One people working together to build Indigenous independence

tcu traditional credit union

Traditional Credit Union ANNUAL REPORT

18-19


We provide personalised, quality
financial services for
Indigenous people and organisations
in remote Australia


Wurrumiyanga
Warruwi
Milingimbi
Galiwinku
Darwin
Gunbalanya
Maningrida
Gapuwiyak
Ramingining
Numbulwar
Wadeye
Katherine
Ngukurr
Minyerri
Borroloola

CONTENTS

Chair and CEO's Report

Our overriding purpose is to provide locally based essential banking services to Indigenous people living in remote communities. In doing so we also provide valuable employment opportunities and training to Indigenous people living in those communities.

Traditional Credit Union (TCU) supports remote communities because mainstream Banks no longer provide 'face to face' banking assistance in these remote areas. We are owned by Indigenous people and self-funded, meaning that we operate because people and leaders in communities embrace our services and groups, businesses and councils support our presence.

We provide 'face to face' banking services through a network of Branches in 13 remote communities and 2 urban centres within the Northern Territory (NT).

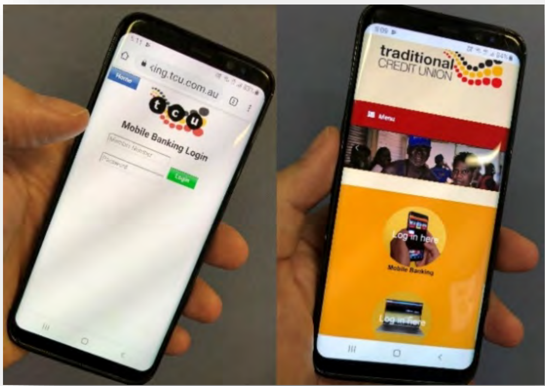
We complement our Branches with a fleet of 25 ATMs that are predominantly located in shopping areas within these remote communities and others throughout the NT.

Importantly, our Branch network and fleet of ATMs enables our Members to access cash and perform transfers without having to travel outside of their remote communities. Members can perform these transactions in-branch, assisted by locally employed Indigenous staff or through our conveniently located ATMs. Withdrawal, deposit and transfer transactions continue to be free to our Members using our facilities.

During the year we launched our new Website that is fully screen responsive, enabling our Members to access all TCU information without having to use a Computer. Also our Mobile Phone App has been changed to use Internet Banking credentials, thereby allowing share phones to securely access the App without blocking the phone for others.

To ensure that social media communications and official communications through our Website remain in syncronisation, we have now integrated a Facebook feed directly into the Home Page of our Website.

Above: The Chair, Micky Wunungmurra and CEO, Tony Hampton catching up in Micky's community, Gapuwiyak.



Above: The Credit Union's Website and Mobile Banking App now fully screen responsive.

Above: Our ATM Technician, Peter making sure that our new ATMs are secure and functioning correctly.

Our Members

Above: Members using the new TCU Mobile Apps on a Tablet, Galiwinku

Above: Members using the new TCU Mobile Apps on a Phone, Wurrumiyanga

Our number of Members and active Transaction Accounts remain consistent with previous years with over 9,000 Memberships and greater than 7,000 Members with active accounts. During the year we were able to attract Term Deposits from Councils and Indigenous organisations that operate in the same communities we support. As a result we have grown our Deposits base by nearly 50%, approximately $3 million. This is important to us as revenue earned through reinvestment assists TCU in covering expensive Branch operational costs.

As we are a mutual banking entity, our Members are our owners. This makes TCU the only true Indigenous banking entity in Australia. Our Members being largely welfare dependent, residing in remote communities and not having access to the latest technologies, tell us that without the services of TCU they would feel excluded from the nation's financial system.

Along with providing socially responsible banking services, we strive to educate our Members by providing 'hands-on' financial and digital literacy information. We believe consistent and regular education from, interaction with, our locally based Indigenous staff is the key to our Members understanding banking options. A significant by-product of this approach is a general increase in understanding of how to use other internet and mobile based access services from mainstream Banks, Industry Superannuation funds and Government departments.

