

# 09-10

## Annual Report

*straightforward, reliable banking*

 Macquarie Credit Union

*straightforward, reliable banking*

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

# Annual Report 09-10

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# Year in review

I find it hard to believe that it is 12 months since the last annual report. I am pleased to report that the Credit Union has again performed well throughout the year. The results and achievements that are mentioned in the Annual Report are a tribute to the strength, commitment, and dedication that you as our Members, the Board, Management, and Staff have to the Credit Union.

## It All Comes Back To You

The 2010 media campaign, 'It all comes back to you' was an important highlight of the last financial year. Using a national television campaign in conjunction with a creative website, Credit Unions nationwide were given the opportunity to shine and show that the big banks don't always offer the best products, prices and services.

For this campaign we joined more than 80 credit unions and building societies to tell Australians about the benefits of becoming a member of a credit union or building society, the retail banking institutions that will put the member first.



**Credit Union and  
Building Society group**

We were and still are active participants in the 'It all comes back to you' campaign and to show our support we have created our own mini-site, full of information about how we help our members get the most out of their money. This includes information about our fairer fees, better rates and friendly service. If you haven't seen it yet, visit member information at [macquariecu.com.au](http://macquariecu.com.au)



## New Look Website

In early 2010 our website was refreshed by giving it a new look and feel making it easier to use. The website received a total makeover to ensure that pages were easy to navigate and the layout was clearer to understand. We created easy to follow product pages with an improved way to view rates, product features and additional information for those who need it.

The new look website is just another part of our commitment to providing straightforward, reliable banking to all of our members. If you haven't visited our website for a while, why not check it out today at [macquariecu.com.au](http://macquariecu.com.au)

## Thank you for your feedback

Thank you to all our members who took time out to participate in our member survey this year.

It's extremely helpful to get feedback from you, our members, whether it is good or bad.

Your feedback is how we learn and how we measure our success.

## Employee Potential

At Macquarie Credit Union, we believe in developing our Staffs skills set, and at the end of last year we had six staff complete the Certificate IV in Financial Services.

We currently have another four staff studying with two completing the Certificate IV in Financial Services Credit Management and a further two currently undertaking a Diploma in Financial Services.



## Straightforward, reliable banking

As a part of our ongoing commitment to straightforward, reliable banking we have continued to keep our products simple, straightforward and easy to understand.

In support of this commitment, we have conducted an intensive review of our loan products over the last 12 months, with the view to provide competitive loan products that meet the needs of you, the owners of our credit union.

During this review we compared our products with those offered by other financial institutions, including banks, and carefully considered all of the member feedback we had received over the past two years.

The result, an impressive loans suite that offers good value loan products with the features and options you need and nothing that you don't. The introduction of new products and some enhancements to existing products has helped create a competitive edge in the home loan market for your credit union.

We believe that the new products we now offer support our promise to provide straightforward, reliable banking for all our members.

## Members Save Big on ATM Fees

Our members had a reason to celebrate in late 2009 with the Cuscal and NAB announcement to join rediATM networks.

The combined network which in total is more than any other major bank in Australia, has more than 3,100 ATMs in rural, regional and metro location, with 2,900 of those in unique locations. The combined rediATM and NAB network is extensive meaning all members have better access to ATM services.

Full regulatory approval was made later in the year although from 1st September 2009, Credit Union customers were able to utilise the joint network without incurring a direct charge fee. This proved to be a major win for all Credit Union Members.



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## Members Information Evening

Earlier this year we held a Member Information Evening at the Dubbo RSL Club to give members an opportunity to talk to someone about their financial needs while enjoying a few drinks and canapés.

With representatives from our joint business partners, Bridges and CGU, it was a great opportunity to learn more about insurance, financial planning services, budgeting and saving, not to mention the chance to win some great prizes!

With the evening being a great success, we look forward to being able to host more of these types of events in various regions in the future.

## Award-winning Products

We've always known that Macquarie Credit Union has some of the best loan products and services available on the market, but it is always great when we receive official recognition. In the last financial year we have won 5 star canstar awards for several of our products including our:

- Secured Personal Loan
- New Car Loan < 5yrs
- New Car Loan < 12months
- Investment Home Loan
- Visa 55 Credit Card

## Results of the Past Year

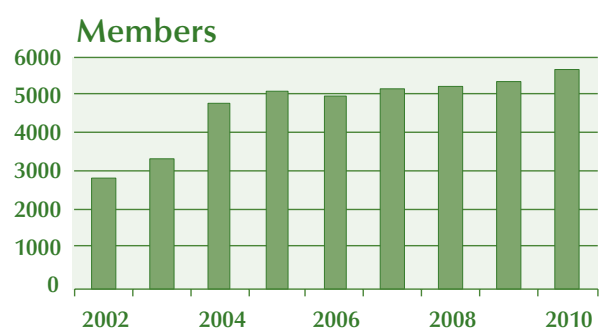
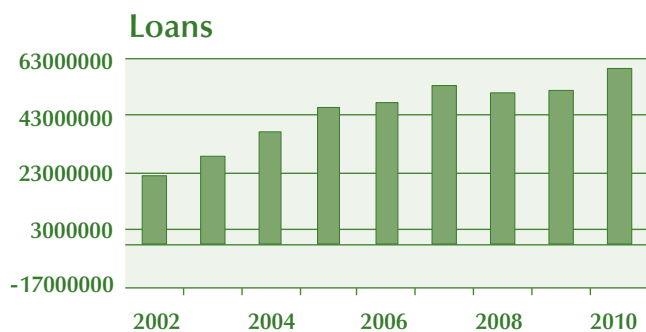
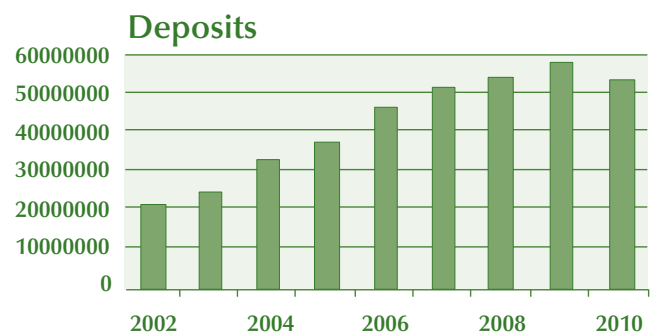
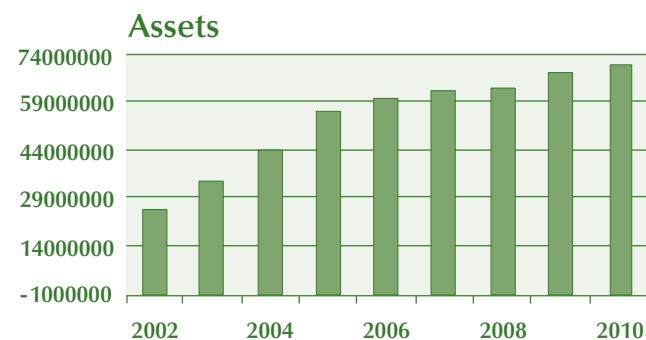
As has become a feature of our annual report our “plain English” accounts appear below. This statement is only intended to provide a snapshot of the credit union’s financial performance; it is not a formal part of the annual accounts. Full details of the credit union’s financial results are contained in the following pages.



