the mac
macarthur credit union
friendly, helpful & supportive

51ST ANNUAL REPORT 2022

CONTENTS

CHAIRMAN'S REPORT

I wrote last year of the relevance of our core values of being "Friendly Helpful & Supportive". This year saw a continuation of the need to deal with extraordinary social, public health and economic circumstances. I am proud to say that our core values have continued to be "front and centre" in our responses.

As the first 4 months of the 2021/22 year was marked by public health lockdowns, the economic impact of the global Pandemic continued to be felt. It goes without saying that the impact has been significant and continued to manifest itself in a number of different ways:

- Continued record growth in Real Estate prices
- Continued record low interest rates and investment returns
- The further establishment of remote/electronic banking channels as the preferred source of transacting

The year also saw the implementation of a number of difficult strategic decisions aimed at negotiating a path forward for The Mac. The most visible of these was the closure of our Narellan Branch in July 2021. This decision was not taken lightly but was taken with the knowledge of the structural changes in the market that have been occurring.

However, these strategic decisions have been instrumental in the improved operating result for 2021/22 and the continued growth of our Balance Sheet. While the result is also supported by a number of "one-off" gains, the improved results are very pleasing. They also position us well for 2022/23 and beyond.

I should also make mention of the Building Project that is being currently undertaken at our Camden site. Members have enjoyed the new Camden Branch since October 2021. In addition, the redevelopment of the 52 Argyle St building will provide valuable revenue sources. Lastly, it is hoped our Administration and Back Office staff will be housed in a new purpose built facility in the coming months.

The role of a Director of a financial institution is one that is not for the faint hearted-something that has been reinforced with the events of the last 2 years. This will continue as different economic pressures begin to be felt over the next 12 months. The performance expectations of Directors and Management continue to grow-through both legislative changes and more onerous operational requirements. However, I am confident that your Board and Management Team have the required skills, courage and commitment to continue to operate in such an environment.

Our CEO Dave Cadden and his team do a fantastic job every day working with the Board and the Staff to improve The Mac for members. On behalf of the members I thank them all for their efforts.

I hope that you all continue to enjoy a productive and supportive relationship with The Mac. We will all continue to work hard to make sure that you do.

Geoffrey Ellis
Chairman

CEO's REPORT

The "never before seen" economic indicators that dominated the 2020/21 year have continued into the 2021/22 year. The impact of record levels of available wholesale funding, property prices and low interest rates significantly impacted previous financial results. While these continued into 2021/22 I am very pleased to report that there has been a dramatic improvement in our financial results.

This improvement is not only due to strong management of our Balance Sheet but also the positive impact of a number of strategic decisions that were taken in 2021. I speak of the closure of our Narellan Branch in July 2021 and the ongoing redevelopment of our Camden site.

The operating result was also aided by a number of "one-off" gains relating to our industry service providers. However, our forecasting for 2022/23 indicates further improvement even without similar "one-offs".

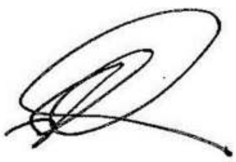
We have continued to maintain the prescribed key ratios (Capital Adequacy & Liquidity) at levels well above the minimum required standards. However, the Capital Adequacy ratio has come under pressure and has reduced over the year-these are the "buffers" that we rely on in tough times. Our forecasting indicates that these ratios will remain at roughly the same level in the short to medium term and that there remains sufficient available Capital to generate future growth.

We have enjoyed significant growth in both our Loan and Deposit portfolios over 2021/22. A combination of low interest rates and strong employment data have meant that our members are able to purchase that new home or new car. However, this has been done with a view to the future and ensuring that members are well equipped to deal with a rising interest rate market. This is also supported by our extremely low level of loan write offs & strong loan arrears position.

There are new market pressures surfacing in the early part of 2022/23 as the impact of the increased cost of living and rising interest rates begin to be felt. However, our loan assessment criteria is such that this is factored into serviceability calculations. These are in place to ensure the safety of member/customer funds.

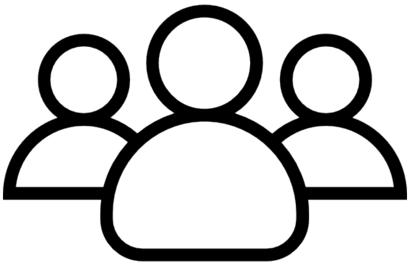
To the staff of The Mac-we are a very small team. However, what we deliver on a daily, monthly and annual basis continues to amaze me. We deliver products, services and delivery channels that compare favorably with our "major bank" competitors, with a small fraction of their resources and budgets. We do so via an inherent culture that respects traditional values delivered in a contemporary world. I thank you for another fantastic year of passion, commitment and honesty-particularly in a year where we have continued to face numerous challenges. I am very proud to lead a team that consistently strives to do the best that they can for our members in an ethical and transparent manner.

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



Dave Cadden
Chief Executive Officer

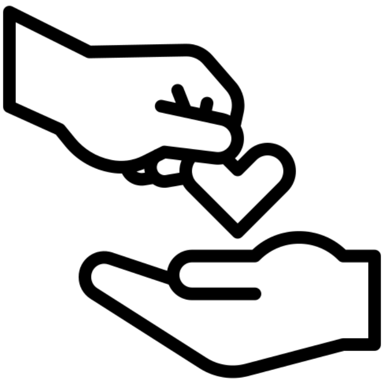
YEAR IN REVIEW



11,415 members are currently banking with The Mac

1232 personal loans
871 home loans
9 business loans
954 term deposits
36,863 deposit accounts

Increased profit by 355%



Donated $17,825 to our community groups

Sponsored 18 schools, sporting and community groups


mac
helpful & supportive


CLUTHA HOUSE
For Lease


Welcome


Turning Point Camden
A Not-For-Profit Community Welfare & Drop-in Centre
Ph: 4655 1567
sday & Thursday: 10am - 2pm
iday: 9:30am - 2pm
changes, nothing changes"
mac


mac
mac
Jewellers


upporting Community


LOCAL BUSINESS AWARDS
mac
Winner


udly supporting
community
50 year
d count

COMMUNITY SUPPORT

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

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

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

This support amounts to a figure in the order of $17,825 for the 2021/22 year. Given our core values of being friendly, helpful and supportive, The Mac does not expect a financial return from this support.

The following groups have benefited from our support during 2021/22:

- Tahmoor Fire Brigade
- Camden Rotary
- Douglas Park Wilton Football Club Inc.
- Hockey NSW – player sponsorship
- Movember
- Macarthur Shining Stars Foundation
- Lions Club of Camden
- Macarthur Annual Breast Cancer Gala
- Picton High School
- South West Sydney Academy of Sport
- St Anthony's Netball Club Inc.
- St Patrick's College – Emerald Gala Ball
- The Oaks Netball Association
- Turning Point Camden
- Wollondilly Business Awards
- Wollondilly Razorbacks Basketball
- Wollondilly Council – Christmas Light Competition
- Wollondilly Council – Festival of the Steam

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

DIRECTORS' REPORT

The directors present their report together with the financial report of Macarthur Credit Union Ltd ("the Credit Union") for the financial year ended 30 June 2022 and the auditor's report thereon.

