FINANCIAL STATEMENTS
for the year ended 30 June 2024

October 2024
This report contains 58 pages

WAW Credit Union Co-operative Limited
ABN 48 087 651 787
Customer-Owned Banking

Contents

Directors' report

The Directors present their report together with the Financial Statements of WAW Credit Union Co-operative Limited, trading as BankWAW (the 'organisation') for year ended 30 June 2024 and the auditor's report thereon.

Directors

The names and details of the Directors of the organisation in office during the financial year and until the date of this report unless noted otherwise are:

Allison M Jenvey, OAM FCPA, GAICD Director since 23 September 2020	Chair of the Board. Board Committee: Executive & Remuneration Committee (Chair). Occupation: Retired. Experience: Public Practice Accounting, Corporate Governance, Agriculture, Education and Training and Health.
Fiona A Shanks B.Bus (HRM), Dip.BusMan, CAHRI, GAICD Director since 29 November 2017	Board Committees: Risk Management Committee. Board Representative on Director Nominations Committee Occupation: Chief People Officer. Experience: Organisational Development, Culture and Staff Engagement, Human Resource Management, Local Government, Healthcare, Community.
Julie H Guest BBus (Acct), CAANZ Director since 29 November 2017	Board Committees: Audit Committee (Chair) and Executive and Remuneration Committee. Representative on Audit Committee. Occupation: Accountant. Experience: Public Practice, Accounting, Auditing, Local Government, ADI Director.
Gavan A Nolan B.Ec (ANU), CAANZ Director since 20 November 2019	Board Committees: Risk Management Committee (Chair), Executive and Remuneration Committee. Occupation: Retired. Experience: Business Review & Turnaround, Financial Reconstruction, Risk Management, Stakeholder Consultation and Collaboration.
Stephen W Sampson DipFS, FAIM, FFINSIA, FAIBF, MAICD, JP Director since 23 September 2020	Board Committee: Risk Management Committee and Audit Committee. Occupation: Retired. Experience: ADI Executive, Strategic Innovation, Governance and Compliance, Risk Management, Business Development.
Matthew Grogan BSc, LLB (Hons), GDLP Director since 17 November 2021	Board Committee: Audit Committee (Chair), Executive and Remuneration Committee. Occupation: Solicitor. Experience: Legal Practice, Small Business, Community Energy.
Philip Friedlieb Director since 16 November 2022	Board Committee: Risk Management Committee and Audit Committee. Occupation: Retired. Experience: Business and Agri Relationship Manager.

All Directors are considered to be independent non-executive Directors.

Company Secretary

Mr Michael A Mack, BBus (E-Comm), GAICD, was appointed as Chief Executive Officer and Company Secretary of the Credit Union on 23 September 2016, and continues to act in this capacity.

Directors' report (cont'd)

Directors' meetings

The numbers of meetings of Directors (including meetings of Committees) held during the year and the numbers of meetings attended by each Director were as follows:

Director	Board of Director Meetings		Executive & Remuneration Committee		Audit Committee		Risk Management Committee	
	A	B	A	B	A	B	A	B
A Jenvey	12	11	6	6	6	5	6	6
F Shanks	12	11	-	-	-	-	6	5
J Guest	12	11	2	2	6	6	-	-
G Nolan	12	11	6	4	-	-	6	6
S Sampson	12	11	-	-	6	4	6	6
M Grogan	12	12	4	4	6	6	-	-
P Friedlieb	12	12	-	-	6	5	6	6

A – Number of meetings the Director was eligible to attend during the year
B – Number of meetings attended

Continuing professional development (CPD)

The Board has set clear training and development expectations for Directors to ensure a high level of knowledge and skills is maintained to fulfil the duties of a Director of an Authorised Deposit-taking Institution (ADI).

Individual Directors must complete a minimum 60 hours of CPD per triennium. All current Directors have undertaken training and development activities during the period 1 July 2023 to 30 June 2024 in order to meet these requirements.

During the financial year, the Board also participated in an independent performance appraisal process carried out by governance experts, which included peer and self-assessment feedback as well as a review of collective Board performance. Results from this initiative support individual Director and Board development, as well as assisting in the planning for annual CPD programs.

Principal activities

The principal activity of the organisation is to raise funds from the organisation's customers for the purpose of making loans to customers. No significant change in the nature of the activity has occurred during the year.

Trading results

The profit for the financial year, before income tax, was $1,633,965 (2023: $4,235,772). Income tax expense was $415,854 (2023: $1,018,760).

Review of operations

Net loans and advances for the year have increased by $19,113,899 to $557,480,018.
Deposits increased during the year by $22,877,052 to $655,927,938.
Equity during the year has increased by $1,318,688 to $44,314,818.

There were no significant changes in the operations of the organisation. The level of uncertainty related to the social and economic impact of the Coronavirus (COVID-19) pandemic continued to diminish during the period, with other economic conditions emerging for consideration, economic conditions such as rising interest rates and inflation along with the potential for softer house prices and reduced employment.

Directors' report (cont'd)

Review of operations (cont'd)

Competitive pressures are increasing in lending; however, loan demand remains relatively strong and loan delinquency is low across the portfolio. The impact of changing economic conditions has been taken into account as part of Expected Credit Loss (ECL) modelling and judgements, as discussed at Note 1(f) and Note 1(s).

The organisation continued to grow its deposit base across the period in a consistent, predictable manner to ensure the long-term stability of its funding base is maintained. Given the outlook for interest rates and structural changes in the economy, the Board continues to see higher levels of Liquidity as an ongoing feature of the organisation's Balance Sheet.

Dividends

The organisation does not have permanent share capital and has therefore not paid, or declared, any dividends for the financial year.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the organisation during the financial year under review.

Events subsequent to balance date

Since the end of the financial year and the date of this report there is no transaction, material and/or unusual event that is likely, in the opinion of the Directors, to significantly affect the operations of the organisation, the results of those operations, or the state of affairs of the business in subsequent financial years.

Likely developments

The organisation will continue to operate an ethical, sustainable (from a financial, and environmental perspective) and socially beneficial financial institution that aims to create a positive social impact by putting customers and community at the centre of decision-making.

Further information about likely developments in the operations of the organisation, and the expected results of those operations in future financial years, has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the institution.

Environmental regulation

BankWAW's operations are not specifically subject to any significant environmental regulations under either Commonwealth or State legislation beyond those required of the business community in general. However, the Board believes that the organisation has adequate systems in place for the management of its environmental responsibilities as they apply in general terms and is committed to ongoing development in this area of operations.

Directors' benefits

During, or since the end of the financial year, no Director of the organisation has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration paid or payable to the Directors as shown in the general purpose financial statements) by reason of a contract entered into by the organisation (or an entity that the organisation controlled, or a body corporate that was related to the organisation when the contract was made, or when the Director received, or became entitled to receive, the benefit) with:

- a Director,
- a firm of which a Director is a member, or
- an entity in which a Director has a substantial financial interest

Directors' report (cont'd)

Indemnification and insurance of Directors and Officers

During the year, a premium was paid in respect of a contract insuring Directors and Officers of the organisation against liability. Those covered by the insurance contract include the Directors, Executive Officers, Secretary and certain employees.

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

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

Corporate governance

BankWAW is committed to achieving high-standards of corporate governance. The organisation is directed and controlled by its Board of Directors through systems of oversight, delegation and policies so as to achieve its business objectives responsibly and in accordance with high-standards of accountability and integrity.

BankWAW has established a Composition, Competencies and Succession Planning framework which requires the Board as a whole to possess the relevant skills and experience required to govern the organisation and achieve its objectives, in accordance with the current Strategic Plan and banking sector regulation.

The Board of Directors carries out an annual appraisal process that assesses the performance of individual Directors and the Board as a whole, as well as the function and performance of the Board's Committees. The annual appraisal process also assists the Board with individual and group development plans and reviewing the skill sets required by the Board to carry out its role with reference to BankWAW's Strategic and Business Plans.

BankWAW continues to comply with Australian Prudential Regulation Authority (APRA) Prudential Standard related to Corporate Governance.

Internal audit:
BankWAW appointed AFS & Associates to the position of internal auditor from 1 July 2019, for an original contract period of three years, and renewed this appointment in 2022 for a further three years. The assessment and associated appointment was made in accordance with key Prudential Standards including CPS 231 *Outsourcing* and APS 310 *Audit and Related Matters*.

External audit:
BankWAW's appointment of Crowe Albury continued in the 2023-24 reporting period, with a standard internal review scheduled to take place at the conclusion of this period. Crowe has continued to maintain appropriate policies to ensure compliance with key requirements contained within Prudential Standards CPS 510 *Governance,* CPS 520 *Fit and Proper* and APS 310 *Audit and Related Matters.*

Directors' report (cont'd)

Auditor independence declaration

The auditor independence declaration for the year ended 30 June 2024 has been received and can be found on page 8 of the financial report.

Dated at Wodonga this 26th day of September 2024.

Signed in accordance with a resolution of the Directors.

Allison M Jenvey - Director	Matthew P Grogan - Director
Chair, Board of Directors	*Chair, Audit Committee*

Crowe Albury
ABN 16 673 023 918
491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

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

Auditor Independence Declaration
under Section 307C of the *Corporations Act 2001* to the Directors of WAW Credit Union Co-operative Limited (trading as 'BankWAW')

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been no contraventions of:

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

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

This declaration is in respect of WAW Credit Union Co-operative Limited for the financial year ended 30 June 2024.

Crowe Albury

CROWE ALBURY

ALISON FLAKEMORE
Partner

26th September 2024
Albury

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries. Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity.

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Interest revenue	2	33,989,775	24,270,530
Interest expense	2	(18,919,538)	(8,451,774)
Net interest income		15,070,237	15,818,756
Non-interest revenue	3(a)	2,292,540	2,364,556
General and administration		(4,572,913)	(4,223,050)
Depreciation and amortisation expense	4(a)	(737,246)	(503,053)
Personnel costs	4(b)	(8,033,177)	(7,009,244)
Other expenses	4(c)	(96,979)	(86,408)
Net impairment (loss)/reversal on financial assets		(3,693)	(4,960)
Fees and commission expense		(2,284,804)	(2,120,825)
Profit before tax		1,633,965	4,235,772
Income tax expense	5	(415,854)	(1,018,760)
Profit after tax		1,218,111	3,217,012
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		100,577	(777)
Other comprehensive income for the year, net of tax		100,577	(777)
Total comprehensive income for the year attributable to customers		1,318,688	3,216,235

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes set out on pages 13 to 53.