In delivering our services, our values remain embedded in our behaviours:

Supporting our communities

TCU is an integral part of the fabric of remote communities in the NT. We employ local Indigenous people, provide both on the job training and structured education. This enables our staff to develop transferable skills that will place them in an excellent position to progress within TCU or seek other roles within their community.

We believe that education is an important building block to a strong future. To this end we encourage young Indigenous people to attend school and support the transition from school to work through providing work experience placements for students from remote communities schools.

Above: Cheryl and Bestie on work experience from Ramingining School

Our Branch Liaison Officer, Jona Loco is regularly travelling to remote communities to visit our Branches. In addition to supporting our staff, Jona embeds himself in community life and events and has forged significant friendships with leaders and people in communities.

Jona regularly talks to interested groups about ‘money business’ and working life.

Left: Branch Liaison Officer, Jona is helping students from OLSH School, Wadeye, understand banking.

Our CEO, Tony Hampton visits each Branch at least once a year, meeting the TCU staff and visiting community organisations and leaders. Tony ensures that TCU is involved in the communities by consistently contributes to community events through staff participation or sponsorship.

Right: ANZAC Day Dawn Service at Gapuwiyak

Our people

Above: Maningrida Branch staff: Narelle, Marlene and Jay

Above: Wadeye Branch - Natalie, Galiwinku Branch – Zelda and Warruwi Branch - Darren

More than 80% of our total workforce of greater than 50 staff are Indigenous people, with 100% of all staff employed in our Branches being Indigenous people, generally life-long residence of the community in which they work.

Staff turnover, due largely to the difficulty in balancing Indigenous cultural obligations with the obligations of working for a financial institution, is high, which means recruitment and training is a big part of our work. Although we regularly lose, trained staff, the communities benefit from having these valuable people available for other important roles in their communities.

With our commitment to being physically located in communities and having been around for 25 years, we also experience a high percentage of former staff returning to TCU, some in different roles, in different communities or just ready to resume working life after family commitments.

The Chief Executive Officer ("CEO")

My first full financial year as CEO of TCU has been an amazing experience. I thank the Executive Team and staff for their passion and commitment but most importantly I thank our Members for their continued support.

As Australia's smallest Approved Deposit-taking Institution ("ADI") and one with a specific mandate to provide physical banking presence for our Members, we strive to grow and reach scale to ensure we remain cost efficient. This is an ongoing challenge and not helped by the non-support of Government funding (funding ceased in March 2018).

But you only need to visit our Branches to understand that there is an absolute need for TCU and that mainstream Banks have deserted remote communities.

Notwithstanding, I am proud to advise that we remain a strong and viable organisation and continue to explore ways of sustaining our longevity.

Above: Ramingining Branch

Our performance

Our financial performance and position is strong as a result of the “Reshaping Strategy” introduced in the Financial Year 2018/19.

The Reshaping Strategy involved reviewing all expense lines, looking at Branch operating hours and services and addressing Branch locations that were not cost justifiable. Unfortunately our Alice Springs Branch was closed in June 2019, our Lajamanu Branch was closed in January 2019, and our Borroloola and Katherine Branches are in the process of transiting to smaller less expensive locations in the communities. Additionally we are downsizing the administrative areas in the Darwin Head Office.

Above: CEO, Tony Hampton meeting with the Federal Minister for Indigenous Australians, Ken Wyatt at the Vincent Lingiari Memorial Lecture, August 2019

The decision to leave Alice Springs was not taken lightly. Our Board has determined that we do not compete with mainstream Banks and our objective is to provide banking services in remote communities and to work collaboratively with other banking organisations and service providers so people in remote communities have the same access to services as all other Australians. The other Branches were closed or resized based on the needs of and support from the relevant communities.

Strategic blueprint for the future

Business/Banking Hub

Due to our relative small size compared to other Banks, and our focus on basic transactional banking for largely welfare dependent, Indigenous people residing in remote communities, we are continuously challenged to be cost efficient. This is a scale/scope issue and not one of lack of market penetration or community relevance. In our target communities we dominate over all other Banks.