Information on Directors

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

Name	Qualifications	Responsibilities
Geoffrey Ellis	FCPA, FIML, FAIBB, MAICD, MAMI, CBV, RBV, CPBB, M.Bus, B.Bus, JP	Chairman of Directors Chairman of Executive Committee Board member since 2012
Peter Buckley	MBA, B. Com, GAICD	Deputy Chairman of Directors Chairman of Risk Committee Executive Committee member Director Nominations Committee member Audit Committee member Board member since 2018
Ashley Jennings	Adv Dip Accounting, Adv Dip Mngmt, JP	Chairman Governance Committee Executive Committee member Director Nominations Committee member Audit Committee member Board member since 2020
Phillip Rankin	B.Bus (Accounting), CPA, ATI, JP	Chairman of Audit Committee Executive Committee member Director Nominations Committee member Risk Committee Member Board member since 2020
Antony Schesser	MBA	Governance Committee Member Risk Committee Member Board member since 2020
Emma Macfarlane	LLB, B.Bus (Mgt).	Audit Committee member Governance Committee member Board member since 2021
Lloyd Pollard	B Com, JP, MAMI	Governance Committee member Risk Committee member Board member since 2021

Information on Company Secretaries

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

Information on Board Meetings

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

	Directors meetings		Audit Committee meetings		Risk Committee meetings		Governance Committee meetings		Executive Committee meetings		Director Nominations Committee meetings	
	E	A	E	A	E	A	E	A	E	A	E	A
Number of meetings held:	9		7		3		3		2		1	
Number of meetings attended:												
Geoffrey Ellis	9	8	6	6	3	3	2	2	2	2	-	-
Peter Buckley	9	9	7	7	3	3	-	-	2	2	1	1
Ashley Jennings	9	9	7	7	-	-	3	3	2	2	1	1
Phillip Rankin	9	8	7	7	3	3	-	-	2	2	1	1
Antony Schesser	9	7	1	1	3	2	3	1	-	-	-	-
Emma Macfarlane	9	8	7	6	-	-	3	3	-	-	-	-
Lloyd Pollard	9	9	1	1	3	3	3	3	-	-	-	-

E = Eligible to attend
A = Attended

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

Board Remuneration

During or since the financial year ended 30 June 2022, no director of the Credit Union has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of remuneration paid or payable to the directors disclosed in the accounts at Note 28, by reason of a contract entered into by the Credit Union with:

- A director; or
- A firm of which a director is a member; or
- An entity in which a director has a substantial financial interest except for loans disbursed to directors which are also disclosed at Note 28.

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

Indemnifying Directors, Officers and Auditors

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

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

Principal Activities

The principal activity of the Credit Union during the course of the financial year was the provision of a range of financial services and associated activities to members. No significant change in the nature of these activities occurred during the year.

Operating and Financial Review

The operating result for the year was a profit of $584,565. This compares to the loss result for 2020/21 of $229,607.

The operating result is a significant improvement on 2020/21 but still bears some of the ongoing impact of the Global Pandemic. These impacts have become less pronounced in the latter part of the year but were very evident earlier in the year. They included:

- The acceleration of loan repayments as a result of the higher levels of disposable income and the low interest rate environment
- The dislocation of wholesale investment markets bought about by the injection of additional funding into the Financial System by the Federal Government
- Continued growth in real estate prices

These factors have contributed to substantial growth in both the loan and deposit portfolios. This has resulted in a substantial improvement in Net Interest Income compared to 2020/21. The Credit Union has also been successful in repricing its deposit portfolio to reflect current deposit pricing structures. Note also that significant one-off income items were received in the year as a result of asset sales by industry service providers.

The strategic decision taken by the Credit Union to rationalise its Branch network in the year has also reduced the cost base and created additional efficiencies.

This has created a solid "baseline" of consistent profit results which is forecasted to continue to improve in the coming months. Further improvement is also anticipated as the impact of continued loan growth and rising interest rates is felt.

The Public Health Lockdown in the July-October 2021 period created the need for the reintroduction of COVID-19 hardship arrangements for borrowers. While a number of these arrangements were entered into, the overriding principle was that these arrangements should be in the best long term interests of the borrower. All such arrangements have been finalised and the impact on both Loan Write Offs and Provisioning levels has been minimal.

Significant Changes In State Of Affairs

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

Events subsequent to reporting date

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

Likely Developments and Results

The redevelopment of the Camden site continues with the first 2 stages of the project completed during the year:

- The new Camden Branch
- The refurbishment of the former Camden Branch/Administration Building to accommodate office suites/tenancies

The 3rd stage of the project (the construction of a new purpose built Administration Building) has been delayed. However further work has been undertaken to enable the submission of a revised Development Application to Camden Council. This application will be submitted in the near future.

While the delay in the project will likely result in additional building costs, it is considered that it remains an essential part of The Mac's future strategies and plans. The financial projections for the project at this point indicate that it remains viable.

The Credit Union's main strategy will be to continue to encourage members to use the Credit Union as their main financial institution. This will be done by both deepening existing relationships and encouraging new ones. This will largely reflect the growth in the region's population in the coming years. The Credit Union will support the growing membership over the coming years by establishing additional service delivery channels where appropriate. Other than disclosed in this report, there are no matters which would have a likely effect on the operations of the Credit Union or the expected results of its operations in future years.

Public Prudential Disclosure

In accordance with the APS 330 Public Disclosure requirements, the Credit Union is to publicly disclose certain information in respect of:

- details on the composition of regulatory capital;
- a reconciliation between the composition of its regulatory capital and its audited financial statements;
- the full details of the terms and conditions of its regulatory capital instruments;
- the quantitative and qualitative information about its capital adequacy, credit and other risks if advanced measurement approaches are used; and

- both qualitative disclosure and quantitative remuneration disclosures for Senior Managers and material risk-takers.

These disclosures can be viewed on the Credit Union's website: www.themaccu.com.au

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out following the Director's Report on page 16.

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

Geoffrey Ellis	Phillip Rankin
Chairman of Board of Directors	Chairman of Audit Committee

Dated at Camden this 21st September 2022.

CORPORATE GOVERNANCE STATEMENT

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

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

COMPOSITION OF THE BOARD

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

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

COMMITTEE STRUCTURE

The following Committees support the work of the Board:

Executive Committee

The Executive Committee's powers are limited to those delegated to it by the Board from time to time. The Board invites the CEO to attend all Executive Committee Meetings in an advisory capacity, unless his attendance would be inappropriate because of reasons such as conflict of interest. The Members of the Executive Committee as at 30 June 2022 were Geoffrey Ellis (Chairman), Peter Buckley, Phillip Rankin and Ashley Jennings.
The role of the Executive Committee is to:

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

Audit Committee

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

The Members of the Audit Committee as at 30 June 2022 were Phillip Rankin (Chairman), Peter Buckley, Ashley Jennings and Emma Macfarlane.

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

The role of the Audit Committee is to:

- Minimise accounting policy risk by reviewing all draft annual financial reports prior to approval by the Board;
- Monitor compliance with statutory requirements for financial reporting;
- Direct and monitor the Internal Audit function;
- Liaise with the External Auditor and review the adequacy of the scope and quality of the audit in consultation with the CEO;
- Initiate special projects and investigations on matters within its Terms of Reference, keeping the Board fully informed on progress and outcomes; and
- Review financial and prudential policies and procedures and to make recommendations.

Governance Committee

The primary objective of the Governance Committee is to assist the Board of Directors in the discharge of its responsibilities by way of enhancing and monitoring the performance of the Credit Union in matters of corporate governance. The specific functions of the Committee include the:

- Establishment and review of procedures to assess Board, Committee and Director performance;
- Development and review of appropriate corporate governance principles, policies and practices; and
- Development, implementation and monitoring of Director development policies and practices.

The Members of the Governance Committee as at 30 June 2022 were Ashley Jennings (Chairman), Antony Schesser, Lloyd Pollard and Emma Macfarlane.

