial position is considered to be a reasonable estimate of net fair value.

Other investments

For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Other financial liabilities

This includes interest payable and unrealised expenses payable for which the carrying amount is considered to be a reasonable estimate of net fair value. For liabilities which are long term, net fair values have been estimated using the rates currently offered for similar liabilities with remaining maturities.

Receivables

The carrying amounts approximate fair value because they are short term in nature.

30.2 Net Fair Values (continued)

Payables and other liabilities

The carrying amounts approximate fair value as they are short term in nature.

Members deposits

This includes interest and unrealised expenses payable for which the carrying amount is considered to be reasonable estimate of net fair value. For liabilities, which are long term, net fair values have been estimated using the rates currently offered for similar liabilities with remaining maturities. The fair value of deposits at call is the amount payable on demand at the reporting date.

30.3 Credit Risk Exposures

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

30.4 Concentrations of Credit Risk

The Credit Union minimises concentrations of credit risk in relation to loans receivable by undertaking transactions with a large number of members.

30.5 Interest rate risk

The Credit Union's exposure to interest rate risks which is the risk that a financial instruments value will fluctuate as a result of changes in market rates and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at reporting date, are as follows:-

Financial instruments	Floating interest rate		1 year or less		1 to 5 Years		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$	$	$	%	%
(i) Financial assets												
Cash and liquid assets	5,357,185	4,311,310	9,962,381	8,500,000	1,504,165	-	288,456	208,164	17,112,187	13,019,474	3.7	3.9
Accrued receivables	-	-	-	-	-	-	192,661	265,976	192,661	265,976	-	-
Other investments	-	-	-	-	-	-	163,336	163,336	163,336	163,336	-	-
Loans and advances	70,473,118	71,999,397	-	-	-	-	-	-	70,473,118	71,999,397	6.0	6.7
Total financial assets	**$75,830,303**	**$76,310,707**	**$9,962,381**	**$8,500,000**	**$1,504,165**	**-**	**$644,453**	**$637,476**	**$87,941,302**	**$85,448,183**		
(ii) Financial liabilities												
Deposits and short term borrowings	46,096,734	38,861,274	26,181,589	28,229,603	-	-	50,160	51,180	72,328,483	67,142,057	2.7	3.2
Payables and other liabilities	-	-	-	-	-	-	581,922	588,309	581,922	588,309	-	-
Interest bearing liabilities	-	3,000,000	3,600,000	3,600,000	-	-	-	-	3,600,000	6,600,000	3.8	4.3
Total financial liabilities	**$46,096,734**	**$41,861,274**	**$29,781,589**	**$31,829,603**	**-**	**-**	**$632,082**	**$639,489**	**$76,510,405**	**$74,330,366**		

30.6 Maturity profile of financial instruments

Monetary liabilities have differing maturity profiles depending on the contractual term. The table below shows the period in which different financial instruments will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding and interest will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event that current repayment conditions are varied. Financial assets and liabilities are at the undiscounted values including future interest expected to be earned or paid. Accordingly these values will not agree to the statement of financial position.

Financial instruments	Within 3 months		3-12 months		1-5 Years		> 5 years		At Call		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$	$	$	$	$
(i) Financial assets												
Cash and liquid assets	7,061,874	6,577,500	3,020,504	2,031,796	1,565,692	-	-	-	5,660,490	4,534,993	17,308,560	13,144,289
Accrued receivables	-	-	-	-	-	-	-	-	118,815	203,639	118,815	203,639
Loans to members	2,129,853	2,255,991	6,044,559	6,362,698	26,433,565	27,740,100	82,126,022	86,704,028	-	-	116,733,999	123,062,817
Other investments	-	-	-	-	-	-	-	-	163,336	163,336	163,336	163,336
Total financial assets	**$9,191,727**	**$8,833,491**	**$11,194,916**	**$8,394,494**	**$36,173,669**	**$27,740,100**	**$116,733,999**	**$86,704,028**	**$5,942,641**	**$4,901,968**	**$179,236,952**	**$136,574,081**
(ii) Financial liabilities												
Deposits	16,087,548	17,538,536	11,335,265	12,023,931	-	-	-	-	46,146,894	38,912,454	73,569,707	68,474,921
Interest bearing liabilities	3,164,238	6,193,173	508,523	510,779	-	-	-	-	-	-	3,672,761	6,703,952
Payables and other liabilities	-	-	-	-	-	-	-	-	273,110	196,297	273,110	196,297
Total financial liabilities	**$19,251,786**	**$23,731,709**	**$11,843,788**	**$12,534,710**	**-**	**-**	**-**	**-**	**$46,420,004**	**$39,108,751**	**$77,515,578**	**$75,375,170**

31. FAIR VALUE MEASUREMENTS

The Credit Union measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through profit and loss; and
- Available-for-sale financial assets.