Above: A ‘Mock-up’ of our Milingimbi Branch with a range of potential services such as Centrelink Agency and Medicare Agency (as Currently offered in Milingimbi and Ramingining) and other related services.

We believe that the solution to longevity is:

- broaden our banking service to provide banking services to all people in the community by assisting to process transactions for all Banks
- diversify our business offering to provide other transactional and related business and financial services.

Although we are confident of our short to medium term future we believe that a Business/Banking Hub concept would take the pressure off expenses, diversify revenue but importantly, bring new services into remote communities.

Board and corporate governance

Above: *Vasa, Simon and Kylie preparing the BBQ for the AGM*

Right: Director - David Djalangi, COO - John Appleby, CEO - Tony Hampton and Chair - Micky Wunungmurra preparing for the AGM, November 2018

Our Board of nine directors includes a majority of five Indigenous directors. Our Board and the Executive Team are committed to managing our business ethically and maintaining high standards of corporate governance. Our Board has adopted practices and process to ensure the sound management and oversight of TCU within the legal and regulatory framework we operate under.

We are protected by the same safeguards that apply equally to all ADIs and we are regulated by the same authorities. We act in accordance with the laws, regulations, standards and codes of conduct applicable to us.

The Board has a formal Charter setting out its role and responsibilities. The interests of the Members are paramount to our operations. These interests are best protected when TCU stays strongly focused on its objectives and legal obligations. In fulfilling this role the Board is responsible for setting the overall governance framework. This includes:

- providing strategic guidance
- establishing and monitoring our performance against our objectives
- ensuring the integrity of internal controls and information systems
- ensuring regulatory compliance
- setting our appetite and tolerance for risk
- maintaining sound financial and risk management systems oversight

To assist in the execution of these responsibilities the Board has established a number of key committees, each with its own charter. The Board has delegated responsibility for the 'day to day' operations and management of TCU to the CEO.

Micky Wunungmurra

Micky Wunungmurra
Chair

Tony Hampton
Chief Executive Officer

The Directors present their report together with the financial report of Traditional Credit Union Limited (the "Credit Union"), for the year ended 30 June 2019 and the Auditor's Report thereon.

Corporate information

The Credit Union is an Australian Public Company and registered under the Corporations Act 2001. It is a mutual entity with the core purpose of benefiting its Members.

The Credit Union is an Authorised Deposit-taking Institution (ADI) supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. The Credit Union is also supervised by the Australian Securities & Investments Commission (ASIC) under the Corporations Act 2001, and holds an Australian Financial Services Licence and a Credit Licence.

Directors

The names and details of the Directors of the Credit Union in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Micky Wunungmurra

Non-Executive Director, Chair of the Board and Member of the Audit & Finance Committee

Director since 2003

- Community Representative from Gapuwiyak, Lake Evella
- Deputy Chair of Arnhem Land Progress Aboriginal Corporation (ALPA)

David Djalangi

Non-Executive Director

Director since 2002

- Traditional Owner from Galiwinku, Elcho Island
- Member of the Full Council of the Northern Land Council
- Member of the Advisory Council of East Arnhem Regional Council
- Employed by ALPA

David Marpiyawuy

Non-Executive Director

Director since 2007

- Traditional Owner from the Milingimbi Community

Bunug Galaminda

Non-Executive Director

Director since 2010

- Traditional Owner from Warruwi Community, Goulburn Island
- Member of the Advisory Committee with the Aboriginals Benefit Account
- Member of the Full Council of the Northern Land Council
- Chair of the Yagbani Aboriginal Corporation
- Member of the Ajurumu Store Committee

Richard Bandalil

Non-Executive Director

Director since 2016

- Traditional Owner from Ramingining Community
- Member of the Committee for Dinybulu Regional Services
- Member of the Committee for ALPA Stores

David Knights

Non-Executive Director, Chair of the Board Risk Committee and Member of the Audit & Finance Committee

Director since 2009

- Degree in Engineering and a Masters of Business Administration
- Senior Executive with National Australia Bank
- Chair and Company Secretary of the Australian Custodial Services Association

Iain Summers

Non-Executive Director, Chair of the Audit & Finance Committee and Member of the Board Risk Committee