Risk Committee

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

The Members of the Risk Committee as at 30 June 2022 were Peter Buckley (Chairman), Phillip Rankin, Antony Schesser and Lloyd Pollard.

The role of the Risk Committee is to:

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

Director Nominations Committee

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

The specific functions of the Committee include:

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

The Members of the Director Nominations Committee as at 30 June 2022 were Phillip Rankin, Peter Buckley and Ashley Jennings. In accordance with the Committee Charter an independent, external Chair (Doug Ferris) has been appointed.

THE REVIEW OF CREDIT UNION POLICY

The Board recognises the importance and the dynamic nature of its policies and has implemented a program of progressive review. This will ensure a relevant and up to date policy manual is available to assist staff in the day to day interpretation of, and compliance with, Board requirements.

BOARD REMUNERATION

Directors are remunerated by fees determined by the Board within the aggregate amount approved by Members at the Annual General Meeting.

MONITORING THE BOARD'S PERFORMANCE

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

Crowe Audit Australia
ABN 13 969 921 386

491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been no contraventions of:

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

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

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

21 September 2022
Albury

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Interest revenue calculated using the effective interest rate method	4	7,224,963	7,107,015
Interest expense	4	(325,015)	(893,800)
Net interest income		6,899,948	6,213,215
Fee and commission income	5	838,808	937,603
Fee and commission expenses	7	(510,464)	(485,682)
Net fee and commission income		328,344	451,921
Other income	6	311,320	122,342
Operating income		7,539,612	6,787,478
Net impairment gain/(loss) on loans and receivables		(29,716)	99,309
Non Lending Losses		(104)	(12,044)
Personnel expenses	7	(3,265,281)	(3,246,931)
ATM expenses		(442,268)	(444,272)
General administration expenses		(360,285)	(360,245)
Marketing expenses		(203,681)	(266,191)
Other operating expenses		(767,128)	(662,245)
Depreciation and amortisation expenses	7	(502,537)	(662,933)
Information technology expenses		(1,101,161)	(1,049,314)
Office occupancy expense		(187,048)	(245,794)
Loss on disposal of assets		(972)	(296,113)
Profit before income tax		**679,431**	**(359,295)**
Income tax benefit/(expense)	9	(94,866)	129,688
Profit/(Loss) for the year		**584,565**	**(229,607)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(Loss)/gain on the revaluation of equity instruments at fair value through other comprehensive income		110,020	246,344
Income tax attributable to revaluation		(27,505)	(61,586)
Total other comprehensive income for the year		82,515	184,758
Total comprehensive income/(loss) for the year		**667,080**	**(44,849)**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements as set out on pages 21 to 61.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Cash and cash equivalents	10	10,165,940	8,173,096
Loans and advances	11(a)	212,165,705	189,274,612
Placements with ADI's	11(b)	138,727,943	113,492,465
Current tax receivable		17,895	40,616
Other financial assets	13	1,568,817	1,479,200
Property, plant and equipment	15	2,093,973	2,447,678
Right of use assets	24(a)	228,966	357,582
Investment property	16	2,692,237	84,659
Intangibles	17	550,006	554,184
Deferred tax assets	14	25,840	147,342
Other assets	18	1,917,156	1,280,252
Total assets		**370,154,478**	**317,331,686**
Liabilities			
Deposits	19	341,282,389	289,686,811
Trade and other payables	20	1,425,282	770,404
Lease liabilities	24(a)	263,564	398,867
Provisions	21	912,325	871,766
Total liabilities		**343,883,560**	**291,727,848**
Net assets		**26,270,918**	**25,603,838**
Equity			
Reserves	22(b)	1,276,215	1,192,281
Retained earnings	22(a)	24,994,703	24,411,557
Total equity		**26,270,918**	**25,603,838**

The statement of financial position is to be read in conjunction with the notes to the financial statements as set out on pages 21 to 61.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Interest received		7,089,714	7,154,768
Dividends received		252,934	27,428
Other cash receipts in the course of operations		897,194	1,032,517
Interest paid		(389,137)	(1,081,243)
Income taxes refunded/(paid)		21,850	(28,826)
Net (increase)/decrease in loans funded		(22,920,807)	(7,871,719)
Net increase in deposits		51,659,700	35,317,515
Other cash payments in the course of operations		(6,643,634)	(6,367,522)
Net cash flows from/(used in) operating activities	**26 a)**	**29,967,814**	**28,182,918**
Cash flows from investing activities			
Net decrease in investments with ADI's		(25,235,484)	(24,275,542)
Proceeds on sale of equity securities		36,823	-
Purchase of equity securities		(16,420)	-
Proceeds on sale of property, plant and equipment		-	1,792
Acquisitions of property, plant and equipment		(2,451,346)	(813,750)
Acquisition of intangible assets		(173,241)	(366,390)
Net cash flows from/(used in) investing activities		**(27,839,668)**	**(25,453,890)**
Cash flows from financing activities			
Repayment of the lease liabilities		(135,302)	(235,560)
Net cash flows from/(used in) financing activities		**(135,302)**	**(235,560)**
Net increase/(decrease) in cash held		**1,992,844**	**2,493,468**
Cash at the beginning of the financial year		8,173,096	5,679,628
Cash at the end of the financial year	**26 b)**	**10,165,940**	**8,173,096**

The statement of cash flows is to be read in conjunction with the notes to the financial statements as set out on pages 21 to 61.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

	Redeemed share capital reserve	General reserve for credit losses	Retained earnings	Fair Value Reserve	Total equity
	$	$	$	$	$
Balance at 1 July 2020	143,910	358,066	24,641,878	504,833	25,648,687
Total comprehensive income for the year					
Profit/(loss) after tax	-	-	(229,607)	-	(229,607)
Other comprehensive income					
Total other comprehensive income for the year	-	-	-	184,758	184,758
Total comprehensive income for the year	-	-	(229,607)	184,758	(44,849)
Transfer from/(to) retained profits	4,890	(4,176)	(714)	-	-
Balance at 30 June 2021	148,800	353,890	24,411,557	689,591	25,603,838
Balance at 1 July 2021	148,800	353,890	24,411,557	689,591	25,603,838
Total comprehensive income for the year					
Profit after tax	-	-	584,565	-	584,565
Other comprehensive income					
Total other comprehensive income for the year	-	-	-	82,515	82,515
Total comprehensive income for the year	-	-	584,565	82,515	667,080
Transfer from/(to) retained profits	4,665	-	(1,419)	(3,246)	-
Balance at 30 June 2022	153,465	353,890	24,994,703	768,860	26,270,918

The statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 21 to 61.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2022

1. Reporting entity

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

2. Basis of preparation

a) Statement of compliance

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

The financial report was approved for issue by the directors on 21 September 2022.

b) Basis of measurement

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

c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Credit Union's functional currency.

d) Use of estimates and judgements

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

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

- Note 3(d) – Fair value assumptions used for other financial assets
- Note 3(h) – Impairment of financial assets – expected credit loss

e) Measurement of fair values

A number of the Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Credit Union uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not observable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are value based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Credit Union recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

f) Going Concern

The impact of the Global Pandemic continued to be felt during the reporting period and has been given close consideration in preparing these accounts. However, they are not as prevalent at balance date-which is reflected in the significantly improved operating performance of the Credit Union. The critical "Pandemic related" factors have been impacted in the following manner during the year:

- The repricing of loans and deposits has realigned sufficiently to generate a sustainable interest rate margin
- Loan repayments have continued at accelerated levels but the levels of loan growth seen have partially compensated for this
- There has been significant strengthening of the yields on our investment portfolio with the "normalising" of market interest rates

There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Credit Union as a going concern. Indeed the strategic decisions taken during the year illustrate the level of confidence in the future of the Credit Union. These decisions include:

- The ongoing commitment to the redevelopment of the Camden site
- The ongoing commitment to Information Technology upgrades

The scenario testing undertaken indicates that key metrics such as Capital Adequacy and Liquidity are able to be maintained at levels above both statutory requirements and internal benchmarks for the foreseeable future.