Statement of Changes in Equity
For the year ended 30 June 2024

Year ended 30 June 2023	**Retained Profits $**	**Lending Risk Reserve $**	**General Reserve $**	**Asset Revaluation Reserve $**	**Financial Asset Reserve $**	**Total $**
Opening balance at 1 July 2022	2,634,861	713,403	32,939,747	2,569,901	921,983	39,779,895
Profit after tax	3,217,012	-	-	-	-	3,217,012
Other comprehensive income	-	-	-	-	(777)	(777)
Total comprehensive income for the period	3,217,012	-	-	-	(777)	3,216,235
Transfer to/(from) lending risk reserve	(14,358)	14,358	727,761	-	-	727,761
Transfer to/(from) general reserve	(2,634,861)	(727,761)	2,634,861	-	-	(727,761)
Closing balance at 30 June 2023	3,202,654	-	36,302,369	2,569,901	921,206	42,996,130
Year ended 30 June 2024						
Opening balance at 1 July 2023	3,202,654	-	36,302,369	2,569,901	921,206	42,996,130
Profit after tax	1,218,111	-	-	-	-	1,218,111
Other comprehensive income	-	-	-	-	100,577	100,577
Total comprehensive income for the period	1,218,111	-	-	-	-	1,318,688
Transfer to/(from) lending risk reserve	-	-	-	-	-	-
Transfer to/(from) general reserve	(3,202,654)	-	3,202,654	-	-	-
Closing balance at 30 June 2024	1,218,111	-	39,505,023	2,569,901	1,021,783	44,314,818

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes set out on pages 13 to 53.

Statement of Financial Position
As at 30 June 2024

	Note	2024 $	2023 $
ASSETS			
Cash and cash equivalents	7	130,197,356	118,005,212
Receivables due from other financial institutions	8	7,546,456	13,544,242
Income tax receivable	6	591,210	21,924
Other receivables	9	1,316,931	1,010,636
Customer loans and advances	10	557,480,018	538,366,119
Other financial assets	12	1,972,282	1,838,180
Property, plant and equipment	13	8,464,229	8,578,526
Right-of-use assets	19	822,471	887,303
Intangible assets	14	780,483	296,271
Deferred tax assets	6	366,273	331,105
Prepayments		227,204	228,510
TOTAL ASSETS		709,764,913	683,108,028
LIABILITIES			
Customer deposits	15	655,927,938	633,050,886
Accounts payable and other liabilities	16	6,016,624	3,563,478
Lease liabilities	19	898,317	940,116
Employee benefits	17	1,267,390	1,171,295
Deferred tax liabilities	6	1,339,826	1,386,123
TOTAL LIABILITIES		665,450,095	640,111,898
NET ASSETS		44,314,818	42,996,130
EQUITY			
Reserves		43,096,707	39,793,476
Retained profits		1,218,111	3,202,654
TOTAL EQUITY		44,314,818	42,996,130

The Statement of Financial Position is to be read in conjunction with the accompanying notes set out on pages 13 to 53.

Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Interest received		34,215,874	24,528,920
Interest paid		(18,142,674)	(5,793,658)
Payments to employees and suppliers		(13,397,431)	(13,565,506)
Receipts from other services		1,920,595	2,353,810
Income tax paid		(1,100,130)	(1,063,145)
		3,496,234	6,460,421
Net (increase)/decrease in loans and advances		(19,117,592)	(30,383,632)
Net increase/(decrease) in deposits		22,877,052	20,337,786
Net cash from operating activities	18(a)	7,255,694	(3,585,425)
Cash flows from / (used in) investing activities			
Net (increase) / decrease in receivables from other financial institutions		5,997,787	3,998,355
Acquisition of property, plant and equipment		(314,021)	(563,564)
Acquisition of intangible assets		(610,234)	(241,184)
Proceeds from sale of plant and equipment		22,792	87,000
Net cash from / (used in) investing activities		5,096,324	3,280,607
Cash flows from financing activities			
Repayment of the lease liabilities		(159,874)	(116,259)
Net cash from / (used in) financing activities		(159,874)	(116,259)
Net increase / (decrease) in cash and cash equivalents		12,192,144	(421,077)
Cash and cash equivalents at 1 July		118,005,212	118,426,289
Cash and cash equivalents at 30 June	7	130,197,356	118,005,212

The Statement of Cash Flows is to be read in conjunction with the accompanying notes set out on pages 13 to 53.

Notes to the Financial Statements
For the year ended 30 June 2024

1. Material accounting policy information

WAW Credit Union Co-operative Limited, trading as BankWAW (the 'Credit Union) is a company domiciled in Australia. The Financial Statements were authorised for issuance by the Directors on the 26th day of September 2024.

(a) Statement of compliance

The Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Not-for-profit status

The Credit Union has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as its prime objective. As a consequence, where appropriate, the Credit Union has applied options and exemptions within Australian Accounting Standards that are applicable to not-for-profit entities.

(b) Basis of preparation

The financial statements are presented in Australian dollars. The financial statements have been prepared on the basis of historical costs except that the following assets and liabilities (if applicable) are stated at their fair value: land and buildings and other financial assets.

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Credit Union.

Judgements made by Management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1(s).

The Credit Union presents the statement of financial position showing assets and liabilities in their broad order of liquidity because this presentation provides more relevant information than separate current and non-current classifications.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits at call and other short-term deposits with Authorised Deposit-taking Institutions (ADI's), as well as Government bonds, all of which can be readily converted into cash. Deposits with ADI's include Negotiable Certificates of Deposit and Floating Rate Note securities (FRNS). Bonds, Negotiable Certificates of Deposit and FRNS are held via the Austraclear system with the Reserve Bank of Australia, to enable conversion to cash. Cash and cash equivalents are recognised at the gross value of the outstanding balance.

(d) Receivables due from other financial institutions

Receivables due from other financial institutions recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any expected credit losses / impairment losses.

(e) Customer loans and advances

Loans and advances are measured at amortised cost using the effective interest rate method, less any expected credit losses / impairment losses.

An analysis of the Credit Union's loan origination fees and associated cost structure indicated that the net amount of fee revenue required to be deferred is not material, and accordingly no deduction from loans has been made.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

1. Material accounting policy information (cont'd)

(f) Provision for impairment / expected credit losses of financial assets

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the "expected credit loss model" (ECL).

In applying this forward-looking approach, a distinction is made between:

- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) ('Stage 1'); and
- Financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' covers financial assets that have objective evidence of impairment (loans in default) at the reporting date.

Measurement of ECL
The Credit Union applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets that are not measured at fair value through profit or loss.

- 12-months ECL (Stage 1) - The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
- Lifetime ECL – not impaired (Stage 2) - ECL associated with the probability of default events occurring throughout the life of an instrument.
- Lifetime ECL – impaired (Stage 3) - Lifetime ECL, but interest revenue is measured based on the carrying amount of the instrument net of the associated ECL.

Exposures are assessed on a collective basis in Stage 1, and on individual basis in Stage 2 and Stage 3. At each reporting date, the Credit Union assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become credit-impaired it will be transferred to Stage 3.

Critical accounting estimates and judgements in the ECL
A number of significant judgements are required in applying the accounting requirements for measuring ECL, which are detailed below:

Assumptions used for estimating impairment
In assessing the impairment of financial assets under the expected credit loss model, the Credit Union defines default as occurring when a loan obligation is 90 days past due. The definition of default largely aligns with that applied by APRA for regulatory reporting purposes, and the criteria used for internal credit risk management purposes.

Assessment of significant increase in credit risk
In determining whether the risk of default has increased significantly since recognition, the Credit Union considers both quantitative and qualitative factors. These include:

- When a loan reaches 30 days past due; and
- Loans with approved hardship or modified terms.

Grouping of loans for losses measured on a collective basis
For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. The Credit Union has elected to use the following segments when assessing credit risk for Stage 1 of the ECL model:

- Mortgage loans – secured by residential property
- Mortgage loans – secured by commercial property
- Personal loans – secured and unsecured including overdrafts / overdrawn
- Secured by funds

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

1. Material accounting policy information (cont'd)

(f) Provision for impairment / expected credit losses of financial assets (cont'd)

Sensitivity analysis and forward-looking information
Given the time that has elapsed and the diminished Government response, economic and otherwise, the Credit Union is assessing that the economic effects of the COVID-19 pandemic are part of the general environment with any remaining impacts reflected in standard economic indicators such interest rate changes, unemployment rates and the inflation rate.

The Credit Union has prepared a sensitivity analysis over the allowance for expected credit losses, taking into consideration the following individual scenarios across the Credit Union's loan portfolio. The scenarios, including the underlying indicators, have been developed using a combination of publicly available data, internal forecasts and third-party information to form the base case scenario.

Base Case – the scenario was prepared using reasonable and supportable information that is relevant and available without undue cost or effort at balance date. The Credit Union took into consideration hardship loans, loan-to-value ratio on security for loans in hardship, borrower's capacity to repay and expected default of borrowers, unemployment rates (based on the forecasted unemployment rates from the Reserve Bank of Australia).

Worse than Base Case – this scenario considered a deterioration of borrower's capacity to repay and expected default of borrowers, a future increase in interest and unemployment rates, and a price shock to the property market compared to the base case.

Better than Base Case – this scenario considered an improvement in the borrower's capacity to repay and unexpected default of borrowers, a future decrease in unemployment rates, and an improvement to the property market compared to the base case.

The results of the sensitivity analysis performed, taking into consideration a probability-weighted average of each different scenario eventuating, showed that the effect was not material compared to the Credit Union's base case allowance for expected credit losses. The Credit Union has elected to use the base case to measure its expected credit loss allowance at 30 June 2024.

Given the economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future period, expected credit losses reported by the Credit Union should be considered as a best estimate within a range of possibilities.