Director since 2005

- Chartered Accountant
- Fellow of the Australian Institute of Company Directors (AICD)
- Independent Chair of Risk Management and Audit Committees for a number of local government Councils
- Self-employed Consultancy Business
- Director of Health Network Northern Territory Limited

Elsbeth Torelli

Non-Executive Director, Company Secretary, Member of the Audit & Finance Committee and Member of the Board Risk Committee

Director since 2016

- Fellow of the Institute of Public Accountants
- Fellow of the Governance Institute of Australia
- Director of Customer Owned Banking Association (COBA)
- Chief Risk Officer at Bank First

Sharyn Innes

Non-Executive Director and Member of the Board Risk Committee

Director since 2016

- Director of Sharyn Innes Consultancies
- Director of Palmerston Golf and Country Club
- Director of Cazalys Palmerston Club

Company Secretary

Elsbeth Torelli commenced the role of Company Secretary in February 2018.

Principal activities

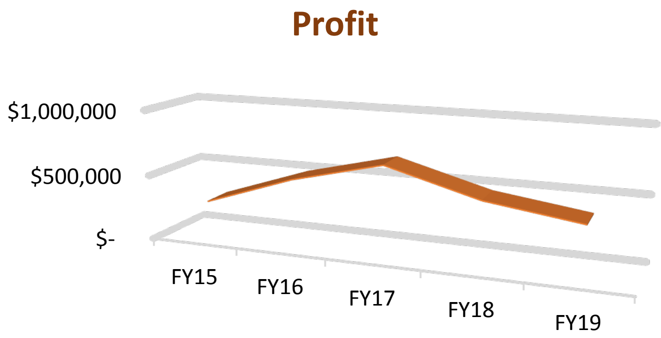
The principal activity of the Credit Union during the year was the provision of a range of financial products and services to Members. There has been no significant change in the nature of these activities during the year ended 30 June 2019.

Review of operations

Profitability

The Credit Union recorded a profit after tax for the year ended 30 June 2019 of $383k (FY17/18: $483k).

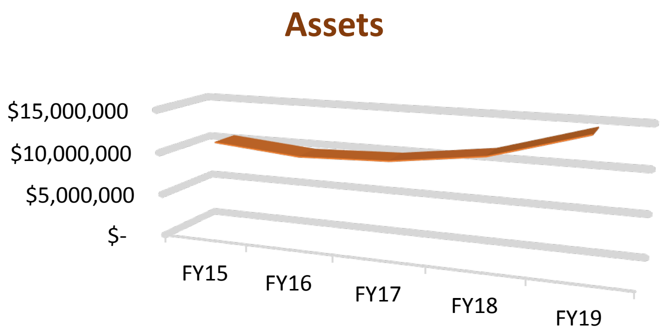
From FY10/11 to FY17/18 the Credit Union received significant grant funding. The Credit Union is now operating profitably under a self-funded business model, albeit at a lower level of profitability.



Assets

The total assets of the Credit Union were $14.8 million (FY17/18:$11.75 million), representing an increase of $3.05 million (26%).

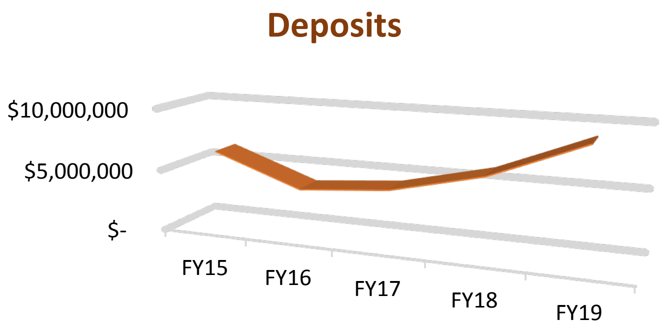
The Credit Union's assets are largely driven by the investment of Member deposits.



Deposits

Total deposits increased to $9.12 million (FY17/18: $6.18 million), representing a portfolio increase of $2.94 million (48%).