3. Significant accounting policies

The Credit Union has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE and are recognised within profit or loss.

Subsequent costs
The Credit Union recognises in the carrying amount of an item of PPE the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Credit Union and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of PPE are recognised in profit or loss as incurred.

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

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

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

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

c) Intangibles

Computer software

Where computer software costs are not integral to associated hardware, the Credit Union recognises them as an intangible asset where they are clearly identifiable can be reliably measured and it is probable they will lead to future economic benefits that the Credit Union controls. The capitalised costs of computer software include all costs directly attributable to developing the software. This incorporates the direct cost of acquiring the computer software payable to the third party supplier. The Credit Union carries capitalised computer software assets at capitalised cost less amortisation and any accumulated impairment losses.

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

d) Financial assets and liabilities

Financial liabilities

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

Financial Assets

Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include cash and cash equivalents, placements with ADI's, loans and advances to members and other assets.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI include equity investments.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition the Credit Union may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent to initial recognition the following measurement principles and recognition of gains and losses are applied as follows:

- financial assets at amortised cost are measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss; and
- other financial assets at FVOCI - equity are measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Business Model Assessment

The Credit Union makes an assessment of the objective of the business model in which a financial asset is held at the portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Credit Union's stated objective for managing the financial assets is achieved and how cash flows are realised.

De-recognition of financial assets

The Credit Union derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Credit Union is recognised as a separate asset or liability.

e) Trade and other receivables
Trade and other receivables are stated at amortised cost.

f) Other assets
Other assets include prepayments to suppliers, and clearing accounts at balance date.

g) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, cash balances in the Credit Union's bank accounts and at call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Credit Union's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are measured at amortised cost using the effective interest method.

h) Impairment of financial assets
Financial assets within the scope of AASB 9 expected credit loss (ECL) requirements comprise all financial instruments measured at either amortised cost or FVOCI. These include cash, placements with ADIs and loans and advances to members. Financial assets are divided into homogeneous portfolios based on shared risk characteristics. These include mortgage loans, small business loans, personal loans and revolving credit. The balance of small business loans at 30 June 2022 is $3,084,168 (2021: $215,698).

For placements with ADIs, the Credit Union has applied the AASB 9 'low credit risk' exemption given their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

For financial assets recognised in the statement of financial position at amortised cost, the allowance for ECLs is offset against the gross carrying value so that the amount presented in the statement of financial position is net of impairment provisions. For financial assets classified as FVOCI, any credit losses are recognised in the fair value reserve.

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

Base Case – prepared using reasonable and supportable information that is available without undue cost or effort. This information includes any current Hardship loans, current loan to valuation ratio, capacity to repay and expected default ratios. There have been significant changes in a number of economic factors such as rising inflation and interest rates. However, other factors such as high levels of household savings and employment have been instrumental in ensuring that borrowers' ability to repay have not materially changed.

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

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

The Credit Union has elected to use the base case to measure its ECL allowance at 30 June 2022. This was based on an assessment of the probability of each scenario occurring.

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

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

Credit risk categorisation

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

<u>Stage 1: no significant increase in credit risk since initial recognition</u>

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

<u>Stage 2: significant increase in credit risk</u>

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

- When a loan reaches 30 days past due;
- Loans with approved hardship or modified terms, including certain COVID-19 hardships.

Stage 3: credit impaired (or defaulted) loans

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition is different.

Interest income on stage 3 credit impaired loans is recognised in the income statement on the loan balance net of the ECL provision. The statement of financial position value of stage 3 loans reflects the contractual terms of the assets, and continues to increase over time with the contractually accrued interest.

Transfers between stages
Transfers from stage 1 to 2 occur when there has been a significant increase in credit risk and from stage 2 to 3 when credit impairment is indicated as described above. For assets in stage 2 or 3, loans can transfer back to stage 1 or 2 once the criteria for a significant increase in credit risk or impairment are no longer met.

Restructured loans
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in de-recognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
- If the expected restructuring will result in de-recognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its de-recognition.

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

i) Impairment of non-financial assets

The carrying amount of the Credit Union's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss and other comprehensive income, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

j) Provisions

Employee benefits

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

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

k) Trade and other payables

Trade and other payables are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

l) Member deposits

The Credit Union recognises member deposits on the date they are originated. Deposits are initially measured at fair value plus transaction costs, and are subsequently measured at their amortised cost using the effective interest method. Member savings and term deposits are stated at the aggregate amount of monies owing to depositors.

The Credit Union derecognises the financial liability when its contractual obligations are discharged or cancelled. Interest payable is recognised in profit or loss using the effective interest rate method. Interest on savings and term deposits is calculated on the daily balance and is posted to the members' accounts monthly or at maturity. Such interest is accrued on the basis of the interest rate, the terms and the conditions applicable to each savings and term deposit account as varied from time to time.

m) Revenue and expense recognition

Net Interest Income

Interest income and expense is recognised using the effective interest rate (EIR) method for financial assets and financial liabilities carried at amortised cost.

Fees and commissions

Fees and commission income include fees other than those that are an integral part of EIR. Fee and commission 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 systematic 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. Commission income which includes insurance, protection products and financial planning advice is recognised when the performance obligation is satisfied.

Dividend income

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

Government assistance

Government grants are recognised by the Credit Union when there is a reasonable assurance that:

- the Credit Union will comply with the conditions attaching to them; and
- the grants will be received.

The Credit Union presents government assistance grants received in the profit or loss, within 'other income'.

n) Rental income

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

o) Leases

Credit Union as a lessee
At inception of a contract, the Credit Union assesses whether a lease exists – i.e. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Credit Union has elected to not separate non-lease components from lease components and has accounted for payments as a single component.

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

The right-of-use asset using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Credit Union's incremental borrowing rate is used. Typically the Credit Union uses its incremental borrowing rate as the discount rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

The Credit Union has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets (defined by the Credit Union as $10,000). The Credit Union recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets such as software licences continue to be accounted for under AASB 138 *Intangible Assets*, regardless of whether the arrangement would otherwise meet the AASB 16 *Leases* definition.

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.

When the Credit Union has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. The lease income is recognised on a straight-line basis over the lease term.

p) Income tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except where the amount of GST incurred is not recoverable from the

Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

r) New or amended accounting standards adopted

The Credit Union has adopted all Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

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.