(g) Other financial assets

AASB 9 requires the Credit Union's equity investments in other financial assets to be held at fair value. The Credit Union has elected for these to be held at fair value through other comprehensive income (FVOCI). Subsequent movements in fair value are recognised in other comprehensive income and never reclassified to profit or loss.

(h) Property, plant and equipment & intangible assets

Land and buildings
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Directors assess fair value on an annual basis, and in the non-valuation years utilise a desktop valuation provided by external independent valuer to support their opinion.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

1. Material accounting policy information (cont'd)

(h) Property, plant and equipment & intangible assets (cont'd)

Leasehold improvements
Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Depreciation/amortisation
Depreciation/amortisation is charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The maximum estimated useful lives in the current and comparative periods are as follows:

- Buildings 40 years
- Office furniture & equipment 5 years
- Leasehold and office improvements shorter of lease terms and 10 years
- Motor vehicles 5 years
- Computer hardware 4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Land is not depreciated.

Intangible assets
Items of computer software which are not integral to the computer hardware owned by the Credit Union are classified as intangible assets.

Computer software is amortised over the expected useful life of the software. The maximum estimated useful lives in the current and comparative periods are as follows:

- Computer software 3 years

(i) Employee entitlements

Long term service benefits
The Credit Union's net obligation in respect of long term service benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds at the balance date which have maturity dates approximating to the terms of the Credit Union's obligations.

Short term benefits
Liabilities for employee benefits for wages, salaries and annual leave expected to be taken within 12 months represent present obligations resulting from employees services provided to reporting date, calculated at undiscounted amounts based on remuneration wages and salary rates that the Credit Union expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax. Annual leave expected to be taken after 12 months is discounted back to present value using the rates attached to high quality corporate bond rates at balance date.

(j) Customer deposits

Customer deposits are held at amortised cost.

(k) Accounts payable and other liabilities

These amounts represent liabilities for goods and services provided to the Credit Union prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

1. Material accounting policy information (cont'd)

(l) Revenue recognition

Interest revenue
Interest income arising from financial assets held at amortised cost is recognised using the effective interest rate method. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss over the expected life of the instrument in accordance with the effective interest rate method.

The calculation of effective interest rate does not include expected credit loss. Interest income that is classified as impaired is recognised by applying the effective interest rate to the amortised cost carrying value, being the gross carrying amount after deducting the impairment loss.

Fee income
Loan, account and transaction fee income relates to fees that are not deemed to be an integral part of the effective interest rate.

Fee income relating to deposit or loan accounts is either:
- Transaction based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- Related to performance obligations carried out over a period of time, therefore recognised on a systemic basis over the life of the agreement as the services are provided.

Transaction fees and provision of services are defined within product terms and conditions.

Commissions
Commission income which includes insurance and financial planning advice is recognised when the performance obligation is satisfied.

Dividend income
Dividend income is recognised when the right to receive income is established.

Income from property
Rental income from leases is recognised on a straight-line basis over the term of the lease.

(m) Leases

Credit Union as a lessee
The Credit Union has elected to separate non-lease components from lease components and has accounted for payments separately, rather than as a single component.

Right-of-Use Asset (ROUA) Measurement.
The ROUA is measured at cost, which is made up of the initial measurement of the lease liability, any additional direct costs at the lease commencement and an estimate of any costs to dismantle and remove or make good the asset at the end of the lease term.

Lease Liability Measurement
The Credit Union measures the present value of the lease payments unpaid at the time of the lease commencement, discounted using the interest rate implicit in the lease or the Credit Union's incremental borrowing rate. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method.

Depreciation of ROUA
The Credit Union depreciates the ROUA on a straight-line basis from the lease commencement date to the earlier of the end of useful life of the ROUA or the end of the lease term.

Short-Term and Low-Value Leases
Short term leases (term less than 12 months) or low-value leases (underlying asset value below $10,000) will be accounted for by expensing the rent payments in the profit and loss statement on a straight line basis over the term of the lease.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

1. Material accounting policy information (cont'd)

(m) Leases (cont'd)

Credit Union as a lessor
The lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.
The lease income for an operating lease is recognised on a straight-line basis over the lease term.

(n) Income tax

Income tax for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance date.

(o) Goods and Services Tax

As a financial institution, the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis, using the safe harbour apportionment rate of 18% adopted per Practical Compliance Guide 2018/15 from 1 July 2019. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

(p) Reserves

General reserve
Annually a transfer is performed between retained profits and the general reserve. The general reserve represents the accumulation of prior years' trading profits of the Credit Union after transfers to reserves.

The general reserve includes amounts allocated for the purpose of a shareholder share redemption balance per Compliance Note 2001.084. As at 30 June 2024, $336,605 (2023: $335,888) of the general reserve represents the amount of redeemable preference shares redeemed by the Credit Union since 1 July 1999. Accounting principles requires that the redemption of the shares be made out of profits. Since the value of the shares has been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

Asset revaluation reserve
The asset revaluation reserve relates to the revaluation of land and buildings.

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

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

1. Material accounting policy information (cont'd)

(q) Accounting estimates and judgements

Management has been involved in the development, selection and disclosure of the Credit Union's critical accounting policies and estimates and the application of these policies and estimates. In particular, information about areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 1(f) and Note 11 – Impairment of loans and advances with regards to the expected credit loss modelling and judgements, including:
  - Determining criteria for significant increase in credit risk: An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Credit Union takes into account qualitative and quantitative reasonable and supportable forward-looking information;
  - Choosing appropriate models and assumptions for the measurement of expected credit loss; and
  - Establishing groups of similar financial assets for the purposes of measuring expected credit loss: When expected credit loss is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.
- Note 13 – Fair value assumptions used for land and buildings; and
- Note 12 – Fair value assumptions used for other financial assets.

(r) New or amended accounting standards adopted

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

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

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

(s) New or amended accounting standards not yet mandatory

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

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

2. Interest revenue and interest expense

	2024 $	2023 $
Interest Revenue		
Loans and advances - customers	28,411,234	20,739,175
Investment securities	5,578,541	3,531,355
	33,989,775	24,270,530
Interest Expense		
Deposits - customers	(18,851,401)	(8,398,610)
Short-term borrowings	(7,361)	(7,472)
Lease liabilities	(60,776)	(45,692)
	(18,919,538)	(8,451,774)

3. Other revenue & other income

a) Non-Interest Revenue

	2024 $	2023 $
Revenue from contracts with customers		
Loan fees	404,796	452,162
Transaction and other fees	1,085,320	1,070,860
Commissions – insurance related	456,402	461,811
Commissions – other	11,537	20,979
	1,958,055	2,005,812
Other sources of income		
Rent	208,986	202,217
Dividends	98,717	66,100
Gain on disposal of assets (net)	22,792	79,856
Other income	3,990	10,571
	334,485	358,744
Total non-interest revenue	2,292,540	2,364,556

Revenue recognition is summarised in the accounting policy at Note 1(l).

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

3. Other revenue & other income (cont'd)

a) Non-Interest Revenue (cont'd)

Further details with regards to the revenue from contracts with customers under AASB 15 is disclosed below:

	Nature and timing of satisfaction of performance obligations	Revenue recognition under AASB 15
Fee income		
Loan fees	Loan fees and charges includes fees for ongoing loan account management, as well as late repayment fees and other penalty charges. These fees and charges are charged to the customer's account as incurred.	Loan fees and charges are recognised at the point in time when the transaction takes place.
Electronic transaction fees / Visa card fees / Other fees	The Credit Union provides financial services to members. Fees for ongoing account management are charged to the customer's account on a monthly basis. Transaction-based fees are charged to the customer's account when the transaction takes place.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.
Commission income		
Insurance	Commission income is generated via the issuing of third party insurance policies to members. A financial contribution is also available to help cover the direct costs of projects and/or campaigns.	Commission income is recognised when the insurance policy is issued. Commission income for renewals is recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of renewal commission income is outside the control of the Credit Union. Any marketing contributions are recognised in the year the campaign occurs.
Other	Other commission includes sale of foreign currency via Travelex.	Revenue is recognised at the point in time when it is received as that is when the service has occurred.

Notes to the Financial Statements
For the year ended 30 June 2024(cont'd)

4. Depreciation & amortisation expenses, personnel expenses & other expenses

	2024 $	2023 $
a) Depreciation and amortisation expenses		
Depreciation and amortisation of property, plant and equipment:		
Plant and equipment	257,360	177,053
Buildings	157,953	157,953
Leasehold improvements	13,004	4,089
Depreciation of right-of-use assets	182,907	132,221
Amortisation of intangible assets	126,022	31,737
	737,246	503,053
b) Personnel expenses		
Wages and salaries	6,877,033	6,092,087
Other associated personnel expenses	288,421	154,705
Contributions to defined contribution Superannuation plans	867,723	762,452
	8,033,177	7,009,244
c) Other expenses		
Occupancy costs	96,979	86,408
Total other expenses	96,979	86,408

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

5. Income tax

	2024 $	2023 $
Profit before tax	1,633,965	4,235,772
Prima facie income tax expense calculated at 25% on net profit (2023: 25%)	408,491	1,058,943
Increase/(decrease) in income tax due to:		
Non-deductible expenses	7,118	8,318
Imputation credits	(28,330)	(21,059)
Under/(over) provision for income tax in prior year	8,361	(15,991)
Other differences in tax treatment	20,214	(11,451)
Income tax expense	415,854	1,018,760
Current tax expense	522,483	840,252
Deferred tax expense	(114,990)	194,499
Prior year adjustment	8,361	(15,991)
Income tax expense	415,854	1,018,760

6. Taxation balances

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2024 $	2023 $	2024 $	2023 $
Customer Loans & Advances	3,739	2,816	-	-
Prepayments	-	-	56,801	57,128
Other Financial Assets	-	-	339,621	306,096
Property, Plant & Equipment, & Intangibles[1]	-	-	943,404	1,022,899
Accounts Payable & Other Liabilities	51,330	38,037	-	-
Employee Benefits	292,243	271,740	-	-
Leases[2]	18,961	13,203	-	-
Other	-	5,309	-	-
	366,273	331,105	1,339,826	1,386,123

(1) The Credit Union's land and buildings includes property that is exempt from Capital Gains Tax (CGT). As such a deferred tax liability in relation to the revaluation has only been recognised on the properties that are subject to CGT.