Matthew Bow  
General Manager

## Performance over Time

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



## Balance Sheet

ASSETS				LIABILITIES			
What the Credit Union Owns				What the Credit Union Owes			
	2010	2009	2008		2010	2009	2008
	\$,000	\$,000	\$,000		\$,000	\$,000	\$,000
Member Loans	61,317	53,310	52,471	Member Deposits	54,733	53,311	50,251
Cash & Investments	10,444	15,429	11,841	Payables & Other Liabilities	8,400	7,500	6,648
Plant & Equipment	60	63	131	Provisions	124	107	115
Other	726	713	741	Other	0	0	6
				Members Reserves/ Equity	9,290	8,597	8,164
<b>Total Assets</b>	<b>72,547</b>	<b>69,515</b>	<b>65,184</b>	<b>Total Liabilities</b>	<b>72,547</b>	<b>69,515</b>	<b>65,184</b>

## Profit and Loss Account

WHAT WE EARNED			
	2010	2009	2008
	\$,000	\$,000	\$,000
Interest – member loans	4,090	4,276	4,787
Interest – investments	534	744	789
Transfer from provisions	0	0	0
Other income – commissions, fees etc	624	475	373
<b>Total Income</b>	<b>5,248</b>	<b>5,495</b>	<b>5,949</b>

WHAT WE SPENT			
Interest – member deposits	1,482	2,242	2,544
Interest – borrowings	393	331	398
Member service costs (ATMs, Cheques, EFTPOS etc)	404	419	452
Computer costs (data processing etc)	267	238	254
Staff costs	917	860	874
General expenses	826	806	775
<b>Total Operating Costs</b>	<b>4,289</b>	<b>4,896</b>	<b>5,297</b>
<b>Operating Profit Before Tax</b>	<b>959</b>	<b>599</b>	<b>652</b>
<b>Income Tax Expense</b>	<b>266</b>	<b>165</b>	<b>191</b>
<b>Net Profit After Tax</b>	<b>693</b>	<b>434</b>	<b>461</b>

# Community news

Our team regularly take part in community events and charitable causes and during the financial year they contributed to:

- Meals on wheels
- Red Nose Day
- Jeans for Genes
- Daffodil Day
- Australia's Biggest Morning Tea
- Movember



*Maree Wilson, Amanda Manning, Skye Lacey, Annie Curtis, Elaine Gillman and Camilla Mudd*

## Healthy Balance Program

In late 2009 Country Energy embarked on a Healthy Balance Program Pilot with eight lucky employees. To kick start the program and help the participants with their motivation, we gave each person a FM radio pedometer and a 'Dollars and Sense' guide, to help them learn how to budget, as financial stress can be a big strain on relationships and wellbeing.

The Healthy Balance Program Pilot included fitness assessments for each employee, group sessions run by external experts in psychology, nutrition and exercise and provided the participants with regular healthy lifestyle information.

Four of the participants were presented with prizes by the Credit Union's Maree Wilson, for their dedication to the program and the positive progress they have made towards leading a healthy lifestyle.

The winners were presented with health inspired prizes which included fruit and vegetable hampers and vouchers for boat hire.



*Daffodil Day*

## Daffodil Day

Daffodil Day is a national campaign run every year by the Cancer Council to help raise funds for the treatment and support of Australians touched by cancer. The staff in Dubbo made an event of the day and managed to raise over \$320 for this important cause.

## Starlight Trek

In October 2009, Country Energy husband and wife team, Don and Michelle McDonald participated in their 13th annual Starlight Trek to help raise funds for the Starlight Children's Foundation.

This took them on a journey throughout regional NSW kicking off the trek in Dubbo, travelling as far as Longreach and finishing in Narrabri.

With Macquarie's support, the Starlight Trek raised \$60,000 for the Starlight Children's Foundation which goes to brightening the lives of seriously ill children and their families throughout Australia.

We contributed by donating \$2,000 as well as sponsoring a barbeque and family fun day, which was held in Dubbo, to kick off the event and raise further funds.





# Chairman's report

Another year has come and gone, and I am pleased to share with you the main events that highlighted the year.

## Financial Performance

Our ability to withstand the pressures of the global financial crisis last year, presented us with the opportunity to produce strong growth this year, and that is exactly what we achieved.

We experienced one of our best years in terms of financial performance for some time, the details of which appear elsewhere in this annual report. We also substantially enhanced the range of products offered to members, especially in the loans portfolio.

Specifically, we introduced a much greater degree of flexibility into our mortgage and personal loan products. This allows each one of our members to choose a loan product that exactly matches their circumstances and preferences. Included in those new products was the option to have a 100% mortgage offset facility linked to your Standard Variable Rate mortgage at no extra cost.

Members acceptance of these new products is evidenced by the strong take up of them since their introduction during the past year.

This outcome has not been an overnight phenomenon, but rather is the result of constant planning and hard work. We continually listen to our members and tailor our products and services to meet your needs.

## Security of Information

We are very conscious of the increasing threat to the security of member's personal information by the growth of criminal activities in this area. In order to protect as far as possible that information, particularly when conducting internet banking

transactions, we decided to introduce a further level of protection for our members.

After an exhaustive study of the systems available, we decided to purchase and install a system called Trust Defender. Each member will be given the opportunity to download onto their own computer this piece of software, completely free of charge. This will prevent any possibility of outside interference with member's transactions or information when logged onto our internet banking site. As well, the software will give each member the results of a "health check" of their own computer each time they conduct internet banking. This information will allow members to take measures to improve the security systems installed on their own computers.

Our credit union is leading the way in this regard, and is at the forefront of member protection measures in the credit union industry.

## Industry Promotion

For many years, our credit union has been pushing for an industry wide approach to promoting the credit union brand. This would allow many members of our society who feel disadvantaged by the overpowering influence of the larger banks, and who are unaware of the benefits of belonging to a credit union, to gain some idea of what alternatives are available.

During the year the majority of credit unions in Australia agreed to participate in an Australia wide awareness promotional campaign.