		2022	2021
4.	**Interest revenue and expense**		
	Interest revenue calculated using the effective interest rate method	$	$
	Financial assets measured at amortised cost:		
	Placements with ADIs	865,882	785,157
	Loans and advances	6,359,081	6,321,858
		7,224,963	7,107,015
	Interest expense		
	Deposits	304,801	861,326
	Interest bearing liabilities	781	705
	Lease liabilities	19,433	31,769
		325,015	893,800
	Net interest income	6,899,948	6,213,215
5.	**Fee and commission income**		
	ATM fees	95,538	139,786
	Direct debit fees	47,947	46,208
	Loan fees	135,250	122,850
	Direct entry reference fees	73,022	85,900
	Insurance commission	13,270	10,843
	BPAY transaction commission	36,699	44,529
	VISA card fees	194,644	196,134
	VISA card commission	186,235	184,097
	Other fee and commission income	56,203	107,256
		838,808	937,603
6.	**Other income**		
	Dividend income	252,934	27,428
	Rental income from investment properties	18,427	36,498
	Bad debts recovered	6,681	6,131
	Government grant	-	50,000
	Other revenue	33,278	2,285
		311,320	122,342
7.	**Other expenses**		
	Fee and commission expenses		
	Dishonour fee expenses	5,836	5,756
	VISA card fees	338,521	324,090
	Other fee and commission expenses	166,107	155,836
		510,464	485,682
	Personnel expenses		
	Wages and salaries	2,830,707	2,820,136
	Superannuation contributions	264,905	257,654
	Payroll tax	94,190	94,132
	Provision for employee entitlements	75,479	75,009
		3,265,281	3,246,931
	Depreciation & amortisation expenses		
	Plant and equipment	62,526	80,431
	Buildings	106,916	100,765
	Right of use assets	128,616	244,879
	Leasehold improvements	22,322	107,472
	Investment properties	4,737	10,872
	Intangible assets	177,420	118,514
		502,537	662,933

8. Auditor's remuneration

	2022	2021
Audit and review services	$	$
Auditor of the Company		
Crowe		
Audit of financial statements	48,100	47,100
Other regulatory assurance services	24,230	17,700
	72,330	64,800
Other services		
Crowe		
Taxation services	6,800	6,800
Other Regulatory reviews	17,000	-
	23,800	6,800
	96,130	71,600

The above amounts are on an excluding GST basis, but include any out of pocket costs recovered.

9. Income tax expense

a) Recognised in the income statement

Current tax expense		
Current year	-	-
Adjustments for prior years	871	1,817
	871	1,817
Deferred tax expense		
Origination and reversal of temporary differences	89,892	(118,597)
Adjustments for prior years	4,103	(12,908)
	93,995	(131,505)
Total income tax expense/(benefit) in income statement	94,866	(129,688)

b) Reconciliation between income tax expense and profit before tax

Profit before tax	679,431	(359,295)
Income tax using the domestic corporation tax rate (2022: 25%, 2021: 26%)	169,858	(93,417)
Increase/(decrease) in income tax expense due to:		
Imputation gross-up on dividends received	26,655	2,778
Non-deductible expenses	-	2,881
Other differences in tax treatment	-	(7,153)
Non assessable income	-	(13,000)
Franking credits on dividends received	(106,621)	(10,686)
(Over)/under provided in prior periods	4,974	(11,091)
	94,866	(129,688)
Income tax expense/(benefit)	94,866	(129,688)

	Note	2022 $	2021 $
10. Cash and cash equivalents			
Cash on hand		483,084	662,397
Cash at bank		9,682,856	7,510,699
		10,165,940	8,173,096
11. Financial assets			
a) Loans and advances			
Overdrafts		15,725	17,400
Term loans		207,361,897	184,681,587
Loans to related parties	28	4,844,401	4,612,481
Provision for impairment	12	(56,318)	(36,856)
Total loans and advances		212,165,705	189,274,612
b) Placements with ADIs			
Investments placed with other ADIs		138,727,943	113,492,465
		138,727,943	113,492,465

Further details of the risks associated with financial assets and the management of those risks are contained in Note 27. Details of loans to related parties are included at Note 28.

12. Provision for Impairment - ECL Loans and advances to members	Stage 1 12 month ECL	Stage 2 not credit impaired	Stage 3 credit impaired	Total
2022	**$**	**$**	**$**	**$**
Carrying amount at the beginning of the year	6,698	4,336	25,822	36,856
Transfers due to change in credit risk	-	3,101	(3,101)	-
Net remeasurement of loss allowance	(141)	(3,639)	33,496	29,716
Write Offs	-	-	(10,254)	(10,254)
Balance as at 30 June 2022	**6,557**	**3,798**	**45,963**	**56,318**
2021	**$**	**$**	**$**	**$**
Carrying amount at the beginning of the year	19,780	95,926	56,500	172,206
Transfers due to change in credit risk	-	2,526	(2,526)	-
Net remeasurement of loss allowance	(13,082)	(94,116)	7,887	(99,311)
Write Offs	-	-	(36,039)	(36,039)
Balance as at 30 June 2021	**6,698**	**4,336**	**25,822**	**36,856**

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

	2022	2021
13. Other financial assets	**$**	**$**
Other equity investments - at FVOCI	1,568,817	1,479,200
	1,568,817	1,479,200

Valuation techniques for other equity investments are discussed further in Note 27(d).

14. Tax assets and liabilities

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Deferred tax assets		
Provisions	242,160	227,156
Accruals	15,688	11,897
Right of use asset (net of lease liability)	8,650	10,321
Carried forward tax losses	119,866	216,045
Other	13,875	14,219
Total deferred tax assets	400,239	479,638
Deferred tax liabilities		
Property, plant & equipment	(51,661)	(30,970)
Other financial assets - shares	(256,769)	(230,347)
Other	(65,969)	(70,979)
Total deferred tax liabilities	(374,399)	(332,296)
Net deferred tax assets	25,840	147,342

15. Property, plant and equipment

	2022 $	2021 $
Freehold land and buildings		
Freehold land-at cost	427,107	357,107
Buildings on freehold land-at cost	1,471,457	2,533,161
Provision for depreciation	(318,165)	(1,709,653)
	1,580,399	1,180,615
Leasehold improvements		
At cost	241,371	241,371
Provision for depreciation	(184,048)	(161,725)
	57,323	79,646
Plant and equipment		
At cost	655,334	646,581
Provision for depreciation	(512,841)	(463,047)
	142,493	183,534
Capital work in progress at cost	313,758	1,003,883
Total property, plant and equipment		
At cost	3,109,027	4,782,103
Provision for depreciation	(1,015,054)	(2,334,425)
	2,093,973	2,447,678

The Credit Union's Picton property was valued as at 30 June 2020 by an independent valuer in line with the Accounting Policy. The property was valued at $1.275m, which is in excess of the written down value.

Given the recent refurbishment of the two Camden buildings, it was deemed appropriate to obtain a valuation by an independent valuer. These properties were valued at $5.9m as at 30 June 2022:

- "Clutha House" Investment Property-$4.9m
- Camden Branch Premises (52B Argyle St)-$1m

The Fair Value of both Camden properties is in excess of the written down values.

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

2022	Freehold land and buildings	Leasehold improvements	Plant and equipment	Capital work in progress	Total
	$	$	$	$	$
Carrying amount at the beginning of the year	1,180,615	79,646	183,534	1,003,883	2,447,678
Additions	20,558	-	19,911	2,410,877	2,451,346
Transfer in/(out)	486,141	-	2,545	(3,101,001)	(2,612,315)
Disposals	-	-	(970)	-	(970)
Depreciation/Amortisation	(106,915)	(22,323)	(62,527)	-	(191,765)
Carrying amount at the end of the year	1,580,399	57,323	142,493	313,759	2,093,974

2021	Freehold land and buildings	Leasehold improvements	Plant and equipment	Capital work in progress	Total
	$	$	$	$	$
Carrying amount at the beginning of the year	1,467,011	226,084	298,540	206,345	2,197,980
Additions	-	-	16,212	797,538	813,750
Transfer in/(out)	-	-	-	-	-
Disposals	(185,631)	(38,966)	(50,787)	-	(275,384)
Depreciation/Amortisation	(100,765)	(107,472)	(80,431)	-	(288,668)
Carrying amount at the end of the year	1,180,615	79,646	183,534	1,003,883	2,447,678

The asset disposals in 2021 relate mainly to the write off of fit outs and furniture and equipment from the Camden and Narellan sites.