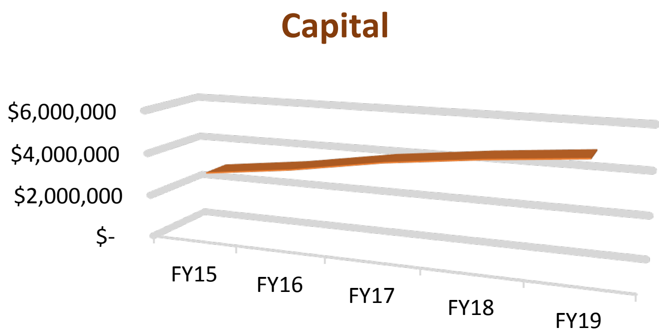
The increase related to a focus on raising investments from corporate Members. The Credit Union continues to expand in this area.



Capital

Capital increased to $5.0 million (FY17/18: $4.62 million) representing an increase of $0.38 million (8%).

The Credit Union continues to be well capitalised. This provides protection of Members' funds while enabling investment into the Credit Union's strategic direction.



Dividends

The Credit Union's Constitution prohibits the payment of dividends on Member shares.

State of affairs

In the opinion of the Directors, there have been no significant change in the state of affairs of the Credit Union that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events subsequent to balance date

There are no transactions or events of a material nature likely, in the opinion of the Directors, to affect significantly the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union, in the subsequent financial year.

Likely developments

Further information as to likely developments in the operations of the Credit Union and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of such information is likely to be prejudicial to the Credit Union.

Director's interests

None of the above Directors have declared any interest in existing or proposed contracts with Credit Union during the financial year ended 30 June 2019 and to the date of this report.

Director's benefits

During or since the financial year 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 emoluments paid or payable to the Directors shown in the accounts, by reason of a contract entered into by the Credit Union or a body corporate that was related to the Credit Union when the contract was made or when the director received, or became entitled to receive, the benefit 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.

Director's indemnification and insurance

During the year, a premium was paid in respect of a contract insuring Directors and Officers of the Credit Union against liability. The Officers of the Credit Union covered by the insurance contract include the Directors, Executive Officers, Company Secretary and Employees.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract. No insurance cover has been provided for the benefit of the Auditors of the Credit Union.

Director's meetings

The number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

Directors	Eligible to Attend Board Meetings	Attended Board Meetings	Eligible to Attend Committee* Meetings	Attended Committee* Meetings
Micky Wunungmurra	4	4	5	3
David Djalangi	4	3	-	-
David Marpiyawuy	4	3	-	-
Bunug Galaminda	4	3	-	-
Richard Bandalil	4	4	-	-
David Knights	4	4	11	11
Iain Summers	4	4	12	12
Elsbeth Torelli	4	4	12	12
Sharyn Innes	4	4	6	6

* Committees include: Audit & Finance Committee, Board Risk Committee and Nominations & Remunerations Committee (The Nominations & Remunerations Committee members are all Directors and the frequency of meetings of the committee is determined by the Board of Directors. The Board, Audit & Finance Committee and Board Risk Committee have four scheduled meeting a year.)

Auditors' independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached as a separate document.

Signed in Darwin this 15th day of October, 2019
in accordance with a resolution of the Board of Directors of the Credit Union.

Micky Wunungmurra

Micky Wunungmurra
Chair

Iain Summers
Director

merit
chartered accountants

Auditors Independence Declaration to the Directors of Traditional Credit Union Limited

In relation to our audit of the financial report of Traditional Credit Union Limited for the financial year ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Merit Partners

Merit Partners

Matthew Kennon
Partner

Darwin
Date: 15 October 2019

traditional credit union

Financial Statements

for the year ended 30 June 2019

Contents

Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Interest income		258,714	183,782
Interest expense		(97,698)	(54,190)
Net interest income		161,016	129,592
Non-interest income	3	5,595,194	6,522,316
Net income before expenses		5,756,210	6,651,908
Bad debt recovery	4(a)	(4,106)	(114)
Depreciation and amortisation expense	4(b)	221,976	262,459
Salaries and related expenses	4(c)	2,316,314	2,792,689
Other expenses	4(d)	2,694,887	2,932,104
Total expenses		5,229,071	5,987,138
Profit before income tax		527,139	664,770
Income tax expense	5	(143,948)	(181,796)
Profit for the year		383,191	482,974
Other comprehensive income		-	-
Total comprehensive income attributed to Members		383,191	482,974