The first stage of this campaign was conducted during May and June of this year on national television. The campaign was an outstanding success in promoting the credit union brand to the general public. It also gave those who were not aware of the

advantages of belonging to a credit union, some idea of what they were missing out on.

The second stage of the campaign will be conducted on national television in September and October this year, and hopes to build on the awareness created by the first stage. There will also be follow up campaigns in the next couple of years. We are very hopeful of adding to the more than 4.5 million Australians that are credit union members.

I am pleased to say that your credit union has been at the forefront of this campaign from the very beginning. We are hopeful that many of our potential members will see the benefits that their colleagues and friends have derived from being a member of our great credit union.

## Acknowledgements

Our staff has once again proved the old adage that customer service is all important in business. They have strived to provide each and every member with the very best of service. Our members have in turn responded by supporting their credit union more strongly than ever.

I thank all our staff for their continuing effort, especially the senior staff who have worked so hard to maintain the outstanding reputation our credit union enjoys, not only with our members, but also in the wider credit union industry.

My fellow directors have also been very active in ensuring that our credit union continues to be the best at providing a complete suite of financial services to all our members at the lowest possible price.

Their wise guidance in policy direction and implementation continues to place our credit union in an enviable position. I thank them for their time and effort over the past year.

I would also like to thank all our representatives in the many employer groups that our members are drawn from for their untiring effort. They are often the main link between our members and the staff, particularly in the more remote areas of the state.

And last but certainly most importantly, I thank all our members for continuing to realise that our credit union gives them the opportunity to enhance their financial wellbeing in a most satisfying way. May you all continue to do so.



Chris Shepherd  
Chairman

# Financial Report for the year ended 30 June 2010

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# Directors' Report

Your Directors present their report on the Credit Union for the financial year ended 30 June 2010.

## DIRECTORS

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

<b>TE Bacon</b>	<b>J Moss</b>
<b>A Gillham</b>	<b>PM Nolan</b>
<b>J Millar</b>	<b>DAJ Rootes</b>
<b>RK Mills</b>	<b>CJ Shepherd</b>

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 six 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 amount of profit of the Credit Union for the financial year after providing for income tax was \$692,118 (2009: \$433,658).

## 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 2010.

## REVIEW OF OPERATIONS

The Credit Union recorded a profit of \$692,118 compared to \$433,658 in the 2009 year. The directors are very pleased with the result in a difficult year due to the impact of the global financial crisis.

Interest revenue decreased by \$396,475 (7.9%) to \$4,623,667 due lower interest rates as the RBA slashed rates to shelter the economy from the full impact of the global financial crisis. In turn, this resulted in interest expense decreasing by \$697,701 (2.7%) to \$1,875,012 as the Credit Union lowered interest rates on its term deposits to aid in offsetting the lower loan interest rates.

Other revenue increased by \$149,631 (31.5%) to \$624,313, employee benefit expenses increased by \$56,648 (6.6%) to \$917,171, occupancy expenses increased by \$14,437 (18.6%) to \$91,903, depreciation and amortisation expense decreased by \$21,573 (13.4%) to \$139,304 and other expenses increased by \$84,264 (7.4%) to \$1,230,735.

## 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.

## AFTER BALANCE DATE EVENTS

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 \$388.

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:

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

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

<b>Ms A Gillham</b>	<b>Director</b>
Experience	Board Member since 19/12/05
Interest in Shares	One ordinary share in the Credit Union

<b>Mr J Millar</b>	<b>Director</b>
Experience	Board Member since 25/07/05
Interest in Shares	One ordinary share in the Credit Union

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

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

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

<b>Mr J Moss</b>	<b>Director</b>
Experience	Board Member since 24/2/09
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
A Gillham	9	7	6	4
J Millar	10	6	6	2
RK Mills	12	11	-	-
J Moss	12	11	4	4
PM Nolan	12	12	6	5
DAJ Rootes	12	8	-	-
CJ Shepherd	12	12	-	-

During the year, two directors were allowed a leave of absence from attending Board meetings. They were J Millar for two (2) meetings and A Gillham for three (3) meetings.

## 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 2010 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 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 2010:

	\$
Taxation services	1,255
Preparation of financial statements	4,725
	<b>\$5,975</b>

Signed in accordance with a resolution of the Board of Directors at Dubbo on 31 August 2010 for and on behalf of the Directors by:



Chris Shepherd



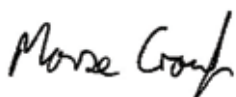
Paul Nolan

# Auditor's Declaration

## 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 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit;  
and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MORSE GROUP

2 River Street  
Dubbo  
Dated: 25 August 2010



J M SHANKS  
PARTNER

# Directors' Declaration

The Directors of Macquarie Credit Union Limited declare that:

1. The financial report and notes set out on pages 16 to 54 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 2010 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 31 August 2010 for and on behalf of the Directors by:



Chris Shepherd



Paul Nolan



# Financial Statements

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
Interest revenue	3	4,623,667	5,020,142
Interest expense	4	(1,875,012)	(2,572,713)
<b>Net interest revenue</b>		<b>2,748,655</b>	<b>2,447,429</b>
Other revenue	3	624,313	474,682
Impairment losses on loans and advances	4	(49,316)	(78,098)
Employee benefits expense	4	(917,171)	(860,523)
Occupancy expense	4	(91,903)	(77,466)
Depreciation and amortisation expense	4	(139,304)	(160,877)
Other expenses	4	(1,216,835)	(1,146,471)
Profit before income tax expense		958,439	598,676
Income tax expense	5	(266,321)	(165,018)
<b>Profit for the year</b>		<b>\$692,118</b>	<b>\$433,658</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>\$692,118</b>	<b>\$433,658</b>