Redevelopment-Argyle Street, Camden-the initial 2 stages of the project, being the construction of new Branch premises and the redevelopment of the 52 Argyle Street building has been completed. The last stage, being the proposed construction of a building to house Administration Staff is still in progress, and is currently classified as Capital work in progress. A review of the costs relating to this last stage has been undertaken, both at balance date and subsequently. This review focussed on the appropriate classification (being capitalised or expensed) of these costs.

16. Investment property

	2022	**2021**
	$	**$**
Investment property-at cost	4,234,026	123,308
Provision for depreciation	(1,541,789)	(38,649)
	2,692,237	84,659

A reconciliation of the carrying amount of investment property is set out below:

Carrying amount at the beginning of the year	84,659	117,725
Additions	-	-
Transfer in/(out)	2,612,315	-
Disposals	-	(22,194)
Depreciation	(4,737)	(10,872)
Carrying amount at the end of the year	2,692,237	84,659

Refer to Note 24(b) for further details of leasing activities for these investment properties.

Refer to Note 15 for further details of the fair value of investment property.

	2022 $	2021 $
17. Intangibles		
Computer software-at cost	1,687,431	1,709,053
Provision for amortisation	(1,293,381)	(1,167,318)
Intangible Assets	394,050	541,735
Work in progress	155,956	12,449
Total Intangible Assets	550,006	554,184

A reconciliation of the carrying amount of intangible assets is set out below:

	2022 $	2021 $
Carrying amount at the beginning of the year	554,184	306,308
Additions	173,242	366,390
Amortisation	(177,420)	(118,514)
Carrying amount at year end	550,006	554,184

	2022 $	2021 $
18. Other assets		
Interest & fees receivable	293,325	158,076
Floating rate note premiums	312,920	298,887
Prepayments	300,613	283,914
Other (including member clearing accounts)	1,010,298	539,375
	1,917,156	1,280,252
19. Deposits		
Call deposits	257,497,193	203,641,995
Term deposits	83,753,641	85,949,139
Accrued interest payable	31,555	95,677
	341,282,389	289,686,811
20. Trade and other payables		
Trade creditors	311,122	242,146
Sundry creditors (including member clearing accounts)	1,114,160	528,258
	1,425,282	770,404
21. Provisions		
Employee benefits		
Annual leave	274,508	253,045
Long service leave (1)	464,423	454,612
Long service leave (2)	138,279	94,074
	877,210	801,731
Other Provisions		
Make Good Provision		
Carrying amount at the beginning of the year	70,035	84,555
Provisions made/(reversed) during the year	(8,015)	1,680
Provisions used during the year	(26,905)	(16,200)
Carrying amount at year end	35,115	70,035
Total Provisions	912,325	871,766

(1) Expected to be settled within 12 months

(2) Expected to be settled outside of 12 months

	Note	2022 $	2021 $
22. Equity			
a) Retained earnings			
Balance at the beginning of the year		24,411,557	24,641,878
Profit for the year		584,565	(229,607)
Transfer to redeemed share capital account	22b(i)	(4,665)	(4,890)
Transfer (to)/from general reserve for credit losses	22b(ii)	-	4,176
Transfer (to)/from equity		3,246	-
Balance at the end of the year		24,994,703	24,411,557
b) Reserves			
Redeemed share capital account	22b(i)	153,465	148,800
General reserve for credit losses	22b(ii)	353,890	353,890
Fair value reserve	22b(iii)	768,860	689,591
		1,276,215	1,192,281
(i) Redeemed share capital account			
Balance at the beginning of the year		148,800	143,910
Member shares redeemed during year		4,665	4,890
Balance at the end of the year		153,465	148,800

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

(ii) General reserve for credit losses		
Balance at the beginning and end of the year	353,890	358,066
Transfer from/(to) retained profits	-	(4,176)
Balance at the end of the year	353,890	353,890

The general reserve for credit losses contains an additional allowance for impairment, above that calculated in accordance with Note 12.

(iii) Fair value reserve		
Balance at the beginning of the year	689,591	504,833
Add: increase on revaluation of investment (Shares)	154,428	223,067
Less: Cuscal share buyback	(36,552)	-
Less: deferred tax thereon	(38,607)	(38,309)
Balance at the end of the year	768,860	689,591

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

23. Contingencies

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

	2022	2021
	$	$
Guarantees	525,578	671,173

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

24. Leases

(a) Credit Union as a lessee

Nature of the leasing activities

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

The Narellan Branch was closed on 16th July 2021, in advance of the expiry of the lease on 15th September 2021. The Lease was not renewed.

Terms and conditions of leases

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

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

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

Right-of-use assets

As cost	527,617	847,339
Accumulated depreciation	(298,651)	(489,757)
Balance at end of the year	228,966	357,582

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

Land and Buildings		
Balance at 1 July	357,582	602,461
Depreciation charge	(128,616)	(244,879)
Balance at 30 June	228,966	357,582

Lease liabilities

	2022	2021
Current	$	$
Not later than 1 year	106,249	135,304
Non-current		
Later than 1 year	157,315	263,563
Total	263,564	398,867

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

Not later than 1 year	119,222	154,737
Later than 1 year and not later than 5 years	164,134	283,356
Total	283,356	438,093

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

Extension options

The lease for the Tahmoor branch premises contained an extension option, which allowed the Credit Union to extend the lease term beyond the original period. These options are detailed at Note 24(a).

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

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

There are no potential future lease payments not included in the lease liabilities, as the Credit Union has no unexercised option periods remaining on leases at 30 June 2022 (2021: nil).

Income statement

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

	2022	**2021**
	$	**$**
Interest expense on lease liabilities	19,433	31,769
Rental expense relating to low value assets	14,716	14,434
	34,149	46,203

Statement of cash flows

Total cash outflow for leases (including interest)	154,736	267,325

Exemptions applied

The Credit Union has applied the exemptions relating to short-term leases and leases of low-value assets, as described at Note 3(o). As at 30 June 2022, the Credit Union has no commitment for short-term leases (2021: nil).

Key assumptions used in calculations

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

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

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

(b) Credit Union as a lessor

OPERATING LEASES

Nature of the leasing activities

The Credit Union receives rental income from tenants who lease a portion of the land and buildings owned by the Credit Union in Camden. These leases are classified as operating lease for financial reporting purposes and the assets are included as investment properties in the Statement of Financial Position (refer Note 16).

Terms and conditions of leases

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

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

Income statement

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

	2022 $	2021 $
Lease/rental income (excluding variable lease payments not dependent on an index or rate	18,427	36,498
Total lease/rental income relating to investment properties	18,427	36,498
Direct operating expenses (including repairs & maintenance) arising from investment property that generated rental income during the period	15,739	10,872
Total direct operating expenses relating to investment properties	15,739	10,872

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

< 1 year	42,637	17,637
1 - 2 years	47,637	17,637
2 - 3 years	47,637	17,637
3 - 4 years	4,409	17,637
4 - 5 years	-	4,409
> 5 years	-	-
Total undiscounted lease payments receivable	**142,320**	**74,957**

Finance Leases

Nature of the leasing activities

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

25. Commitments	**2022**	**2021**
a) Outstanding loan commitments	**$**	**$**
Loans approved but not yet funded	9,021,560	6,620,189
b) Loan redraw facilities		
Undrawn value of redraw facilities	40,850,992	29,502,370

c) Industry support contract

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

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

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

		2022	2021
d)	**Capital expenditure commitments**	$	$
	Estimated capital expenditure contracted for at balance date but not provided for (payable not later than one year):		
	Property, plant & equipment	-	2,342,609

Expenditure commitments are stated inclusive of Goods and Services Tax.