(2) The deferred tax outcome of the ROUA and lease liability have been offset, given that they relate to the same underlying lease transaction.

Income tax payable / (receivable)
The current tax receivable by the Credit Union is $591,210 (2023: $21,924 receivable) and represents the amount of income taxes receivable in respect of current and prior periods.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

6. Taxation balances (cont'd)

	2024 $	2023 $
Income tax payable / (receivable)	(591,210)	(21,924)
Movement in taxation payable / (receivable)		
Balance at beginning of year	(21,924)	216,961
Current year's income tax expense on profit before tax	522,483	840,252
Income tax paid	(1,100,130)	(1,063,146)
Prior year adjustment	8,361	(15,991)
Balance at end of year	(591,210)	(21,924)

7. Cash and cash equivalents

	2024 $	2023 $
Cash on hand and at bank	1,150,972	1,228,718
Cash at bank	4,208,661	1,868,062
Deposits at call	1,000,000	1,000,000
Security deposits	14,370,000	14,370,000
Negotiable certificate of deposits	43,967,723	42,538,432
Floating rate note securities (FRNS)	16,000,000	18,000,000
Government securities	49,500,000	39,000,000
	130,197,356	118,005,212
Remaining maturity analysis		
Not longer than 3 months	69,697,356	56,635,212
Longer than 3 and not longer than 12 months	22,500,000	38,000,000
Longer than 12 months and not longer than 5 years[1]	33,000,000	23,370,000
Longer than 5 years	5,000,000	-
	130,197,356	118,005,212

[1] The Credit Union holds Government Bonds and FRNS that have a formal maturity beyond 12 months. While the Credit Union intends to hold these securities until maturity, they are held via the Austraclear system with the Reserve Bank of Australia and can be readily converted to cash.

	2024 $	2023 $
Credit rating of cash & cash equivalents[2]		
Cuscal Limited – rated A	19,578,661	17,238,062
Banks – rated AA- and above	65,500,000	57,000,000
Banks – rated below AA-	43,967,723	42,538,432
N/A – cash on hand	1,150,972	1,228,718
	130,197,356	118,005,212

[2] Credit ratings are based on recognised S&P long-term ratings.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

	2024 $	2023 $
8. Receivables due from other financial institutions		
Term deposits	7,546,456	13,544,242
	7,546,456	13,544,242
Remaining maturity analysis		
Not longer than 3 months	3,546,456	3,544,242
Longer than 3 and not longer than 12 months	4,000,000	6,000,000
Longer than 12 months and not longer than 5 years	-	4,000,000
	7,546,456	13,544,242
Credit rating of receivables due from other financial institutions		
Banks – rated AA- and above	2,000,000	8,000,000
Banks – rated below AA-	5,546,456	5,544,242
	7,546,456	13,544,242
9. Other receivables		
Interest receivables	940,184	832,541
Bond receivables	-	150,501
Other	376,747	27,594
	1,316,931	1,010,636
10. Customer loans and advances		
Overdrafts – customers	3,865,174	3,726,110
Term loans – customers	553,629,800	534,651,272
Gross loans and advances – customers	557,494,974	538,377,382
Provision for impairment	(14,956)	(11,263)
Net loans and advances	557,480,018	538,366,119
Maturity analysis		
Overdrafts	3,865,174	3,726,110
Not longer than 3 months	5,441,443	5,021,434
Longer than 3 and not longer than 12 months	14,931,737	14,610,304
Longer than 1 and not longer than 5 years	81,222,135	77,878,113
Longer than 5 years	452,034,485	437,141,421
	557,494,974	538,377,382

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

10. Customer loans and advances (cont'd)

	2024 $	2023 $
Security held against loans		
Secured by mortgage over residential property	519,568,971	509,425,311
Secured by mortgage over commercial property	33,325,843	26,142,101
Total loans secured by real estate	552,894,814	535,567,412
Secured by funds	1,010,844	166,369
Partly secured by goods mortgage	3,514,166	2,500,657
Fully unsecured	75,150	142,944
	557,494,974	538,377,382

It is not practicable to value all collateral as at the balance date due to the variety of assets and condition. A breakdown of the quality of the residential real estate mortgage security on a portfolio basis is as follows:

	2024 $	2023 $
Loan to Value Ratio of 80% or less	450,962,358	424,034,384
Loan to Value Ratio of more than 80% but mortgage insured	24,981,266	37,696,278
Loan to Value Ratio of more than 80% but government guaranteed.	43,625,347	47,694,649
Loan to Value Ratio of more than 80% not mortgage insured or government guaranteed.	-	-
	519,568,971	509,425,311

Concentration of risk

Significant individual exposures
The loan portfolio of the Credit Union does not include any loans or advances which represents 10% or more of capital.

Geographical concentrations
The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to the geographical areas of North Eastern Victoria and Southern New South Wales.

	2024 $	2023 $
The geographical segment details are below:		
- Victoria	378,065,570	362,362,037
- New South Wales	162,124,202	159,764,434
- Other	17,305,202	16,250,911
	557,494,974	538,377,382

11. Impairment of loans and advances

	2024 $	2023 $
Total provision comprises of:		
Expected credit loss allowance	14,956	11,263
Total provision	14,956	11,263

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

11. Impairment of loans and advances (cont'd)

Amounts arising from expected credit loss:
An analysis of the Credit Union's credit risk exposure per class of financial asset and "stage" without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Credit risk exposure under expected credit loss - 2024	**Stage 1 12 month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loan category	**2024 $**	**2024 $**	**2024 $**	**2024 $**
Mortgages loans – secured by property (residential & commercial)				
Up to 30 days	542,674,570	-	-	542,674,570
More than 30 days, but less than 90 days*	-	9,515,155		9,515,155
More than 90 days, but less than 180 days	-	-	212,481	212,481
More than 180 days, but less than 270 days	-	-	154,327	154,327
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	277,428	277,428
Personal loans – secured & under secured (including overdrafts / overdrawns)				
Up to 30 days	4,643,469	-	-	4,643,469
More than 30 days, but less than 90 days*	-	-	1,695	1,695
More than 90 days, but less than 180 days	-	-	3,986	3,986
More than 180 days, but less than 270 days	-	-	1,094	1,094
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	10,769	10,769
Secured by funds	-	-	-	-
Total carrying amount – gross	547,318,039	9,515,155	661,780	557,494,974
Less expected credit loss allowance	(624)	-	(14,332)	(14,956)
Total carrying amount – net	547,317,415	9,515,155	647,448	557,480,018
Security analysis -Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	16,744,956	1,077,615	17,822,571

***Includes Hardship Loans**

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

11. Impairment of loans and advances (cont'd)

Credit risk exposure under expected credit loss - 2023	**Stage 1 12 month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loan category	**2023 $**	**2023 $**	**2023 $**	**2023 $**
Mortgages loans – secured by property (residential & commercial)				
Up to 30 days	528,231,301	-	-	528,231,301
More than 30 days, but less than 90 days*	-	6,606,127	-	6,606,127
More than 90 days, but less than 180 days	-	-	108,278	108,278
More than 180 days, but less than 270 days	-	-	153,199	153,199
More than 270 days, but less than 365 days	-	-	351,934	351,934
More than 365 days	-	-	-	-
Personal loans – secured & under secured (including overdrafts / overdrawns)				
Up to 30 days	2,711,391	-	-	2,711,391
More than 30 days, but less than 90 days	-	36,395	1,457	37,852
More than 90 days, but less than 180 days	-	-	10,713	10,713
More than 180 days, but less than 270 days	-	-	218	218
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	-	-
Secured by funds	166,369	-	-	166,369
Total carrying amount – gross	531,109,061	6,642,522	625,799	538,377,382
Less expected credit loss allowance	(5,863)	-	(5,400)	(11,263)
Total carrying amount – net	531,103,198	6,642,522	620,399	538,366,119
Security analysis -Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	9,369,842	864,660	10,234,502

***Includes Hardship Loans**

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

11. Impairment of loans and advances (cont'd)

Reconciliation of allowance for impairment
The reconciliations from the opening to the closing balance of the allowance for impairment by class of financial instrument is shown in the table below:

2024:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Movement category	**2023 $**	**2023 $**	**2023 $**	**2023 $**
Balance at 1 July 2023	5,863	-	5,400	11,263
Movement due to increase in loans & advances	-	-	-	-
Movement due to changes in credit risk & model parameters	(5,239)	-	8,932	3,693
Bad debts written off from provision	-	-	-	-
Balance at 30 June 2024	624	-	14,332	14,956

During the 2024 financial year, there was no significant change to the gross carrying amount of financial instruments subject to the expected credit loss provision.

2023:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Movement category	**2023 $**	**2023 $**	**2023 $**	**2023 $**
Balance at 1 July 2022	5,863	-	440	6,303
Movement due to increase in loans & advances	-	-	-	-
Movement due to changes in credit risk & model parameters	-	-	4,960	4,960
Bad debts written off from provision	-	-	-	-
Balance at 30 June 2023	5,863	-	5,400	11,263

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

11. Impairment of loans and advances (cont'd)

	2024 $	2023 $
Loans restructured		
Loans restructured during the financial year - all	-	222,230
Balance at the end of the financial year	-	222,230
Loans restructured during the financial year – moved from Stage 2 or Stage 3, to Stage 1	-	-
Balance at the end of the financial year	-	-
Sale of asset acquired through enforcement of security		
Opening balance of enforcement security	-	-
Real estate acquired through enforcement of security	-	-
Expenses	-	-
Proceeds from sale of property & insurance claim	-	-
Balance of loan written off	-	-
Specific provision for impairment written back		
Balance at the end of the financial year	-	-

12. Other financial assets

	2024 $	2023 $
Equity investment securities designated as fair value through other comprehensive income (FVOCI) – held at fair value		
- Shares in Cuscal Limited (a)	1,769,136	1,642,071
- Shares in Experteq (TransAction Solutions Pty Ltd)	203,146	196,109
	1,972,282	1,838,180

(a) Cuscal Limited

Cuscal is one of the largest, independent providers of payments services and solutions in Australia. Cuscal represents a large percentage of Australia's Mutual Banking industry with many customer owned financial institutions holding shares in their company. The Credit Union designated its investment in CUSCAL equity securities as at FVOCI, as the Credit Union considers these investments to be strategic in nature and the shares are only able to be traded within a market limited to other mutual ADI's.