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
Cash and liquid assets	7	10,443,694	15,429,163
Accrued receivables	8	196,794	208,820
Loans and advances	9	61,317,480	53,310,438
Other investments	10	187,182	161,828
Property, plant and equipment	11	59,612	62,887
Intangibles	12	70,431	105,156
Deferred tax assets	13	252,797	214,674
Other assets	14	18,866	22,697
<b>TOTAL ASSETS</b>		<b>72,546,856</b>	<b>69,515,663</b>
<b>LIABILITIES</b>			
Deposits and short term borrowings	15	53,733,005	59,194,313
Payables and other liabilities	16	697,634	617,031
Interest bearing liabilities	17	8,600,000	1,000,000
Tax liabilities	18	103,030	–
Provisions	19	123,558	106,808
<b>TOTAL LIABILITIES</b>		<b>63,257,227</b>	<b>60,918,152</b>
<b>NET ASSETS</b>		<b>\$9,289,629</b>	<b>\$8,597,511</b>
<b>EQUITY</b>			
Reserves	20	766,468	740,000
Retained profits	21	8,523,161	7,857,511
<b>TOTAL EQUITY</b>		<b>\$9,289,629</b>	<b>\$8,597,511</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Retained Profits	Credit Losses Reserve \$	Total \$
<b>Balance at 1 July 2008</b>	<b>7,423,853</b>	<b>740,000</b>	<b>8,163,853</b>
Profit for the year	433,658	–	433,658
Total other comprehensive income for the year	–	–	–
<b>Balance at 30 June 2009</b>	<b>7,857,511</b>	<b>740,000</b>	<b>8,597,511</b>
Profit for the year	692,118	–	692,118
Transfer to reserves for credit loss for the year	(26,468)	26,468	–
Total other comprehensive income for the year	–	–	–
<b>Balance at 30 June 2010</b>	<b>8,523,161</b>	<b>766,468</b>	<b>9,289,629</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest on loans		4,089,508	4,275,648
Interest on investments		483,820	772,043
Other non-interest income		728,313	475,678
Interest paid on members' savings		(1,449,107)	(2,399,171)
Interest paid on other finance		(393,205)	(331,134)
Payments to suppliers and employees		(2,305,572)	(2,081,298)
Income tax paid		(201,414)	(160,077)
Members' loan repayments		18,294,032	20,561,657
Members' loans' disbursed		(26,257,778)	(21,479,437)
<b>Net cash used in operating activities</b>	28.3	<b>(7,011,403)</b>	<b>(366,091)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investments		16,500	–
Purchase of investments		(27,954)	(1,816)
Purchase of property, plant and equipment		(101,304)	(45,802)
<b>Net cash used in investing activities</b>		<b>(112,758)</b>	<b>(47,618)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		4,000,000	–
Net movement in member savings		(1,861,308)	4,001,411
<b>Net cash provided by financing activities</b>		<b>2,138,692</b>	<b>4,001,411</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(4,985,469)</b>	<b>3,587,702</b>
Cash at beginning of year		15,429,163	11,841,461
<b>CASH AT END OF YEAR</b>	28.2	<b>10,443,694</b>	<b>\$15,429,163</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

## 1. STATEMENT 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 31 August 2010 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 balance sheet 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% - 50.0%
EDP equipment	33.3%
Office furniture and fittings	33.3%
Motor vehicles	22.0%

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 balance 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 balance sheet 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 current 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. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements.

## AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Credit Union's financial statements.

### *Disclosure impact*

**Terminology changes** - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Statement of comprehensive income** - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement. The Credit Union's financial statements now contain a statement of comprehensive income.

**Other comprehensive incomes** - the revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

## 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 %
<b>Interest revenue - 2010</b>			
Deposits with financial institutions	12,637,500	534,159	4.2%
Loans and advances (other than Commercial loans)	56,191,867	3,922,229	7.0%
Commercial loans	1,891,384	167,279	8.8%
	<b>70,720,751</b>	<b>4,623,667</b>	

<b>Interest revenue - 2009</b>			
Deposits with financial institutions	13,916,667	744,494	5.3%
Loans and advances (other than Commercial loans)	50,292,436	4,076,737	8.1%
Commercial loans	2,136,331	198,911	9.3%
	<b>66,345,434</b>	<b>5,020,142</b>	

<b>Borrowing costs - 2010</b>			
Customer deposits	53,762,770	1,481,807	2.8%
Short-term borrowings	6,898,333	393,205	5.7%
	<b>60,661,103</b>	<b>1,875,012</b>	

<b>Borrowing costs - 2009</b>			
Customer deposits	53,006,715	2,241,579	4.2%
Short-term borrowings	5,412,852	331,134	6.1%
	<b>58,419,567</b>	<b>2,572,713</b>	



	2010 \$	2009 \$
<b>3. REVENUE FROM ORDINARY ACTIVITIES</b>		
Interest revenue	\$4,623,667	\$5,020,142
<b>Non-interest revenue</b>		
Dividends received	122,831	68,722
Fees and commissions		
Fees and charges	227,592	189,832
Commissions	177,683	158,805
Bad debts recovered	23,892	31,111
Gain on disposal of assets	38,408	\$1,823
Other revenue	33,907	24,389
<b>Total non-interest revenue</b>	<b>\$624,313</b>	<b>\$474,682</b>
<b>4. PROFIT FROM OPERATIONS</b>		
Profit from operations before income tax expense has been determined after recognising the following expenses:		
<b>Interest expense</b>		
Deposits from members	1,481,807	2,241,579
Short term borrowings	393,205	331,134
	<b>\$1,875,012</b>	<b>\$2,572,713</b>
<b>Impairment losses</b>		
Bad debts written off directly against profit	\$49,316	\$78,098
<b>Depreciation and amortisation</b>		
Office equipment	5,912	14,249
Office furniture	9,874	23,343
Motor vehicles	22,651	23,225
EDP hardware	15,136	6,924
Amortisation of intangible assets	85,731	93,136
	<b>\$139,304</b>	<b>\$160,877</b>

	2010 \$	2009 \$
<b>4. PROFIT FROM OPERATIONS (CONTINUED)</b>		
<b>Occupancy expenses</b>	<b>\$91,903</b>	<b>\$77,466</b>
<b>Employee benefits expense</b>		
Salaries	718,420	668,313
Superannuation contributions	70,413	64,948
Annual leave	19,132	(4,503)
Long service leave	(2,419)	(3,779)
Sick leave	37	(241)
Other	111,588	135,785
	<b>\$917,171</b>	<b>\$860,523</b>
<b>Other expenses</b>		
Fees and commissions	234,564	267,059
Loans administration	94,085	74,051
Data processing	267,101	237,222
General administration	621,085	568,139
	<b>\$1,216,835</b>	<b>\$1,146,471</b>
<b>5. INCOME TAX EXPENSE</b>		
The components of income tax expense comprise:		
Provision for income tax	228,198	153,212
(Increase)/decrease in deferred tax assets	38,123	11,806
	<b>\$266,321</b>	<b>\$165,018</b>
The prima facie tax on operating profit before income tax is reconciled to income tax as follows:		
Prima facie tax on operating profit @ 30% (2009 – 30%)	287,531	179,603
Add tax effect of non allowable items	10,749	4,120
Less tax effect of:		
Bad debts recovered	(12,989)	–
Rebateable fully franked dividends	(18,970)	(18,705)
Income tax expense attributable to operating profit	<b>\$266,321</b>	<b>\$165,018</b>