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Cash and cash equivalents	7	**6,135,616**	2,188,824
Trade and other receivables	8	**58,084**	40,868
Investments	9	**8,097,171**	8,521,983
Loans and advances	10	**57,948**	72,690
Current tax receivable	6(a)	**25,784**	73,433
Deferred tax assets	6(b)	**241,387**	323,302
Property, plant and equipment	11	**69,496**	215,694
Intangible assets	12	**-**	164,527
Other assets	13	**118,737**	149,569
Total assets		**14,804,223**	11,750,890
LIABILITIES			
Trade and other payables	14	**372,957**	400,144
Deposits	15	**9,124,893**	6,179,895
Provisions	16	**232,073**	211,587
Other liabilities	17	**66,476**	334,631
Total liabilities		**9,796,399**	7,126,257
Net assets		**5,007,824**	4,624,633
EQUITY			
Redeemable preference share reserve	18	**40,194**	35,910
Reserves	19	**575,000**	575,000
Retained earnings		**4,392,630**	4,013,723
Total equity		**5,007,824**	4,624,633

Statement of Changes in Equity

For the year ended 30 June 2019

	Redeemable Preference Share Reserve $	Retained Earnings $	Capital Reserve $	Total $
Opening balance at 1 July 2018	35,910	4,013,723	575,000	4,624,633
Profit attributable to Members of the entity	-	383,191	-	383,191
Transfer from retained earnings to reserves	4,284	(4,284)	-	-
Closing balance at 30 June 2019	40,194	4,392,630	575,000	5,007,824
Opening balance at 1 July 2017	32,674	3,533,985	575,000	4,141,659
Profit attributable to Members of the entity	-	482,974	-	482,974
Transfer from retained earnings to reserves	3,236	(3,236)	-	-
Closing balance at 30 June 2018	35,910	4,013,723	575,000	4,624,633

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received		**5,104,526**	5,168,639
Grants (expended)/received		**-**	335,742
Other income received		**216,561**	262,431
Interest received		**236,999**	168,829
Dividends received		**3,270**	3,270
Net increase in on-call deposits and withdrawable members' shares		**406,478**	1,703,490
Net decrease / (increase) in loans and advances		**26,029**	(17,833)
Payment to employee and suppliers		**(4,922,674)**	(5,681,989)
Interest paid		**(73,344)**	(53,671)
Income tax paid		**(14,384)**	(121,778)
Net cash provided by operating activities	20	**983,461**	1,767,130
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease / (increase) in investment		**1,174,811**	(4,250,061)
Acquisition of property, plant and equipment and intangibles		**-**	(100,634)
Proceeds from sale of property plant and equipment		**-**	26,500
Net cash used in investing activities		**1,174,811**	(4,324,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in term deposits		**2,538,520**	2,384
Net cash provided by financing activities		**2,538,520**	2,384
Net increase / (decrease) in cash and cash equivalents held		**4,696,792**	(2,554,681)
Cash and cash equivalents at beginning of year		**4,838,824**	7,393,505
Cash and cash equivalents at end of financial year	7	**9,535,616**	4,838,824

Notes to the Financial Statements

1 GENERAL INFORMATION

The financial statements of Traditional Credit Union Limited (the "Credit Union") for the year ended 30 June 2019 were authorised for issue on 15 October 2019 in accordance with a resolution of the directors.

The Credit Union is domiciled in Australia.

The Credit Union is primarily involved in the provision of a range of financial products and services to members. There was no significant change in the nature of these activities during the year.

The registered office and principal place of business is 9 Rowling Street, Casuarina, Northern Territory, Australia 0810.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied by the Credit Union unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which has been prepared in accordance with Australian Accounting Standards ("AAS"), including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial statements and notes of the Credit Union comply with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. The Credit Union is a for-profit entity for the purpose of preparing these general purpose financial statements.