Management have used unobservable inputs to assess the fair value of the shares. Management has determined that the net tangible asset per share (from the latest available financial statement) is a reasonable approximation of fair value based on the likely value available on a sale.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

13. Property, plant and equipment

	2024 $	2023 $
Land		
At fair value	1,686,900	1,686,900
	1,686,900	1,686,900
Buildings on freehold land		
At fair value	6,344,862	6,318,100
Accumulated depreciation	(315,906)	(157,953)
	6,028,956	6,160,147
Office furniture, plant and equipment, computer hardware and motor vehicles		
At cost	1,985,267	1,955,499
Accumulated depreciation	(1,289,454)	(1,242,233)
	695,813	713,266
Leasehold improvements		
At cost	553,682	506,331
Accumulated amortisation	(501,122)	(488,118)
	52,560	18,213
Carrying amount of total property, plant and equipment	8,464,229	8,578,526

(a) Valuations

The freehold land and/or buildings at Beechworth, Chiltern, Corryong, Myrtleford, Lavington, Tallangatta, Wangaratta and Wodonga were independently valued in March 2022 by the independent firm Acumentis Albury NSW (Acumentis), Certified Practising Valuers, on the basis of and in accordance with Australian Accounting Standards AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant & Equipment*. These valuations were adopted by the Credit Union as at 30 June 2022.

The Credit Union has a set policy for regular valuation of freehold land and buildings at least once every three financial years. Refer to Note 1(r) and Note 25 for further information on fair value measurement.

Valuations conducted in a prior period are formally reviewed at least annually to ensure that they continue to represent an accurate assessment. On 29 May 2024, the Credit Union received a desktop assessment from Acumentis with some reduction to the value of property assets. A review by the Executive concluded that the desktop valuations are not materially different from the formal valuations conducted in March 2022. The Directors have assessed that the carrying amount of land and buildings does not differ materially from that which would be determined using fair value at 30 June 2024.

The next independent valuation is scheduled to be completed by 30 June 2025.

Notes to the Financial Statements for the year ended 30 June 2024 (cont'd)

13. Property, plant and equipment (cont'd)

(b) Reconciliations

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

	Land	Buildings	Plant and equipment	Leasehold improvements	Total
	$	$	$	$	$
Balance at 1 July 2022	1,686,900	6,318,100	356,201	-	8,361,201
Additions	-	-	541,262	22,302	563,564
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	(7,144)	-	(7,144)
Depreciation	-	(157,953)	(177,053)	-	(335,006)
Amortisation	-	-	-	(4,089)	(4,089)
Balance at 30 June 2023	1,686,900	6,160,147	713,266	18,213	8,578,526
Balance at 1 July 2023	1,686,900	6,160,147	713,266	18,213	8,578,526
Additions	-	26,762	239,907	47,351	314,020
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	(157,953)	(257,360)	-	(415,313)
Amortisation	-	-	-	(13,004)	(13,004)
Balance at 30 June 2024	1,686,900	6,028,956	695,813	52,560	8,464,229

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

14. Intangible assets

	2024 $	2023 $
At cost – computer software	2,534,811	1,924,577
Accumulated amortisation	(1,754,328)	(1,628,306)
	780,483	296,271

Reconciliations
Reconciliations of the carrying amounts for each class of intangible assets are set out below:

Computer software & licences

	2024 $	2023 $
Balance at beginning of the year	296,271	86,824
Acquisitions	610,234	241,184
Disposals	-	-
Amortisation	(126,022)	(31,737)
Balance at end of the year	780,483	296,271

15. Customer deposits

	2024 $	2023 $
Deposits at call	358,875,476	354,013,566
Term deposits	297,052,462	279,037,320
	655,927,938	633,050,886

Remaining maturity analysis

	2024 $	2023 $
At call	358,875,475	354,013,566
Not longer than 3 months	152,905,176	79,173,011
Longer than 3 and not longer than 12 months	126,214,970	165,820,366
Longer than 1 and not longer than 5 years	17,932,317	34,043,943
	655,927,938	633,050,886

Concentration of deposits

Geographical concentrations
The Credit Union operates in the geographic areas of North Eastern Victoria and Southern New South Wales and customer deposits at balance date were principally received from customers employed in these areas.

The geographical segment details are below:

	2024 $	2023 $
- Victoria	490,379,907	461,247,576
- New South Wales	146,815,090	156,296,699
- Other	18,732,941	15,506,611
	655,927,938	633,050,886

Significant individual customer deposits
As at 30 June 2024, the Credit Union's deposit portfolio did not have any deposit which represented 5% or more of total liabilities (2023: Nil).

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

16. Accounts payable and other liabilities

	2024 $	2023 $
Accrued interest payable	3,879,669	3,102,805
Bond payable	183,241	-
Sundry creditors, accruals and customer clearing accounts	1,953,714	460,673
	6,016,624	3,563,478

17. Employee benefits

	2024 $	2023 $
Current		
Salaries and wages accrued	98,421	84,333
Liability for long service leave	526,364	525,188
Liability for annual leave	570,537	476,347
	1,195,322	1,085,868
Non current		
Liability for long service leave	72,068	85,427
	1,267,390	1,171,295

18. Reconciliation of cash flows from operating activities

(a) Cash flow from operating activities

	2024 $	2023 $
Profit after income tax	1,218,111	3,217,012
Non-cash flows in operating profit/(loss):		
(Gain) / loss on sale of non-current assets	(22,792)	(79,856)
Depreciation on property, plant & equipment	415,314	335,006
Amortisation on leasehold improvements	13,004	4,089
Amortisation of intangible assets	126,022	31,737
Depreciation of ROUA	182,907	132,221
Impairment charge / (reversal)	3,693	4,960
Provision for employee entitlements	82,007	(41,640)
Changes in assets and liabilities:		
(Increase)/decrease in other receivables	(306,295)	327,500
(Increase)/decrease in deferred tax asset	(35,168)	(4,125)
Increase/(decrease) in prepayments	1,306	(1,579)
Increase/(decrease) in accounts payable & other liabilities	2,453,146	2,540,547
Increase/(decrease) in income tax receivable	(569,286)	(238,885)
Increase/(decrease) in salaries & wages accrued	14,088	34,808
Increase/(decrease) in deferred tax liability	(79,823)	198,626
Net cash from revenue activities	3,496,234	6,460,421
Add/(deduct) non-revenue operations		
Increase in loan and advances	(19,117,592)	(30,383,632)
Increase in deposits and short-term borrowings	22,877,052	20,337,786
	7,255,694	(3,585,425)

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

18. Reconciliation of cash flows from operating activities (cont'd)

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:
(i) customer deposits to and withdrawals from deposit accounts and short-term borrowings;
(ii) borrowings and repayments on loans, advances and other receivables; and
(iii) movements in investment securities.

(c) Credit Union overdraft facility

The Credit Union has access to an overdraft facility provided by Cuscal Limited to the extent of $7,500,000 (2023: $7,500,000) and incurs an interest rate of 7.30% (2023: 7.10%). This overdraft facility is secured by a Cash Deposit. As at 30 June 2024, the facility was unused (2023: facility was unused).

19. Leases

(a) Credit Union as a lessee

Nature of the leasing activities
The Credit Union leases properties at Albury, Wodonga, Walwa, Walla Walla and Yackandandah which are used as member service centres as well as another Wodonga property used for administrative staff. A storage shed is also leased for equipment and stock overflow.

Terms and conditions of leases
A summary of the terms and conditions of the leases is detailed below:

Total Leases	Leases Expected to end next 12 months [(1)]	Leases Expected to end in 1-5 years[(1)]	Leases Expected to end in 5+ years[(1)]	Short Term/Low Value Leases	Fixed Lease Payment increase[(2)]	Indexed Lease Payment Increase[(3)]
7	1	6	-	2	1	5

(1) Lease ending date includes all extension options likely to be exercised
(2) Fixed Lease Payment increases have been included in ROUA and Lease Liability at commencement of lease
(3) Indexed Lease Payments are linked to CPI or other market indicators and increases to rent payments have not been included in initial calculation of ROUA and Lease Liability, these will be revalued on lease anniversary date

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

Extension options
A number of the building leases contain extension options which allow the Credit Union to extend the lease term by beyond the non-cancellable period. The Credit Union includes options in the leases to provide flexibility and certainty to the Credit Union operations and reduce costs of moving premises, and the extension options are at the Credit Union's discretion.

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

There is approximately $25k (2023: $100k) of potential future lease payments not included in the lease liabilities, as the Credit Union has assessed that the exercise of each option is not reasonably certain as at balance date.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

19. Leases (cont'd)

(a) Credit Union as a lessee (cont'd)

	2024 $	2023 $
Right-of-use assets		
At cost	1,190,113	1,019,524
Accumulated depreciation	(367,642)	(132,221)
	822,471	887,303
Reconciliation of the carrying amount of each class of right-of-use assets		
Land & Buildings		
Balance at start of the year	887,303	763,600
Depreciation charge	(182,908)	(132,221)
Increase/(decrease) in right-of-use assets due to changes in lease liability	118,076	255,924
Balance at end of the year	822,471	887,303
Lease liabilities		
Current		
Not later than 1 year	190,574	160,445
Non-current		
Later than 1 year	707,743	779,671
	898,317	940,116
Maturity analysis of lease liabilities based on contractual undiscounted cash flows		
Not later than 1 year	219,992	199,706
Later than 1 year and not later than 5 years	702,521	680,271
Later than 5 years	128,938	247,958
	1,051,451	1,127,935

The Credit Union does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Credit Union's finance function.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

19. Leases (cont'd)

(a) Credit Union as a lessee (cont'd)

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

	2024 $	**2023** $
Interest expense on lease liabilities	60,776	45,692
Rental expenses relating to variable lease payments (not included in the measurement of lease liabilities)	11,830	11,830
Rental expense relating to short-term leases	8,115	8,115
Rental expenses relating to low-value assets	2,526	2,986
Statement of cash flows		
Total cash outflow for leases (including interest)	242,919	179,883

Exemptions applied
The Credit Union has applied the exemptions relating to short-term leases and leases of low-value assets, as described at Note 1(m).