The Credit Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a no-recurring basis.

a. Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Valuation techniques

The fair values of assets and liabilities that are not traded in an active market are determined by using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Credit Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Credit Union are consistent with one or more of the following valuation approaches.

- ***Market approach:*** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- ***Income approach:*** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- ***Cost approach:*** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

31. FAIR VALUE MEASUREMENTS (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Credit Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Credit Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

30 June 2014

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements *Financial assets* Available for sale financial assets:					
- shares in unlisted companies	10	-	163,336	-	163,336
Total financial assets recognised at fair value		**-**	**$163,336**	**-**	**$163,336**
Non-financial assets					
Intangible - EDP software	12	-	83,597	-	83,597
Total non-financial assets recognised at fair value		**-**	**$83,597**	**-**	**$83,597**

30 June 2013

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements *Financial assets* Available for sale financial assets:					
- shares in unlisted companies	10	-	163,336	-	163,336
Total financial assets recognised at fair value		**-**	**$163,336**	**-**	**$163,336**
Non-financial assets					
Intangible - EDP software	12	-	59,773	-	59,773
Total non-financial assets recognised at fair value		**-**	**$59,773**	**-**	**$59,773**

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2013: no transfers).

31. FAIR VALUE MEASUREMENTS (continued)

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair value at 30 June 2014	Valuation Technique(s)	Inputs Used
Financial assets			
Shares in unlisted companies	$163,336	Market approach using sector price-earnings ratio of similar size listed entices	Sector Price earnings ratios
Non-financial assets			
Intangible - EDP software	$83,597	Market approach using recent observable market data for similar products; income approach using discounted cash flow methodology	Average replacement cost of similar products.

There were no changes during the period in the valuation techniques used by the Credit Union to determine Level 2 fair values.

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes.

- Loans and advances;

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
Assets				
Loan and advances	30	2	Income approach using discounted cash flow methodology	Market interest rates for similar assets

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

32. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The following Australian Accounting Standards have been issued or amended and are applicable to the Credit Union but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

- AASB 9: Financial Instruments (December 2011) (applicable for annual reporting periods commencing on or after 1 January 2017). This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The Credit Union has not yet determined any potential impact on the financial statements.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

  - removing the tainting rules associated with held-to-maturity assets;

  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

  The amendments are not expected to significantly impact to the Credit Union.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable to annual reporting periods commencing on or after 1 January 2014).

  This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  This Standard is not expected to significantly impact the Credit Union.

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosure for Non Financial Assets (applicable to annual reporting periods commencing on or after 1 January 2014). This Standard amends the disclosure requirements in AASB 136: Impairment of assets pertaining to the use of fair value in impairment assessment.

  This Standard is not expected to significantly impact the Credit Union.

The Credit Union does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the Credit Union's financial statements.

33. CHANGE IN ACCOUNTING POLICY

Under AGN220.2 Impairment, Provisioning and the General Reserve for Credit Losses the Credit Union is required to maintain a general reserve for credit losses so it has an adequate reserve to absorb existing and estimated future credit losses. During the year the Credit Union amended its calculation for the reserve for credit losses. The previous policy was to provide a reserve for 1.2% of the loan book with a general estimate for other factors. The new policy is for the reserve to be calculated on four components:

- Write off history
- General economic and social condition history
- Industry or other credit concentrations and
- New business activities which materially change the overall risk profile.

The new policy is believe to be more reflective of the Credit Union operations and has less subjectivity in the calculation. The new policy will be applied retrospectively from the 1 July 2010 when the old calculation came into effect.