(b) Basis of measurement

The financial statements have been prepared in accordance with the historical cost convention, except for derivative financial assets and liabilities which are measured at their fair value.

The financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars and all values have been rounded to the nearest dollar.

(d) Comparative figures

Certain items have been reclassified from the Credit Union's prior year financial report to conform to the current period's presentations.

(e) Use of judgements and estimates

The preparation of the Credit Union's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of income, expenses, assets and liabilities. The estimates and associated assumptions are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Credit Union.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(e) Use of judgements and estimates (continued)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 2.5 (a) Deferred tax assets
- Note 2.7 (b) (i) Impairment of loans and receivables
- Note 2.8 Property, plant and equipment
- Note 2.12 Provisions

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 affected.

2.2 New accounting standards and interpretations

(a) Standards and interpretations adopted during the year ended

The Credit Union applied for the first time certain standards and amendments which are effective for annual periods beginning 1 July 2018. The Credit Union has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Those standards and interpretations that are of relevance to the Credit Union are:

- AASB 9 Financial Instruments: Recognition and Measurement – this standard requires the Credit Union to provide additional disclosure with respect to its classification & measurement, credit risk and expected credit losses.

  Financial instruments represent the majority of the Credit Union's balance sheet, including loans and advances, and deposits. The carrying amount presented on the balance sheet reflects the Credit Union's business model for managing the asset. Where that model is to collect contractual cash flows (such as with loans and advances), the financial instruments is measured at amortised cost. Conversely, where the financial instrument is managed on a fair value basis, that instrument will be measured as such.

  Adoption of AASB 9 Financial Instruments and Interpretation 22 is made in accordance with the transition provisions. The nature and effect of the changes as a result of adoption to these new accounting standards and interpretations are described below.

  (i) Classification and measurement
  Under AASB 9, debt instruments are subsequently measured at amortised cost, fair value through profit or loss (FVTPL), or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Credit Union's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New accounting standards and interpretations (continued)

The following changes have been made in the classification of the Credit Union's financial assets:
Equity investments in non-listed companies classified as available-for-sale (AFS) are classified and measured as equity instruments designated at FVOCI. The Credit Union elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss in prior periods.

There are no changes in classification and measurements for the Credit Union's financial liabilities.

(ii) Impairment
The adoption of AASB 9 has changed the Credit Union's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Upon adoption of AASB 9, the Credit Union was not required to recognise an additional impairment on the Credit Union's loans and advances.

- AASB 15 Revenue from Contract with Customers
  The application had no material impact on the Credit Union's financial report. The accounting policies for the Credit Union's main types of revenue are disclosed in Note 2.3.

Other new, revised, interpretations or amending standards issued prior to the sign-off date applicable to the current reporting period did not have a financial impact and are not expected to have any future financial implications on the Credit Union.

(b) Standards and interpretations on issue but not yet adopted

A number of new, amendments and interpretations to standards are effective for annual periods beginning after 1 July 2019 and have not been applied in preparing these financial statements.

The table below summarises the standards and interpretations that have already been issued but are not applicable until a later date. However, some standards and interpretations are available for voluntary early adoption. The Credit Union has not opted to adopt any standards and interpretations early. The list below primarily includes those standards and interpretations that are of relevance to the Credit Union. The financial impact of adopting these standards / interpretations is not yet determinable at this stage.

Standard	Nature of Change	Date of Application and Adoption
AASB 16 Leases	Introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	Mandatory for annual periods beginning on or after 1 January 2019. The Credit Union does not plan to early adopt AASB 16. The Credit Union has one lease with terms greater than 12 months. When the adoption of this standard is taken there will be no agreements greater than 12 months. Accordingly, adoption of this new standard will not have a financial impact to the Credit Union. The impact in future years will be minimal.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Revenue recognition

The Credit Union recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Credit Union. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) Interest revenue

Interest is recognised as it accrues using the effective interest rate ("EIR") method. The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(b) Dividend revenue

Dividends are recognised when the right to receive the dividend has been established.

(c) Fees and commissions

Revenue is recognised on an accruals basis when control of a right to be compensated for services is attained, this is usually upon provision of services.