The applicable weighted average effective tax rate is 28% (2009 - 28%)

2010  
\$

2009  
\$

## 6. AUDITOR'S REMUNERATION

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

Audit of the financial statements	28,060	26,725
Audit of the APRA returns	5,095	4,851
Other services	5,975	5,565
	<b>\$39,130</b>	<b>\$37,141</b>

## 7. CASH AND LIQUID ASSETS

Imprest accounts	518,015	249,641
Deposits at call	925,679	679,522
Interest earning deposits	9,000,000	14,500,000
	<b>\$10,443,694</b>	<b>\$15,429,163</b>

## 8. ACCRUED RECEIVABLES

Members clearing accounts	68,196	130,561
Interest receivable	128,598	78,259
	<b>\$196,794</b>	<b>\$208,820</b>

## 9. LOANS AND ADVANCES

Overdrafts	565,880	566,918
Visa	641,779	622,642
Term loans	60,126,525	52,180,878
	<b>61,334,184</b>	<b>53,370,438</b>
Provision for impaired loans	(16,704)	(60,000)
	<b>\$61,317,480</b>	<b>\$53,310,438</b>

### 9.1 Maturity Analysis

Overdrafts	565,880	566,918
Visa	641,779	622,642
Not longer than 3 months	1,300,038	1,148,857
Longer than 3 months but less than 12 months	3,426,270	3,429,858
Longer than 1 year but less than 5 years	14,761,914	13,415,608
Longer than 5 years	40,638,303	34,186,555
	<b>\$61,334,184</b>	<b>\$53,370,438</b>

	2010 \$	2009 \$
<b>9.2 Security Dissection</b>		
Secured by mortgage over real estate	48,893,286	40,453,100
Partly secured by goods mortgage	8,634,087	8,707,133
Wholly unsecured	3,806,811	4,210,205
	<b>\$61,334,184</b>	<b>\$53,370,438</b>

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%	45,462,032	39,401,866
Loan to valuation ratio of less than 80% and mortgage insured	3,431,254	1,051,234
	<b>\$48,893,286</b>	<b>\$40,453,100</b>

<b>9.3 Concentration of Risk</b>		
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	60,244,272	52,224,118
Other States and Territories	1,089,912	1,146,320
	<b>\$61,334,184</b>	<b>\$53,370,438</b>

ii) There are no members who individually have a loan and overdraft facility, which represents in total 10% or more of capital (2009 – Nil).

<b>9.4 Movement in the Provision</b>		
Opening balance	60,000	60,000
Bad debts written off against provision	(92,612)	(78,098)
Loans provided for during the year	49,316	78,098
	<b>\$16,704</b>	<b>\$60,000</b>

<b>9.5 Analysis of Loans that are Impaired or Potential Impaired by Class</b>			
	2010 Carrying Value	2010 Impaired Loans	2010 Provision for Impairment
Loans to members			
Residential	48,893,286	–	–
Personal	11,233,239	57,337	16,670
Overdrafts/Visa	1,207,659	13,643	34
<b>Total</b>	<b>\$61,334,184</b>	<b>\$70,980</b>	<b>\$16,704</b>

### 9.5 Analysis of Loans that are Impaired or Potential Impaired by Class (continued)

	2009 Carrying Value	2009 Impaired Loans	2009 Provision for Impairment
Loans to members			
Residential	40,453,100	–	–
Personal	11,727,778	108,214	52,707
Overdrafts/Visa	1,189,560	18,592	7,293
<b>Total</b>	<b>\$53,370,438</b>	<b>\$126,806</b>	<b>\$60,000</b>

It is not practicable to determine the fair value of all collateral as at the balance 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	2010 Carrying Value	2010 Provision	2009 Carrying Value	2009 Provision
0 -90 days	16,714	–	18,120	–
91 – 182 days	–	–	55,030	18,602
183 – 273 days	23,953	–	–	–
274 – 365 days	–	–	4,794	3,835
Over 365 days	16,670	16,670	30,270	30,270
Overlimit facilities over 14 days	13,643	34	18,592	7,293
	<b>\$70,980</b>	<b>\$16,704</b>	<b>\$126,806</b>	<b>\$60,000</b>

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 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 balance date due to the variety of assets and condition.

### 9.7 Assets Acquired Via Enforcement of Security

There were three assets acquired via enforcement of security in 2010 totaling \$Nil (2009 – \$38,780)

### 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. (2009 – Nil)

### 9.9 Loans renegotiated

There were no loans renegotiated during the year. (2009 – 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

	2010	2009
	\$	\$
Shares held with Special Service Providers		
Ordinary shares	155,868	155,868
Shares – at cost		
Unlisted	31,314	19,860
	<b>187,182</b>	<b>175,728</b>
Less: Provision for diminution – unlisted shares	–	(13,900)
	<b>\$187,182</b>	<b>\$161,828</b>

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 reports 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

	2010	2009
	\$	\$
Office furniture - at cost	138,059	138,059
Less: provision for depreciation	(138,059)	(128,185)
		<b>9,874</b>
Office equipment - at cost	92,882	91,538
Less: provision for depreciation	(91,857)	(85,945)
	<b>1,025</b>	<b>5,593</b>



	2010 \$	2009 \$
<b>11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
Motor vehicles - at cost	102,955	105,562
Less: provision for depreciation	(81,028)	(63,463)
	<b>21,927</b>	<b>42,099</b>
EDP hardware - at cost	223,552	177,078
Less: provision for depreciation	(186,892)	(171,757)
	<b>36,660</b>	<b>5,321</b>
	<b>\$59,612</b>	<b>\$62,887</b>

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 \$
Balance at 1 July 2008	33,217	19,735	65,324	12,245	130,521
Additions	–	107	–	–	107
Disposals	–	–	–	–	–
Depreciation expense	(23,343)	(14,249)	(23,225)	(6,924)	(67,741)
Balance at 30 June 2009	9,874	5,593	42,099	5,321	62,887
Additions	–	1,344	2,479	46,475	50,298
Disposals	–	–	–	–	–
Depreciation expense	(9,874)	(5,912)	(22,651)	(15,136)	(53,573)
<b>Balance at 30 June 2010</b>	<b>–</b>	<b>1,025</b>	<b>21,927</b>	<b>36,660</b>	<b>59,612</b>

<b>12. INTANGIBLES</b>		
	2010 \$	2009 \$
EDP software	516,528	462,990
Accumulated amortisation	(446,097)	(357,834)
	<b>\$70,431</b>	<b>\$105,156</b>

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

	Beginning balance \$	Additions \$	Disposals \$	Amortisation expense \$	Carrying amount at end of year \$
EDP software	105,156	51,006	–	(85,731)	70,431