26.	**Statement of cash flows**	**$**	**$**
a)	**Reconciliation of cash flows from operating activities**		
	Profit after tax	584,565	(229,607)
	Adjustments for:		
	Loss on disposal of property, plant & equipment	972	296,113
	Depreciation and amortisation	502,537	662,933
	Impairment loss/(gain) on loans and receivables	29,714	(99,310)
	Net cash from operating activities before changes in assets and liabilities	1,117,788	630,129
	Net (increase)/decrease loans funded	(22,920,807)	(7,871,719)
	Movement in interest receivable	(135,249)	47,753
	Movement in other receivables	(470,918)	737,717
	Movement in prepayments	(30,731)	(287,919)
	Movement in current tax assets/(liabilities)	22,722	(42,600)
	Movement in net deferred tax assets	93,994	(115,914)
	Net increase in deposits	51,659,700	35,317,515
	Movement in accrued interest payable	(64,122)	(187,443)
	Movement in trade creditors	34,056	39,633
	Movement in sundry creditors	585,902	(159,243)
	Movement in employee benefits	75,479	75,009
	Net cash from/(used in) operating activities	**29,967,814**	**28,182,918**
b)	**Reconciliation of cash and cash equivalents**		
	Cash and cash equivalents comprises:		
	Cash on hand and at bank	**10,165,940**	**8,173,096**

Bank overdraft facility

The Credit Union has access to an overdraft facility provided by Cuscal Limited to the extent of $2,000,000 (2021: $2,000,000) and incurs an interest rate of 4.6% (2021: 3.85%). This overdraft facility is secured by a Cash Deposit. As at 30 June 2022, the facility was unused (2021: facility was unused).

27. Financial risk management

Introduction and overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

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

a) Credit risk

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

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

Management of credit risk

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

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

Exposure to credit risk

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk at 30 June 2022:

	Loans and advances to members 2022 $	Placements with ADI's 2022 $	Cash and cash equivalents 2022 $
Carrying Amount	**212,165,705**	**138,727,943**	**10,165,940**
Stage 1: no significant increase in credit risk since initial recognition			
Secured by mortgage - current	202,226,004	-	-
Secured by mortgage - less than or equal to 30 days in arrears	-	-	-
Investment grade	-	115,189,744	10,165,940
Unrated	-	23,538,199	-
Other	9,924,341	-	-
Net deferred income and expenses	-	-	-
Carrying amount	212,150,345	138,727,943	10,165,940
Stage 2: significant increase in credit risk			
Secured by mortgage	-	-	-
Other	29,514	-	-
Carrying Amount	29,514	-	-
Stage 3: credit impaired (or defaulted) loans			
Secured by mortgage	-	-	-
Other	42,164	-	-
Carrying Amount	42,164	-	-
Expected credit loss	(56,318)	-	-
Total carrying amount	**212,165,705**	**138,727,943**	**10,165,940**

For a definition of Stage 1, 2 & 3 refer to Note 3(h)

Exposure to credit risk (continued)

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The following table summarises the exposure to credit risk at 30 June 2021:

	Loans and advances to members 2021 $	Placements with ADI's 2021 $	Cash and cash equivalents 2021 $
Carrying Amount	**189,274,612**	**113,492,465**	**8,173,096**
Stage 1: no significant increase in credit risk since initial recognition			
Secured by mortgage - current	180,674,844	-	-
Secured by mortgage - less than or equal to 30 days in arrears	-	-	-
Investment grade	-	84,079,551	8,173,096
Unrated	-	29,412,914	-
Other	8,590,154	-	-
Net deferred income and expenses	-	-	-
Carrying amount	189,264,998	113,492,465	8,173,096
Stage 2: significant increase in credit risk			
Secured by mortgage	-	-	-
Other	23,128	-	-
Carrying Amount	23,128	-	-
Stage 3: credit impaired (or defaulted) loans			
Secured by mortgage	-	-	-
Other	23,342	-	-
Carrying Amount	23,342	-	-
Expected credit loss	(36,856)	-	-
Total carrying amount	**189,274,612**	**113,492,465**	**8,173,096**

Impaired loans

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

Past due loans but not impaired loans

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

Loans with renegotiated terms

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

Provision for impairment

The Credit Union establishes a provision for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this provision are a specific provision that relates to individually significant exposures subject to individual assessment for impairment, and a collective provision established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are not subject to individual assessment for impairment.

When a loan is classified as impaired, the Credit Union has become aware of a specific event that gives rise to potential impairment. Generally, this event would be one such as a declaration of bankruptcy or other notification from a member confirming financial difficulty. It is considered that all loans with arrears greater than 30 days demonstrate evidence of potential impairment. On this basis, a percentage of the outstanding balance is provided for as the collective provision for impairment.

Write off policy

The Credit Union writes off a loan balance (and any related allowances for impairment losses) when the loans are determined to be uncollectible. This determination is reached after consideration of information such as the occurrence of significant changes in the borrowers' financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral and other credit enhancements

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

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

	2022	2021
	$	$
Against Individually impaired:		
Property value	-	-
Against past due but not impaired:		
Property value	360,000	2,000,000
Other	-	-
Total	360,000	2,000,000

Repossessed collateral

In the event of member default on a mortgage facility, any loan security is usually held as mortgagee in possession and therefore the Credit Union does not usually hold any real estate or other assets acquired through the enforcement of security.

The Credit Union did not take possession of any property assets during the year (2021: $Nil).

Concentration of loans and other receivables

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

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

b) Liquidity risk

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

Management of liquidity risk

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

Exposure to liquidity risk

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

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

	2022	2021
As at 30 June	26.42%	22.91%
Average liquidity for the year	24.84%	25.62%
Minimum liquidity during the year	22.47%	22.91%
Maximum liquidity during the year	26.85%	27.60%

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

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

2022	Carrying amount	Gross nominal (outflow)/ inflow	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
	$	$	$	$	$	$
Financial Liabilities						
Deposits	341,282,389	(341,405,189)	(279,568,402)	(35,841,964)	(24,352,718)	(1,642,106)
Trade and other payables	1,425,282	(1,425,282)	(1,425,282)	-	-	-
	342,707,671	(342,830,471)	(280,993,684)	(35,841,964)	(24,352,718)	(1,642,106)
Unrecognised loan commitments	9,021,560	(9,021,560)	(9,021,560)	-	-	-
Total financial liabilities	351,729,232	(351,852,031)	(290,015,244)	(35,841,964)	(24,352,718)	(1,642,106)

2021	Carrying amount	Gross nominal (outflow)/ inflow	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
	$	$	$	$	$	$
Financial Liabilities						
Deposits	289,686,811	(289,906,597)	(225,107,035)	(53,503,792)	(10,075,126)	(1,220,644)
Trade and other payables	770,404	(770,404)	(770,404)	-	-	-
	290,457,215	(290,677,001)	(225,877,439)	(53,503,792)	(10,075,126)	(1,220,644)
Unrecognised loan commitments	6,620,189	(6,620,189)	(6,620,189)	-	-	-
Total financial liabilities	297,077,404	(297,297,190)	(232,497,628)	(53,503,792)	(10,075,126)	(1,220,644)

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

c) Market risk

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

Management of market risk

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

Exposure to interest rate risk

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

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

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

The Credit Union's potential exposure to movements in interest rates is measured as the cumulative gap in maturity time brackets as a percentage of pre-tax profit. This measures the impact of a 2% movement (either upwards or downwards) in market interest rates. At 30 June 2022, the exposure was $462,931 (2021: $25,969). This exposure reflects the potential impact on the Credit Union's annual profit.