The change has affected the financial statements as follows:

Account	Report Audited Balance $	Adjustment $	New Balance $
2011			
Deferred tax assets	237,104	(7,302)	229,802
Retained profits	9,192,362	332,776	9,525,138
General reserve for credit losses	811,648	(340,078)	471,570
2012			
Deferred tax assets	234,182	871	235,053
Retained profits	9,853,697	313,707	10,167,404
General reserve for credit losses	811,648	(312,836)	498,812
2013			
Deferred tax assets	229,251	(1,060)	228,191
Retained profits	10,495,066	318,213	10,813,279
General reserve for credit losses	811,648	(319,273)	492,375

34. COMPANY DETAILS

The registered office of the Credit Union is:-

Macquarie Credit Union Limited
23 Hawthorn Street
Dubbo NSW 2830

(End of Audited Financial Statements)

Luka Group
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MACQUARIE CREDIT UNION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Macquarie Credit Union Limited, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Credit Union at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The directors of the Credit Union are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (AIFRS) ensures that the financial statements, comprising the financial statements and notes, complies with AIFRS.

Audit Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Credit Union's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Chartered Accountants

COVER OF EXCELLENCE

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial statements of Macquarie Credit Union Limited for the year ended 30 June 2014 included on the Credit Union's web site. The Credit Union's directors are responsible for the integrity of the Credit Union's web site. The audit report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Auditor's Opinion

In our opinion:

(a) the financial statements of Macquarie Credit Union is 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 2014 and of their performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Luka Group

LUKA GROUP

2 River Street
Dubbo
Dated: 27 August 2014

JM SHANKS
PARTNER

Chartered Accountants

COVER OF EXCELLENCE

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Credit Union Contacts

Bogan Shire Council	C Ellison
Bourke/Brewarrina Essential Energy	C Brown
Bourke Shire Council	L Brown
Bulahdelah Essential Energy	M Cook
Cobar Essential Energy	M Davies
Coffs Harbour Essential Energy	D Hayes
Coonabarabran Essential Energy	L Roberts
Coonamble MPHS	L Burheim
Coonamble Shire Council	V Fulmer
Dubbo Base Hospital	P Woodward
Dubbo City Council	W Sonneman
Dubbo Essential Energy	J Morrison
Dubbo Essential Energy FSC	R Howell/W Amor
Dunedoo Essential Energy	S Curtis
Dungog Essential Energy	J Middlebrook
Gilgandra District Hospital	K McWhirter
Gilgandra Essential Energy	M Colwell
Gilgandra Shire Council	J Henry
Gloucester Essential Energy	R Smith
Gulgong Essential Energy	R Lockyear
Gulgong Wenonah Lodge	V Harris

Gunnedah Essential Energy	D Baker
Kempsey Essential Energy	P Haigh
Mudgee District Hospital	J Adams
Mudgee Kanandah	A Warman
Mudgee Pioneer House	J Toomey
Nambucca Heads Essential Energy	G Colston
Narromine Base Hospital	L McLellan
Narromine Shire Council	S Everett
Narromine Essential Energy	A Smith
Nyngan Essential Energy	D Knight
Nyngan District Hospital	L Hawley
Orange Essential Energy	J Duncan
Port Macquarie Essential Enegry	C Adams
Queanbeyan Essential Energy	V Lonsdale
Taree Essential Energy	T Collier
Warren Essential Energy	M Oriel
Warren MPHS	L Clark
Warren Shire Council	J Murray
Wellington Essential Energy	P Everingham
Wellington Shire Council	T McInnes

Staff

Matthew Bow	General Manager
Leanne Bourne	Deputy General Manager
Jenny Lee Millgate	Loans Supervisor
Gary Beggs	Senior Loans Officer
Emma Piper	Loans Officer
Jennifer Humphries	Loans Officer
Matthew Mcfetridge	Loans Officer
Cheriee Edwards	Loans Administration (Maternity Leave)
Michele Baker	Collections Officer
Kevin Saul	Business Development Manager
Leanne Soper	Business Development Officer (Central Western Region)
Maree Wilson	Business Development Officer (Mid North Coast Region)
Lisa Northill	Office Supervisor
Jill Graham	Member Service Officer
Georgie-Anne Pomfret	Member Service Officer
Anne Schofield	Member Service Officer

Directors

TE Bacon	J Gray	RK Mills	J Moss
PM Nolan	DAJ Rootes	CJ Shepherd	

Registered Office

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Banker

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