	2010 \$	2009 \$
<b>13. DEFERRED TAX ASSETS</b>		
Deferred tax assets	252,797	213,635
Prepaid income tax	–	1,039
	<b>\$252,797</b>	<b>\$214,674</b>

<b>14. OTHER ASSETS</b>		
Prepayments	<b>\$18,866</b>	<b>\$22,697</b>

<b>15. DEPOSITS AND SHORT TERM BORROWINGS</b>		
Term deposits	28,424,644	30,576,790
Call deposits	25,256,021	28,566,313
Withdrawable shares	52,340	51,210
	<b>\$53,733,005</b>	<b>\$59,194,313</b>

<b>15.1 Maturity Analysis</b>		
On call	25,308,361	27,617,523
Not longer than 3 months	12,864,369	5,883,422
Longer than 3 and not longer than 12 months	15,540,275	25,693,368
Longer than 12 months	20,000	–
	<b>\$53,733,005</b>	<b>\$59,194,313</b>

<b>15.2 Concentration of Deposits</b>		
i) There are no members who individually have deposits, which represent 10% or more of total liabilities (2009: Nil).		
ii) Details of the geographic concentration of the deposits are set out below.		
Geographical Area		
New South Wales	52,029,146	58,010,142
Other States and Territories	1,703,859	1,184,171
	<b>\$53,733,005</b>	<b>\$59,194,313</b>

<b>16. PAYABLES AND OTHER LIABILITIES</b>		
Payables and accrued expenses	116,951	96,832
Accrued interest payable	486,498	453,798
Members' clearing accounts	94,185	66,401
	<b>\$697,634</b>	<b>\$617,031</b>

	2010 \$	2009 \$
<b>17. INTEREST BEARING LIABILITIES</b>		
Deposits from other ADI	4,600,000	1,000,000
TWT short term loan	4,000,000	–
	<b>\$8,600,000</b>	<b>\$1,000,000</b>

<b>18. TAX LIABILITIES</b>		
Income tax	<b>\$103,030</b>	–

<b>19. PROVISIONS</b>		
Employee leave entitlements	<b>\$123,558</b>	<b>\$106,880</b>
Opening balance at 1 July	106,808	115,331
Additional provisions raised during the year	56,974	55,215
Amounts used	(40,224)	(63,666)
<b>Balance at 30 June</b>	<b>\$123,558</b>	<b>\$106,880</b>

<b>20. RESERVES</b>		
Reserve for credit losses	<b>\$766,468</b>	<b>\$740,000</b>

#### 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.

Balance at the beginning of the year	740,000	740,000
Transfer to / from retained profits	26,468	–
<b>Balance at end of year</b>	<b>\$766,468</b>	<b>\$740,000</b>

<b>21. RETAINED PROFITS</b>		
Retained profits at the beginning of the financial year	7,857,511	7,423,853
Net profit attributable to members	692,118	433,658
Transfer to/from reserves	(26,468)	–
<b>Retained profits at the end of the financial year</b>	<b>\$8,523,161</b>	<b>\$7,857,511</b>

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 \$2,104,452 (2009 - \$1,876,254). Franking credits represent reserves upon which income tax has been paid.

## 22. DIRECTORS AND KEY MANAGEMENT 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	DAJ Rootes
A Gillham	CJ Shepherd
J Millar	M Bow
R Mills	L Bourne
J Moss	S Vanstone
PM Nolan	

### 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 three members of the executive management team during the financial year (2009 – three), 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:

	2010	2009
	\$	\$
Salary and fee	303,752	194,429
Superannuation contributions	23,710	17,498
	<b>\$327,462</b>	<b>\$211,927</b>

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, postemployment 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.

	2010 \$	2009 \$
Aggregate value of loans and overdrafts to Directors and other Key Management Personnel at balance date	\$459,469	\$277,094
Aggregate value of loans disbursed to Directors and Key Management Personnel during the year	\$80,162	\$1,400
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 they year	\$61,424	\$20,855

	2010 \$	2009 \$
<b>22.4 Savings of Key Management Personnel</b>		
Total value of term and savings deposits from Directors and Key Management Personnel at balance date	\$583,055	\$622,714
Total interest paid on deposits to Directors And Key Management Personnel during the year	\$18,947	\$24,828

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 2010 the Credit Union has no future capital commitments (2009: Nil).

### 23.2 Lease Expenditure Commitments

#### Operating leases

Within 1 year	41,126	39,928
1 to 2 years	–	41,126
	<b>\$41,126</b>	<b>\$81,054</b>



### 23.3 Outstanding Loan Commitments

Loans approved by the Board but not funded as at 30 June 2010 amounted to \$3,197,554 (2009: \$2,143,618).

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.

### 23.4 Unfunded Loan Facilities

Loan facilities to members for overdrafts approved but unfunded at 30 June 2010 amounted to \$3,328,810 (2009: \$3,582,560). Total facilities decreased by \$253,750 during the year (2009: increase of \$290,430). There are no restrictions to withdrawal of the funds provided normal payments are maintained.

### 23.5 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:

	2010 \$	2009 \$
<b>Loan facility</b>		
Gross	1,600,000	1,600,000
Current borrowing	–	–
<b>Net available</b>	<b>\$1,600,000</b>	<b>\$1,600,000</b>
<b>Loan facility – TWT Fund</b>		
Gross	4,000,000	1,500,000
Current borrowing	(4,000,000)	–
<b>Net available</b>	<b>–</b>	<b>\$1,500,000</b>
<b>Overdraft facility</b>		
Gross	300,000	300,000
Current borrowing	–	–
<b>Net available</b>	<b>\$300,000</b>	<b>300,000</b>

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 2010 was nil (2009: Nil).

There are no other contingent liabilities at balance 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 all 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.