As at 30 June 2024, the Credit Union is committed to $921 for short-term leases (2023: $921).

Key assumptions used in calculations
The calculation of the right-of-use assets and lease liabilities are dependent on the following critical accounting judgements:

- **Assessment of lease term** – as discussed above, this considers the extension options on a lease by lease basis.
- **Determination of the appropriate rate to discount the lease payments –** The Credit Union has used its incremental borrowing rate, as the rate implicit in the leases is not known. This was determined based on consideration of reference rates for commercial lending, lease term and a lease specific adjustment considering the 'secured borrowing' element of the leases.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

19. Leases

(b) Credit Union as a lessor

OPERATING LEASES

Nature of the leasing activities
The Credit Union receives rental income from various tenants who lease a portion of the land and buildings owned at Beechworth and Northpoint Tower, Lavington. These leases have been classified as operating leases for financial reporting purposes and the assets are included as property, plant and equipment in the Statement of Financial Position (refer Note 13).

Terms and conditions of leases
These operating lease contracts contain extension options at the right of the lessee. All contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The Credit Union manages the risk associated with the underlying property via appropriate insurance coverage and use of real estate agents where appropriate.

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

	2024 $	**2023** $
Lease / rental income (excluding variable lease payments not dependent on an index or rate)	208,986	202,217
Lease / rental income relating to variable lease payments not dependent on an index or rate	-	-
Total lease / rental income	208,986	202,217
Maturity analysis of lease payments receivable showing the undiscounted lease payments to be received after reporting date for operating leases		
Not longer than 12 months	234,359	241,115
Longer than 12 and not longer than 2 years	241,112	225,447
Longer than 2 and not longer than 3 years	248,255	231,566
Total undiscounted lease payments receivable	723,726	698,128

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

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

20. Contingent liabilities and credit commitments

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 customers. The total credit related commitments and the financial guarantees do not necessarily represent future cash requirements.

The Credit Union uses 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.

Credit related commitments include approved but undrawn loans, credit limits and loan redraw facilities.

Security analysis of credit related commitments	**Credit related commitments**		**Financial guarantees**	
Secured by:	**2024 $**	**2023 $**	**2024 $**	**2023 $**
Secured by mortgage over real estate	84,219,004	90,933,482	1,471,641	1,102,759
Secured by funds	-	-	148,364	148,364
Partly secured by goods mortgage	368,248	544,804	-	-
Fully unsecured	1,475,954	1,598,319	7,000	7,000
Total	86,063,206	93,076,605	1,627,005	1,258,123

Other contingent liabilities
WAW Credit Union Co-operative Limited is a party to the Credit Union Financial Support Scheme (CUFSS). The majority of Australian Mutual ADI's have established a self-regulatory system "CUFSS Limited" as an additional protection for depositors and in addition to other rigorous standards maintained by ADIs. CUFSS is a company limited by guarantee with each credit union's guarantee being $100.

As a member of CUFSS, the Credit Union:

- May be required to advance funds of up to 3% (excluding permanent loans) of total assets to another credit union requiring financial support; and
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

21. Auditors' remuneration

	2024 $	**2023 $**
Amounts paid or payable to the External Auditor of WAW Credit Union (including GST) for:		
Audit of the financial statements of the Credit Union	88,550	82,060
Other regulatory assurance services	27,500	23,540
Other services – taxation & business advisory	9,031	9,405
Other services	-	3,025
	125,081	118,030

The above amounts exclude out of pocket expenses recovered.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

22. Key management personnel

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

Non-executive directors

A M Jenvey	Board Chair Executive & Remuneration Committee Chair
F A Shanks	Director
J H Guest	Director
G A Nolan	Director Risk Management Committee Chair
S W Sampson	Director
M P Grogan	Director Audit Committee Chair
P W Friedlieb	Director

Executives*

M A Mack	Chief Executive Officer / Company Secretary
R P Kearney	Regulatory Services Manager / Chief Risk Officer
V J McFarlane	Chief Financial Officer
G M Whitehead	People, Sales & Marketing Manager
T M Finnen**	Digital Transformation Manager
F C Sergi	IT & Systems Manager

**Note the number of Executives increased by 1 during 2023-24*
***Commenced February 2024*

Transactions with key management personnel
In addition to their salaries, the Credit Union also provides banking services and products to key management personnel as outlined below.

Key management personnel compensation
The key management personnel compensation included in "personnel costs" (see Note 4) are as follows:

	2024 $	2023 $
Short-term employee benefits	1,287,420	1,124,900
Other long-term benefits	22,409	34,710
Post-employment benefits	157,169	136,458
	1,466,998	1,296,068

The above excludes out of pocket reimbursements.

All remuneration to Directors was approved by shareholders at the previous Annual General Meeting of BankWAW, held on 15 November 2023.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

22. Key management personnel (cont'd)

Loans to key management personnel and other related parties

Details regarding the aggregate of loans made, guaranteed or secured by the Credit Union to key management personnel and their related parties are as follows:

	2024 $	2023 $
Loans to key management personnel and other related parties	1,011,503	366,354

All loans to Directors by the Credit Union have been made in the normal course of business and on the normal commercial terms and conditions. A standard concessional loan rate facility is available to all staff including non-director key management personnel. There was one concessional loan rate facility funded during 2024 (2023: Nil) to non-director key management personnel.

Loans (including redraws and overdrafts) totalling $729,078 (2023: $23,957) were made to key management personnel and other related parties during the year including redraws utilised. Overdraft facilities to key management personnel amounting to $13,812 (2023: $15,615) were outstanding as at 30 June 2024.

During the year, repayments of $209,031 (2023: $126,344) of the balance outstanding on key management personnel and other related parties loans were made.

For all loans to key management personnel and their related parties, interest is payable at prevailing market rates, currently 6.29% (LVR<80%) for "Back to Basics" variable rate residential loans, and 3.74% for staff concessional rates at balance date (2023: 5.74% and 3.74% respectively). The principal amounts are repayable on a monthly basis in line with contracted terms. Interest is payable monthly. All loans are secured by registered first mortgage over the borrower's residences.

Interest received on the loans to key management personnel and other related parties totalled $34,747 (2023: $16,451). No amounts have been written down or recorded as allowances, as all balances outstanding are considered fully collectable.

There were no other amounts receivable at 30 June 2024 (2023: Nil) nor were any other loans advanced during the period.

Deposits from key management personnel and other related parties

	2024 $	2023 $
Total value term and savings deposits from key management personnel and other related parties	312,704	292,872
Total interest paid on deposits to key management personnel and other related parties	4,674	3,067

The Credit Union's policy for receiving deposits from key management personnel is that all transactions are approved and deposits accepted on the same terms and conditions which applied to customers for each type of deposit.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

22. Key management personnel (cont'd)

Other key management personnel transactions with the Credit Union
From time to time the key management personnel of the Credit Union and their related parties may conduct banking related transactions with the Credit Union. These transactions are on the same terms and conditions as those entered into by other customers.

A number of key management persons of the Credit Union, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Credit Union in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

23. Risk management objectives and policies

Introduction
The Board of the Credit Union has overall responsibility for the establishment and oversight of the organisation's risk management framework. The Board has approved 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 strategic risk, market & interest rate risk, credit risk, liquidity risk and operational risk. Authority flows from the Board of Directors to the Risk Management Committee which are integral to the management of risk.

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 identifying, monitoring, managing, mitigating and reporting those risks. The Board has developed a Risk Appetite Statement and associated framework that operates in accordance with the Risk Profile of the Credit Union.

Risk Management Committee: This is the key body in the control of risk within the Credit Union. It consists of representatives from the Board of Directors and works directly with the Chief Risk Officer and the Chief Executive Officer. The Risk Management Committee does not form a view of acceptability of risks but instead reviews risks and controls that are used to mitigate those risks.

Audit Committee: This is the key body to oversee and control the management and presentation of financial information of the Credit Union. It consists of representatives from the Board of Directors and works directly with the Finance Manager and the Chief Executive Officer. The Audit Committee also facilitates the External and Internal Auditor arrangements.

Asset & Liability Committee (ALCO): This is a committee of Senior Management that meets weekly on the overall identification, monitoring, management, mitigation and reporting of operational issues (including interest rate risk exposure), and ensures that policies and procedures adopted by the Board are implemented.

Chief Risk Officer: The Chief Risk Officer assists the Board, Risk Management Committee and senior management to develop and maintain risk management frameworks, whilst promoting a sustainable risk and compliance culture. The Chief Risk Officer provides effective challenge to management and the Board to support sound risk-based decision-making that is in accordance with the Credit Union's Risk Management Framework. The Chief Risk Officer reports directly to the Chief Executive Officer; attends the Board and Risk Management Committee meetings; and has direct access to the Board of Directors.

Internal audit: Internal audit has responsibility for reviewing risk management controls and testing in line with the Audit Policy & Risk Management Policy Manuals.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

23. Risk management objectives and policies (cont'd)

(a) Market risk

The objective of the Credit Union's market risk management is to monitor, manage, control, identify and report market risk exposures in order to optimise the balance between risk and return. Market risk is the financial impact through changes in interest rates, foreign exchange rates or other prices and volatilities that may have an adverse effect on the Credit Union's financial performance and position. The Credit Union is not exposed to foreign exchange or currency 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 within its own banking book.

Interest rate risk in the banking book

The Credit Union is exposed to interest rate risk in its banking book (IRRBB) due to mismatches between the repricing dates of assets and liabilities. The interest rate risk in the banking book is monitored and managed daily by the Asset and Liability Committee (ALCO) and reported to the Board monthly. Oversight of interest rate risk is also carried out by the Board Risk Management Committee through the organisation's Risk Appetite Statement reporting. The level of mismatch on the banking book is set out in Note 24 below. Note 24 displays the period over which each asset or liability will reprice. This risk is not considered significant to warrant the use of derivatives to mitigate this risk.

Method of managing risk

The Credit Union monitors its interest rate risk by the use of interest rate sensitivity and repricing maturity analysis. The details and assumptions used in this analysis are set out below.