The Credit Union uses Value At Risk (VAR) as its measure of interest rate risk exposure. A summary of the gap position of the Credit Union's banking book, expressed as a percentage of regulatory capital, as at 30 June 2022:

	2022	2021
As at 30 June	1.92%	0.11%

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

d) Fair value

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques.

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

Financial instruments carried at fair value

- Financial instruments classified as FVOCI are measured at fair value by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated based on pricing models or other recognised valuation techniques.

Financial instruments carried at amortised cost

- The fair values of liquid assets and other assets maturing within 12 months approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- The fair value of at call deposits with no specific maturity is approximately their carrying amount as they are short term in nature or are payable on demand.
- The fair value of term deposits at amortised cost is estimated by reference to current market rates offered on similar deposits.
- The fair value of variable rate financial instruments, including loan assets and liabilities carried at amortised cost are approximated by their carrying value. In the case of loan assets held at amortised cost, changes in the fair value do not reflect changes in credit quality, as the impact of credit risk is largely recognised separately by deducting the amount of an allowance for credit losses.
- The fair value of fixed rate loans at amortised cost is estimated by reference to current market rates offered on similar loans.

Fair value hierarchy

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

30 June 2022	Carrying Amount	Level 1 $	Level 2 $	Level 3 $
Financial assets measured at FVOCI				
Equity investments	1,568,817	-	-	1,568,817
	1,568,817	**-**	**-**	**1,568,817**
Financial assets measured at amortised cost				
Loans and advances to members	212,165,704	-	-	208,942,341
	212,165,704	**-**	**-**	**208,942,341**
Financial liabilities measured at amortised cost				
Deposits	341,282,389	-	341,277,530	-
	341,282,389	**-**	**341,277,530**	**-**

30 June 2021	Note	Carrying Amount	Level 1 $	Level 2 $	Level 3 $
Financial assets measured at FVOCI					
Equity investments	13	1,479,200	-	-	1,479,200
		1,479,200	**-**	**-**	**1,479,200**
Financial assets measured at amortised cost					
Loans and advances to members	11(a)	189,274,612	-	-	189,462,999
		189,274,612	**-**	**-**	**189,462,999**
Financial liabilities measured at amortised cost					
Deposits	19	289,686,811	-	289,655,759	-
		289,686,811	**-**	**289,655,759**	**-**

Valuation techniques

Deposits and loans are valued by means of a discounted cash flow model which considers the present value of future cash flow. The discount factors are derived from the term structure of interest rates corresponding to the term of the cash flow being present valued. A yield curve is constructed from benchmark market rates. For fixed rate mortgages cash flows are adjusted for the effect of principal prepayment.

None of the Credit Union's 'equity investments' are traded in active markets. As such, the Credit Union is unable to base the fair value of its other investments on quoted market prices. Other valuation techniques have been applied.

The Board has considered whether the latest available reported net assets of the underlying investments reflect the probable value of the investment as a whole. Should this not be the case the carrying fair value of the assets are adjusted accordingly. This is done in consultation with the management of the respective investment entity.

Given the inherent uncertainty of valuing these underlying investments (arising from their illiquid nature) the values of these underlying investments may differ from the values that would have been used had a ready market for the investments existed.

Interest rates used for determining fair value

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

	2022	**2021**
Loans to members	2.94% - 5.27%	2.39% - 3.82%
Deposits	0.15% - 0.30%	0.20% - 0.25%

e) Capital management - regulatory capital

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

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

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

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

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

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

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

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

	2022	2021
Common Equity Tier 1 capital	**$**	**$**
Retained earnings	25,850,295	25,249,948
Regulatory adjustments to Common Equity Tier 1 Capital	(2,239,743)	(2,180,726)
Total Common Equity Tier 1 Capital	23,610,552	23,069,222
Tier 2 capital		
General reserve for credit losses	353,890	353,890
Regulatory adjustments to Tier 2 Capital	-	-
Total Tier 2 capital	353,890	353,890
Total capital base	23,964,442	23,423,112
Risk weighted assets	159,916,039	143,424,258
of which:		
Credit Risk	141,369,727	127,062,062
Operational Risk	18,546,312	16,362,196
Capital ratios		
Capital Adequacy Ratio	14.99%	16.33%
Tier 1 capital ratio	14.76%	16.08%

28. Related parties

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

Non-executive directors

- Geoffrey Ellis
- Peter Buckley
- Ashley Jennings
- Phillip Rankin
- Antony Schesser
- Lloyd Pollard
- Emma Macfarlane

Executives

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

Remuneration of key management personnel ("KMP")

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

	2022 $	2021 $
Short term employee benefits	896,933	892,584
Post employment benefits- Superannuation contributions	87,401	81,879
Other long term benefits	23,647	19,695
Total	1,007,981	994,158

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

Loans to key management personnel

The aggregate value of loans to KMP at balance date amounted to:	4,844,401	4,612,481
The aggregate value of loans disbursed to KMP during the year amounted to:	1,807,922	3,500,003
Interest and fees earned on loans to KMP	134,165	104,134
Less: KMP loan balance at date re-classification ^	-	(653,149)
Repayments during the year	1,710,167	2,486,065

^ Movement is due to re-classification of KMP during the year

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

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

Deposits to key management personnel

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

Total value term and savings deposits	138,511	80,097
Total Interest paid on deposits	49	53

29. Economic dependency

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

Credit Union Services Corporation (Australia) Limited ("CUSCAL")

CUSCAL supplies the Credit Union with rights to access cards and provides services in the form of settlement with bankers for member cheques, EFT, visa card transactions and the production of access cards for use by members. It also provides central banking facilities to the Credit Union.

In addition, CUSCAL operates the switching infrastructure used to link access cards and other approved ATM and EFT suppliers to the Credit Union's IT systems.

TransAction Solutions Pty Limited ("TAS")

TAS provides computing services to the Credit Union. The Credit Union has a management contract with the bureau to supply computer support staff and services to meet the day to day needs of the Credit Union and compliance with relevant prudential standards.

Service Contracts

All service contracts are capable of being cancelled within 12 months.

30. Subsequent Events

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

DIRECTORS' DECLARATION

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

(a) the financial statements and notes that are set out on pages 17 to 61 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Credit Union's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and

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

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

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

Signed in accordance with a resolution of the directors:

Geoffrey Ellis	Phillip Rankin
Chairman of Board of Directors	Chairman of Audit Committee

Dated at Camden this 21st September 2022.

Crowe Audit Australia
ABN 13 969 921 386

491 Smollett Street
Albury NSW 2640 Australia

PO Box 500
Albury NSW 2640 Australia

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

Macarthur Credit Union Ltd

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

Opinion

We have audited the financial report of Macarthur Credit Union Ltd ('the Credit Union'), which comprises the statement of financial position as at 30 June 2022, 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 a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Credit Union's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the directors' report information contained in the Credit Union's annual report for the year ended 30 June 2022, 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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

21 September 2022
Albury

Branch Locations

Camden
52B Argyle Street, Camden NSW 2570

Picton
109-111 Argyle Street, Picton NSW 2571

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

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