### 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.

### First Data Resources Limited (FDR)

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

## 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:

	2010 \$	2009 \$
Cash on hand and at SSP's	1,443,694	929,163
Interest earning deposits	9,000,000	14,500,000
<b>Cash as per Statement of Cash Flows</b>	<b>\$10,443,694</b>	<b>\$15,429,163</b>

### 28.3 Reconciliation of Net Cash Provided by Operating Activities to Net Profit Activities after Income Tax

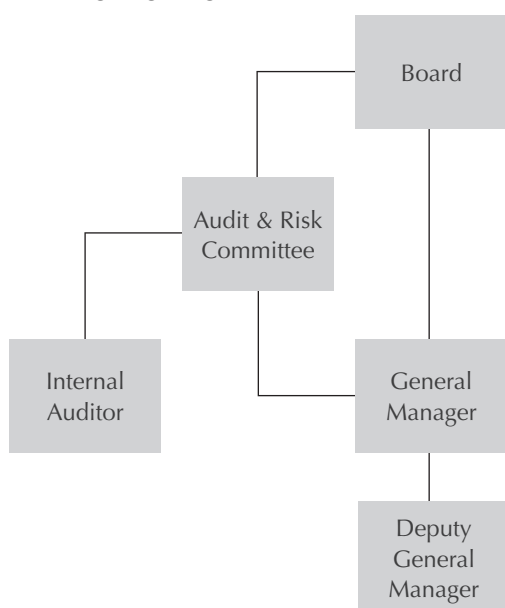
<b>Operating profit after tax</b>	<b>692,118</b>	<b>433,658</b>
<b>Non cash flow items:</b>		
Employee leave entitlements	16,750	(8,523)
Depreciation and amortisation	139,304	160,877
Bad debts written off	43,296	78,098
Diminution of investments	(13,900)	
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in deferred tax assets	(39,162)	10,764
(Increase)/decrease in prepayments	3,831	(18,074)
Increase/(decrease) in provision for income tax	104,069	(5,823)
Increase/(decrease) in payables	80,603	(88,605)
Decrease/(increase) in accrued receivables	12,026	(10,683)
<b>Net cash from revenue activities</b>	<b>1,038,935</b>	<b>551,689</b>
<b>Non-revenue operations</b>		
Movement in members loans	(8,050,338)	(917,780)
	<b>\$(7,011,403)</b>	<b>\$(366,091)</b>

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 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 Committee.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

**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.

#### 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 the balance date. The risk is not considered significant to warrant the use of derivatives to mitigate this risk.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 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 2010, the net profit impact for a 1% movement in interest rates would be \$78,003.

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.

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.



## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 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 the balance 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	2010 %	2009 %
<b>To total adjusted liabilities</b>		
As at 30 June	15.32	20.74
Minimum during the year	14.69	18.25
<b>To total member deposits</b>		
As at 30 June	19.44	22.89

## 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	2010 Carrying Value \$	2010 Off Balance Sheet \$	2010 Max Exposure \$	2009 Carrying Value \$	2009 Off Balance Sheet \$	2009 Max Exposure \$
Residential	48,893,286	2,425,665	51,318,951	40,453,100	1,978,260	42,431,360
Personal	11,233,239	589,489	11,822,728	11,727,778	19,324	11,747,102
Overdraft/Visa	1,207,659	2,037,276	3,244,935	1,189,560	2,287,132	3,476,692
<b>Total</b>	<b>\$61,334,184</b>	<b>\$5,052,430</b>	<b>\$66,386,614</b>	<b>\$53,370,438</b>	<b>\$4,284,716</b>	<b>\$57,655,154</b>

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.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 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 loans 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 income statement. In estimating these cash flows, management makes judgments about a counterparties 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.

Balance sheet 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 counterparties 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 8.

## 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 Value (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 65% of the loans in well secured residential mortgages which carry an 80% loan to valuation ratio of less. Note 9 describes the nature and extent of the security held against the loans held as at the balance date.

### Concentration risk – Individuals

Concentration risk is a measurement of the Credit Union's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Credit Union's regulatory capital (10 per cent) a large exposure is considered to exist. No capital is required to be held against these but the 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

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Credit Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Credit Union.

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. Exposures to other Credit Unions and building societies are limited to \$5,000,000 collectively and \$1,000,000 to any one Credit Union or Building Society. In respect of other counterparties, the Credit Union limits its exposure to any individual or associated group (excluding CUSCAL) to 5% of net liabilities.

## 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	2010 Carrying value \$	2010 Past due value \$	2010 Provision \$	2009 Carrying value \$	2009 Past due value \$	2009 Provision \$
Cuscal	2,500,000	–	–	12,000,000	–	–
Credit Unions	–	–	–	2,500,000	–	–
Banks	6,500,000	–	–	–	–	–
<b>Total</b>	<b>9,000,000</b>	<b>–</b>	<b>–</b>	<b>14,500,000</b>	<b>–</b>	<b>–</b>

### 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 the industry body 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 instrument.

### 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 2010, the Credit Union's capital comprises:

June 2010

### Tier 1 Capital

Fundamental Tier 1 Capital:	
Retained earnings	7,857,511
Transfer to general reserve	(26,468)
Current year earnings net of expected dividends and tax expenses	692,118
<b>Gross Tier 1 Capital</b>	<b>8,523,161</b>
Deductions from Tier 1 Capital	
Deferred tax assets	35,796
Equity in other ADI's (50%)	77,927
	<b>113,723</b>
<b>Net Tier 1 Capital</b>	<b>8,409,438</b>

### Tier 2 Capital

Upper Tier 2 Capital	
General reserve for credit losses	532,716
Deductions from Tier 2 Capital	
Equity in other ADI's (50%)	77,927
<b>Net Tier 2 Capital</b>	<b>454,789</b>

### Capital Base

**8,864,227**

At 30 June 2010, the credit union's risk weighted assets are as follows:

### Credit Risk Items

Credit Risk Items – Standardised Approach	
On Balance Sheet	38,208,356

### Operational Risk

Standardised Approach	4,408,907
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### Market Risk

–

### Total Risk Weighted Assets

**42,617,263**

### Capital Adequacy Ratio

**20.80%**

## 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

This capital component was introduced as from 1 January 2009 and coincided with changes in the asset risk weightings for specified loans and liquid investments. Previously no operational charge was prescribed.

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 \$4,408,907.

### 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 the balance date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
<b>(i) Financial assets</b>			
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 4.0% to 5.0%.
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.	
Accrued Receivables	8	The carrying value of receivables is at their nominal amounts due.	
<b>ii) Financial liabilities</b>			
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 balance 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	
	2010 \$	2009 \$	2010 \$	2009 \$
<b>Financial assets</b>				
Cash and liquid assets	10,443,694	15,429,163	10,443,694	15,429,163
Accrued receivables	196,794	208,820	196,794	208,820
Other investments	187,182	161,828	187,182	161,828
Loans and advances	61,317,480	53,310,438	61,246,500	53,183,632
<b>Total financial assets</b>	<b>72,145,150</b>	<b>69,110,249</b>	<b>72,074,170</b>	<b>68,983,443</b>
<b>Financial liabilities</b>				
Deposits and short term borrowings	53,733,005	59,194,313	53,733,005	59,194,313
Payables and other liabilities	697,634	617,031	697,634	617,031
Interest bearing liabilities	8,600,000	1,000,000	8,600,000	1,000,000
<b>Total financial liabilities</b>	<b>63,030,639</b>	<b>60,811,344</b>	<b>63,030,639</b>	<b>60,811,344</b>

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 balance sheet is considered to be a reasonable estimate of net fair value.