Interest rate sensitivity

The Credit Union maintains a balanced 'on book' strategy by ensuring that the net interest gap between assets and liabilities is not excessive. The gap is measured monthly to identify and manage interest rate movements and maturity profiles that, in turn, support actions through targeted interest rate settings across both assets and liabilities in order to return any imbalances back to within acceptable risk tolerance levels. Further measures designed to evaluate IRRBB include Value at Risk (VaR) and Earnings at Risk (EaR) calculations, which are determined by using specialised asset and liability management software and associated systems.

Based on the calculations at 30 June 2024 and 30 June 2023, the EaR (net interest margin) impact for a 2.00% increase in interest rates would be a $127,425 decrease (2023: $382,339). A decrease of 2.00% in interest rates would have a much larger impact on the net profit due to not being able to reprice the whole deposit book due to current market interest rate settings. The above calculations are made on the assumption that repricing occurs across all asset and liability products immediately and are designed this way to get a measure of a worst case scenario.

(b) Liquidity and funding risk

Liquidity and funding risk is the risk that the Credit Union may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or customers' withdrawal demands. Board policy requires the Credit Union to maintain adequate liquidity and funding arrangements along with committed credit facilities to meet the cash flow needs of customers for withdrawal demands and borrowings as and when required.

The Credit Union is required to adopt prudent practices in managing liquidity risks and to maintain adequate levels of liquidity to meet obligations as they fall due across a wide range of operating circumstances.

The Credit Union manages its liquidity and funding risk by:

- Continuously monitoring actual and forecast daily cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Having in place repurchase arrangements with the Reserve Bank of Australia for the conversion of a qualifying investment to cash should the need arise.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

23. Risk management objectives and policies (cont'd)

(b) Liquidity and funding risk (cont'd)

- Maintaining an adequate funding structure and approach that reflects the size, business mix and operational complexity of the organisation;
- Monitoring and managing liquidity ratios on a daily basis and forecasting future liquidity requirements;
- Maintaining a portfolio of high quality liquid assets that reflects the Credit Union's size, business mix and operational complexity that enables the Credit Union to withstand a severe liquidity stress event; and
- Maintaining membership of the Credit Union Financial Support Scheme.

The Credit Union is required to maintain a minimum 12% of total liabilities as liquid assets capable of being converted to cash within 48 hours in accordance with APRA prudential standards. The Credit Union has established policy to maintain liquidity levels well above the regulatory minimum with a set of internal trigger levels starting at 3% above the required regulatory minimum.

The maturity profile of the Credit Union's liquidity portfolio based on the contractual terms is set out in the notes to the financial statements.

Liquidity ratios as at the end of the financial year were as follows:

	2024	2023
Minimum Liquidity Holdings (MLH)	18.53%	17.22%
Operational Liquidity (non MLH holdings)	1.08%	1.98%
Total Liquidity Holdings	19.61%	19.20%

(c) Credit risk

Credit risk is the risk that customers, financial institutions and other counterparties are 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 & ADVANCES:

All loans and facilities are held within Australia. The geographic distribution is monitored and analysed. Concentrations are described in Note 10.

The Credit Union assesses applicants against the following general credit risk policy principles: capacity, commitment, collateral, character and intent to repay the loan or facility. Responsible lending underpins the Credit Union's policy and procedures.

The Credit Union has established policies related to:

- Credit assessment and approval of loans and facilities covering acceptable risk and security requirements;
- Acceptable exposure limits for individual borrowers, non-mortgage secured loans, commercial lending and concentrations to geographic and industry groups;
- The ongoing review of individual and collective credit exposures;
- Provisions to recognise the impairment of loans and facilities; and
- Debt recovery procedures.

A regular review of compliance with credit risk and associated policies and procedures is conducted as part of the Credit Union's internal audit program with the outcomes reported to the Audit Committee and the Risk Management Committee.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

23. Risk management objectives and policies (cont'd)

Past due and impaired
A financial asset is past due when the counterparty has failed to make a payment when contractually due. A past due classification can trigger various actions such as a renegotiation, enforcement of covenants, or legal proceedings.

For loans where repayments are doubtful, external agencies may be engaged to conduct recovery action. Exposure to losses arise predominately in personal loans and facilities not secured by registered mortgages over real estate.

Details are set out in Note 1(f) and Note 11 with regards to the expected credit loss provisioning used by the Credit Union.

Bad Debts
For unsecured loans and facilities, amounts are written off when collection of the loan or facility is considered to be remote. All write offs are identified and actioned on a case by case basis.

Collateral secured loans
The loan portfolio is primarily secured by residential property, all of which is located in Australia. Therefore, the Credit Union is exposed to risks related to the Loan to Value Ratio (LVR) should the property market be subject to a substantial negative change in valuations.

The risk of losses from loans is reduced by the diverse nature, geographic spread and quality of the security taken as well as the quality of credit assessments.

The Credit Union maintains a focus on well secured residential mortgages lending with an 80% loan to valuation ratio or less. Where a residential mortgage has a loan to valuation ratio of greater than 80%, then Lender's Mortgage Insurance is required. Note 10 outlines the nature and extent of the security held against loans and other credit facilities as at the balance date.

Concentration risk – loans
Concentration risk is a measurement of the Credit Union's exposure to an individual borrower, industry or geographical areas.

The Credit Union has in place a large exposure policy limit of 10% of capital. The Credit Union can lend above 10% of capital however APRA must be consulted prior to undertaking the loan or facility. APRA may impose additional capital requirements on the Credit Union if it considers the aggregate large exposures of 10% of capital or more is deemed to be higher than prudentially acceptable. As at 30 June 2024 the Credit Union had no large exposures of 10% of capital or more (2023: Nil).

The aggregate value of large exposure loans is set out in Note 10. The Credit Union holds no significant concentration risk amongst its members. Concentration exposures to individuals or groups of related parties are closely identified, monitored and managed; and an annual review will be prepared for any exposure over 5 per cent of capital.

CREDIT RISK – RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS & CASH/CASH EQUIVALENT
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.

The risk of losses from liquidity investments is mitigated by the nature and quality of the counterparties as reflected by independent risk ratings of the counterparties and the limits to concentration as approved by APRA from time to time.

The Credit Union uses the ratings of reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential guidance note AGN 112.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

23. Risk management objectives and policies (cont'd)

CREDIT RISK – RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS & CASH/CASH EQUIVALENT **(cont'd)**

Given the high quality of these investments, the Credit Union does not expect any counterparty to fail to meet its obligations. The exposure values associated with each credit quality investment body are detailed in Notes 7 and Note 8.

(d) Operational risk

Operational risk is the risk of loss to the Credit Union resulting from inadequate or failed internal processes, people and systems or from external events as distinct from other material risks. Operational risks in the Credit Union relate to risks arising from a number of sources including legal matters, compliance, business continuity, information technology, outsourced service failures, fraud, and employee errors.

Operational risk capital charge

The Credit Union uses the Standardised approach in accordance with prudential standards, which is considered to be most suitable for its business given the nature of its operations and associated activities. The operational risk capital charge is calculated based upon 10% of the Credit Union's Credit Risk Weighted Assets.

(e) Capital management

The Credit Union's minimum capital levels are prescribed by APRA. Under the APRA prudential standards capital levels are assessed in three components:

- Credit risk
- Market risk (trading book)
- Operational risk

The market risk component is not required as the Credit Union does not operate a trading book for financial instruments. Prior to 1 January 2023 the Credit Union used the standardised approach for credit risk and operational risk, in accordance with APRA requirements. From January 1 2023 APRA changed the Prudential Standard *APS 110 Capital Adequacy* and in accordance with this requirement the Credit Union adopted the standardised approach to operational risk and the standardised approach to credit risk under APRA Reporting Standard *ARS 112 Capital Adequacy: Standardised Approach to Credit Risk*.

Capital Adequacy Ratio calculation

	2024 $	2023 $
Common Equity Tier 1 Capital		
Net tier 1 capital	42,867,729	42,120,218
Tier 2 Capital		
Net tier 2 capital	624	5,863
Total capital	42,868,353	42,126,081
Risk profile		
Credit risk	237,462,160	239,792,897
Operational risk	23,746,216	23,979,290
Total risk weighted assets	261,208,376	263,772,187
Capital adequacy ratio	16.41%	15.97%

From January 1 2023, the Credit Union has set a Minimum Capital Adequacy Ratio of 14.00% to be maintained, or an APRA advised Prudential Capital Requirement (PCR), whichever is higher at any given time.

Notes to the Financial Statements
For the year ended 30 June 2024 (cont'd)

23. Risk management objectives and policies (cont'd)

(e) Capital management (cont'd)

To manage the Credit Union's capital, the Board and management closely monitor the capital adequacy ratio on a monthly basis along with movements in asset levels and earnings. Policies have been implemented that requires reporting to the Board and APRA if the capital adequacy ratio is likely to fall below a trigger level. Further a 5-year projection of the capital levels is maintained and updated on a biannual basis to allow for the measurement and analysis of strategic decisions and/or trends and their impact on capital levels.

Internal capital adequacy assessment process

The Credit Union manages capital levels for both current and future activities through the Board Risk Management Committee. The activities and assessments by the Risk Management Committee are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Credit Union's strategic direction, forecasts or factors related to unforeseen circumstances are assessed by the Risk Management Committee and the Board as and when required.

Notes to the Financial Statements for the year ended 30 June 2024 (cont'd)

24. Financial instruments

(a) Interest rate risk

The Credit Union's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities recognised at the balance date are as follows. The repricing periods reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

Financial instruments	Floating interest rate		Fixed interest rate repricing in: 1 year or less		Fixed interest rate repricing in: Over 1 to 5 years		Fixed interest rate repricing in: More than 5 years		Non-interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 %	2023 %
Financial assets:														
Cash and cash equivalents	5,209	2,868	115,837	105,408	8,000	8,500	-	-	1,151	1,229	130,197	118,005	4.24%	2.75%
Receivables from other financial institutions	2,046	44	5,500	11,500	-	2,000	-	-	-		7,546	13,544	3.04%	1.81%
Other receivables	-	-	-	-	-	-	-	-	1,317	1,011	1,317	1,011	N/A	N/A
Customer loans and advances (gross)	373,100	307,830	135,756	84,648	48,639	145,900	-	-	-	-	557,495	538,377	5.19%	3.96%
Other financial assets	-	-	-	-	-	-	-	-	1,972	1,838	1,972	1,838	N/A	N/A
Total financial assets	380,355	310,742	257,093	201,556	56,639	156,400	-	-	4,440	4,078	698,527	672,775	N/A	N/A
Financial liabilities:														
Customer deposits	358,862	353,999	279,120	244,993	17,932	34,044	-	-	14	14	655,928	633,051	2.93%	1.35%
Accounts payable and other liabilities	-	-	-	-	-	-	-	-	6,017	3,563	6,017	3,563	N/A	N/A
Total financial liabilities	358,862	353,999	279,120	244,993	17,932	34,044	-	-	6,031	3,577	661,945	636,614	N/A	N/A

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

Notes to the Financial Statements for the year ended 30 June 2024 (cont'd)

24. Financial instruments (cont'd)

(b) Maturity profile of financial assets and liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual terms, and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly, these values will not agree to the carrying amounts of the Statement of Financial Position.