## 30.2 Net Fair Values (continued)

### 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.

### 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 balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet. 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 the balance date, are as follows:-

Financial Instruments	Floating interest rate		1 year or less		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>(i) Financial assets</b>										
Cash and liquid assets	925,679	679,522	9,000,000	14,500,000	518,015	249,641	10,443,694	15,429,163	4.2	5.3
Accrued receivables	—	—	—	—	196,794	208,820	196,794	208,820	—	—
Other investments	—	—	—	—	187,182	161,828	187,182	161,828	—	—
Loans and advances	61,317,480	53,310,438	—	—	—	—	61,317,480	53,310,438	7.0	8.1
<b>Total financial assets</b>	<b>63,243,159</b>	<b>53,989,960</b>	<b>9,000,000</b>	<b>14,500,000</b>	<b>901,991</b>	<b>620,289</b>	<b>72,145,150</b>	<b>69,110,249</b>		
<b>(ii) Financial liabilities</b>										
Deposits and short term borrowings	25,256,021	28,566,313	28,424,644	30,576,790	52,340	51,210	53,733,005	59,194,313	2.8	4.2
Payables and other liabilities	—	—	—	—	697,634	617,031	697,634	617,031	—	—
Interest bearing liabilities	4,000,000	—	4,600,000	1,000,000	—	—	8,600,000	1,000,000	5.7	6.1
<b>Total financial liabilities</b>	<b>29,256,021</b>	<b>28,566,313</b>	<b>33,024,644</b>	<b>31,576,790</b>	<b>749,974</b>	<b>668,241</b>	<b>63,030,639</b>	<b>60,811,344</b>		

### 31. CHANGE IN ACCOUNTING POLICY

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 and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013). These standards are applicable retrospectively and amend the classification and measurement of financial assets.

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

The 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; and
- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010). These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect 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 Association's financial statements.

### 32. 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)

# Independent Audit Report to the Members of Macquarie Credit Union Limited

## Report on the Financial Report

We have audited the accompanying financial statements of Macquarie Credit Union Limited, which comprise the statement of financial position as at 30 June 2010, 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 Report

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

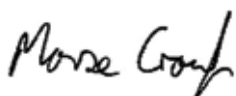
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act, provided to the directors of Macquarie Credit Union Limited on 24 August 2010 would be in the same terms if provided to the directors as at the date of this auditor's report.



## Auditor's Opinion

In our opinion:

- (a) the financial 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 2010 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.



**MORSE GROUP**

2 River Street  
Dubbo  
Dated: 31 August 2010



**J M SHANKS**  
PARTNER

# Credit Union Representatives

Auscott Warren	A. McMillan
Baradine MPHS	To Be Advised
Bathurst Country Energy	A. Walker
Bogan Shire Council	C. Ellison
Bourke Country Energy	C. Brown
Brewarrina Country Energy	C. Brown
Central Darling Shire	V. Pearson
Cobar Country Energy	R. De Jong
Cobar District Hospital	B. Izzard, K. Howell
Cobar DIPNR	R. Goonrey
Cobar Shire Council	To Be Advised
Coolah Hospital	To Be Advised
Coolah Shire Council	V. Kearnes
Coonabarabran Country Energy	To Be Advised
Coonabarabran Shire Council	C. Kennedy
Coonabarabran Hospital	D. Healey
Coonamble Country Energy	D. Boreham
Coonamble Hospital	L. Kenny
Coonamble Shire Council	V. Fulmer
Dubbo Base Hospital	P. Woodward
Dubbo City Council	V. Dawson
Dubbo Country Energy	R. Allan, J. Morrison
Dubbo C/E FSC	R. Howell
Dubbo Private Hospital	To Be Advised
Dunedoo Country Energy	S. Curtis
Dunedoo MPHS	J. Curtis
Gilgandra District Hospital	K. McWhirter

Gilgandra Country Energy	M. Colwell
Gilgandra Shire Council	J. Henry
Gulgong Country Energy	R. Lockyear
Gulgong Wenonah Lodge	D. Rayner
Mudgee Country Energy	G. Holland
Mudgee District Hospital	J. Adams
Mudgee Kanandah	A. Warman
Mudgee Pioneer House	D. Newman
Narromine Base Hospital	L. McLelland
Narromine Shire Council	S. Everett, V. Roberts
Narromine Country Energy	A. Smith
Nyngan Country Energy	D. Smith
Nyngan District Hospital	J. Hawley
Orange Country Energy	A. Goodacre
Queanbeyan Country Energy	To Be Advised
Trangie MPHS	To Be Advised
Walgett Country Energy	P. Clarke
Walgett MPHS	K. Patmore
Warren Country Energy	M. Oriel
Warren State Water	M. Patterson
Warren MPHS	J. George, D. George, L. Clark
Warren Shire Council	J. Murray
Wellington Country Energy	G. McQuillan
Wellington Hospital	To Be Advised
Wellington Shire Council	A. Cullen



## Staff

Matthew Bow  
Leanne Bourne  
Scott Vanstone  
Kathryn Webber  
Jennifer Humphries  
Anne Howey  
Cheriee Edwards  
Michele Baker  
Fiona Parle  
  
Maree Wilson  
  
Jill Graham  
Lisa Northill  
Kylie Andrews  
Kellee Norman

General Manager  
Deputy General Manager  
Operations Manager  
Senior Loans Officer  
Loans Officer  
Loans Officer  
Loans Administration (maternity leave)  
Collections Officer  
Business Development Officer  
(Central Western Region)  
Business Development Officer  
(Mid North Coast Region)  
Member Service Officer  
Member Services Officer  
Member Services Officer  
Member Services Officer

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## Directors

TE BACON  
J MOSS  
A GILLHAM

PM NOLAN  
J MILLAR  
DAJ ROOTES

RK MILLS  
CJ SHEPHERD

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## Registered Office

23 Hawthorn Street,  
PO Box 1618, Dubbo NSW 2830

**Telephone:** 1300 885 480

**Facsimile:** (02) 6882 6909

**Telephone Banking:** 1300 885 480

**Email:** [info@macquariecu.com.au](mailto:info@macquariecu.com.au)

**Web:** [macquariecu.com.au](http://macquariecu.com.au)

## Auditors

**MORSE GROUP**  
2 River Street, Dubbo NSW 2830

## Solicitor

**Nelson, Keane & Hemingway**  
Church Street, Dubbo NSW 2830

## Banker

**Cuscal Ltd.**  
National Australia Bank, Sydney