Financial instruments	Within 3 months		From 3 to 12 months		From 1 to 5 years		More than 5 years		No maturity		Total cash flows		Total carrying amount per Statement of Financial Position	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Financial assets:														
Cash and cash equivalents	105,223	82,644	25,337	26,851	-	8,589	-	-	1,151	1,229	131,711	119,313	130,197	118,005
Receivables from other financial institutions	3,591	3,583	4,118	8,140	-	2,020	-	-	-	-	7,709	13,743	7,546	13,544
Other receivables (ex accrued interest)	-	-	-	-	-	-	-	-	377	178	377	178	377	178
Customer loans and advances (gross)	17,038	12,629	36,263	36,868	191,747	172,212	701,762	649,415	-	-	946,810	871,124	557,495	538,377
Other financial assets	-	-	-	-	-	-	-	-	1,972	1,838	1,972	1,838	1,972	1,838
Total financial assets	125,852	98,856	65,718	71,859	191,747	182,821	701,762	649,415	3,500	3,245	1,088,579	1,006,196	697,587	671,942
Financial liabilities:														
Customer deposits	514,366	434,887	131,039	170,427	17,932	34,074	-	-	14	14	663,352	639,402	655,928	633,051
Accounts payable and other liabilities (ex accrued interest)	-	-	-	-	-	-	-	-	2,137	461	2,137	461	2,137	461
Total financial liabilities	514,366	434,887	131,039	170,427	17,932	34,074	-	-	2,151	475	665,489	639,863	658,065	633,512

Notes to the financial statements
For the year ended 30 June 2024 (cont'd)

24. Financial instruments (cont'd)

(c) Financial instruments fair value

The fair value is required to be disclosed where the financial instruments are not measured at fair value in the Statement of Financial Position. Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

Assets where the fair value is lower than the book value have not been written down in the accounts of the Credit Union on the basis that they are held to maturity or, in the case of loans, all amounts due are expected to be recovered in full.

The only financial instrument that the Credit Union holds at fair value in the Statement of Financial Position is in relation to equity instruments held as other financial assets. Refer to Note 25 for further details on the valuation technique applied to other financial assets.

For all other financial instruments (not measured at fair value), the description of the valuation techniques and assumptions are detailed below:

Cash and liquid assets due from other financial institutions:
The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 12 months approximates their fair value as they are short term in nature or are receivable on demand. The floating rate note securities are considered short term in nature as the interest rate is repriced every 90 days. The government bonds and term deposits that are repricing after 12 months market value is not materially different to its underlying face value.

Customer loans and advances:
The majority of the Credit Union's loans are variable rate loans. The carrying amount of these loans is considered to approximate fair value. The net fair values of any non-variable rate loans are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending arrangements. The net fair value of impaired loans was calculated by discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows. The assessed fair value of customer loans and advances is $550,397,194 at 30 June 2024, compared to carrying amount of $557,480,018 (30 June 2023: $528,703,574 and $538,366,119 respectively).

Customer deposits:
The fair value of on call and fixed rate deposits repricing within 60 months is the amount shown in the Statement of Financial Position. The maximum term for fixed term deposits accepted by the Credit Union is 3 years.

The Credit Union has assessed its own credit risk in regard to the fair value of deposits, and has assessed that no material valuation adjustment is required.

Accounts payable and other liabilities:
The carrying amount approximates fair value as they are short term in nature.

Notes to the financial statements
For the year ended 30 June 2024 (cont'd)

24. Financial instruments (cont'd)

(d) Categories of financial instruments

The following information classifies the financial instruments into measurement classes.

	Note	2024 $	2023 $
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	7	130,197,356	118,005,212
Receivables due from other financial institutions	8	7,546,456	13,544,242
Other receivables	9	1,316,931	1,010,636
Customer loans and advances (gross)	10	557,494,974	538,377,382
		696,555,717	670,937,472
Financial assets at fair value through other comprehensive income (FVOCI)			
Other financial assets	12	1,972,282	1,838,180
		1,972,282	1,838,180
Total financial assets		698,527,999	672,775,652
Financial liabilities			
Financial liabilities at amortised cost			
Accounts payable and other liabilities	16	6,016,624	3,563,478
Customer deposits	15	655,927,938	633,050,886
Total financial liabilities		661,944,562	636,614,364

25. Fair value measurement

Fair value hierarchy

Refer to details of the fair value hierarchy at Note 1(r).

2024 **Assets measured at fair value**	Level 1 $	Level 2 $	Level 3 $	Total $
Land and buildings	-	7,715,856	-	7,715,856
Other financial assets (at FVOCI)	-	-	1,972,282	1,972,282
Total	-	7,715,856	1,972,282	9,688,138

2023 **Assets measured at fair value**	Level 1 $	Level 2 $	Level 3 $	Total $
Land and buildings	-	7,847,047	-	7,847,047
Other financial assets (at FVOCI)	-	-	1,838,180	1,838,180
Total	-	7,847,047	1,838,180	9,685,227

Refer to Note 24(c) with regards to the disclosure of fair value for financial instruments held at amortised cost.

Notes to the financial statements
For the year ended 30 June 2024 (cont'd)

25. Fair value measurement (cont'd)

Assets measured at fair value based categorised as Level 2
Land and buildings have been valued based on similar assets, location and market conditions.

Assets measured at fair value based categorised as Level 3

	Other financial assets (at FVOCI) Total	
Movement category	**2024**	**2023**
	$	**$**
Opening balance at 1 July	1,838,180	1,839,216
Revaluation through other comprehensive income	134,102	(1,036)
Closing balance - at 30 June	1,972,282	1,838,180

The Credit Union has estimated the fair value of the equity investments within other financial assets utilising the net asset of the underlying Companies from the most recent financial statements available.

Hence, the key unobservable input in regards to the fair value is the net assets/share amount. Any changes in the net assets of the underlying Company would directly impact the net asset/share amount used by the Credit Union, and impact on the fair value estimate of the other financial assets and the Financial Assets Reserve within equity.

26. Capital expenditure commitments

	2024	2023
	$	$
Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided for (payable not later than one year):		
Property, plant & equipment	-	-
Intangibles	33,187	135,202
	33,187	135,202

Expenditure commitments are stated inclusive of Goods and Services Tax.

Notes to the financial statements
For the year ended 30 June 2024 (cont'd)

27. WAW Community Trust

The WAW Community Trust is a separate entity created by WAW Credit Union Co-operative Limited. The Trust was established solely for the purpose of providing money, property or benefits to or for eligible charitable entities in our community.

The Trustee of the Trust is WAW Community Fund Ltd.
The Directors of the Trustee are current key management personnel of BankWAW, and as at 30 June 2024 were:

- Michael Mack
- Vincent McFarlane
- Ross Kearney

The Trustee and its Directors do not receive remuneration from the Trust, or any other related party in relation to their appointment. WAW Credit Union Co-operative Limited is the administrator of the Trust and receives no remuneration for this role. WAW Community Trust prepares an annual financial report and has appointed an independent registered auditor.

The financial results of the Trust have not been consolidated with BankWAW results due to materiality considerations following an assessment of transactional activity and balances held.

28. Subsequent events

No matters or circumstances have arisen since the end of the reporting period which have or may significantly affect the operations of BankWAW, the results of those operations or the state of affairs of the organisation in future financial years.

29. Corporate information

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

The Head Office of the business and the registered office is 11 Stanley Street, Wodonga, Victoria.

The nature of the operations and its principal activities are the provision of deposit taking facilities and loan facilities to customers of the Credit Union.

Consolidated entity disclosure statement

WAW Credit Union Co-operative Limited
Consolidated Entity disclosure statement
As at 30 June 2024

Entity Name:	Entity Type:	Trustee, Partner or Participant JV	Place formed/ Country of incorporation:	Ownership interest %:	Tax Residency:
WAW Community Fund Limited*	Body corporate	Trustee	Australia	100	Australia
WAW Community Trust	Trust	N/A	Australia	N/A	Australia

**WAW Community Fund Limited is a Company Limited by Guarantee and is also regulated by the Australian Charities and Not For Profit Commission (ACNC).*

WAW Credit Union Co-operative Limited has not consolidated the above entities into the financial statements as they do not contain material transactions or balances.

Directors' declaration

In the opinion of the Directors of WAW Credit Union Co-operative Limited (the Credit Union):

1. the financial statements and notes, set out on pages 9 to 53, are in accordance with the *Corporations Act 2001*, including:

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

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

2. 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; and

3. The information disclosed in the consolidated entity disclosure statement on page 54 is true and correct.

Dated at Wodonga this 26th day of September 2024.

Signed in accordance with a resolution of the Directors:

Allison M Jenvey - Director	Matthew P Grogan - Director
Chair, Board of Directors	*Chair, Audit Committee*

Crowe Albury
ABN 16 673 023 918
491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

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

WAW Credit Union Co-Operative Limited (trading as 'BankWAW')

Independent Auditor's Report to the Shareholders of WAW Credit Union Co-Operative Limited

Opinion

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

In our opinion, the accompanying financial report of WAW Credit Union Co-Operative Limited is in accordance with the *Corporations Act 2001*, including:

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

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

Basis for Opinion

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Crowe Albury

CROWE ALBURY

ALISON FLAKEMORE
Partner

26th September 2024
Albury

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