(d) Government grants

Grant revenue is recognised when control of the grant is obtained, it is probable that the economic benefits gained from the grant will flow to the Credit Union, and the amount of the grant can be measured reliably.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as revenue over the periods necessary to match the grant to the expenses which they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis. Any unexpended grants are recognised as liability in the Statement of Financial Position.

2.4 Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the Statement of Financial Position.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Income taxes and other taxes

(a) Income taxes

The income tax expense comprises current and deferred tax.

Current income tax expense charged to the Statement of Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects the movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense / (income) is charged or credited directly to equity instead of the Statement of Comprehensive Income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(b) 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 an item of the expense.

Receivables and payables are stated inclusive of the amount GST included. The net amount of GST recoverable from, or payable to the ATO, is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are classified as operating cash flows.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and deposits held at call with Approved Deposit Taking Institutions ("ADIs") which are readily converted to cash and which are subject to an insignificant risk of change in value. All other investments with future maturity date and readily converted to cash are included in the Investments. Cash and cash equivalents are stated at the gross value of the outstanding balance.

For the purposes of the Statement of Cash Flows the cash and cash equivalents consist of cash and cash equivalents as defined above.

2.7 Financial assets

(a) Initial recognition and measurement

Financial assets are recognised when the Credit Union becomes a party to the contractual provisions of the instrument. For financial assets this is the equivalent to the date that the Credit Union commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are initially recognised at fair value plus directly attributable transactions costs, with the exception of financial assets at fair value through Statement of Comprehensive Income.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (Loans & receivables and investments)
- Financial assets designated at fair value through Statement of Comprehensive Income (FVOCI)

The Credit Union does not have financial assets at fair value through profit and loss or derivative financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise of deposits held with other ADIs, term loans to members, members' overdrawn savings accounts and sundry debtors.

Loans and receivables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, net of any provision for impairment losses.

The EIR method is used to allocate interest income or expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees and other transaction costs) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in Statement of Comprehensive Income.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) Investments at amortised cost

Investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and its intention is to hold these investments to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in Statement of Comprehensive Income through the amortisation process and when the financial asset is derecognised. Investments of the Credit Union include term deposits, refer to Note 9.

(iii) Equity instruments designated at FVOCI

Equity instruments designated at FVOCI are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Investments of the Credit Union consist of shares in non-listed entity, which is set out in Note 9.

Equity instruments are subsequently measured at fair value with changes in such fair value recognised in other comprehensive income. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at FVOCI are not subject to impairment assessment.

(c) Impairment of financial assets

At the end of the reporting period the Credit Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original EIR.

(i) Loans and receivables

Impairment on loans and receivables is reduced through the use of provision accounts, all other impairment losses on financial assets at amortised cost are taken directly to the Statement of Comprehensive Income.

Impairment Losses

The Credit Union recognises an allowance for expected credit losses (ECLs) for loans and advances and trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Credit Union expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(c) Impairment of financial assets (continued)

For loans and advances and trade and other receivables, the Credit Union applies a simplified approach in calculating ECLs. Therefore, the Credit Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Credit Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Credit Union considers a trade and other receivables in default when contractual payments are 30 days past due. However, in certain cases, the Credit Union may also consider a financial asset to be in default when internal or external information indicates that the Credit Union is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Credit Union. A loan and advances and trade and other receivables is written off when there is no reasonable expectation of recovering the contractual cash flows.

(d) Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Credit Union no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in Statement of Comprehensive Income.

2.8 Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Fixed assets are measured at cost less accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including any buildings and capitalised leased assets, but excluding any freehold land, is depreciated predominantly on a straight-line basis over the asset's useful life to the Credit Union commencing from the time the asset is held ready for use. However, certain assets have been depreciated on a diminishing value method over the assets useful lives. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable asset are shown below:

- ATM equipment	3 years	- Computer equipment	3 - 10 years
- Furniture, fixtures and fittings	3 – 20 years	- Motor vehicles	5 years
- Leasehold improvements	‘the lease term’		

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There has been no change in useful lives used from the previous year.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangibles

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Credit Union. All intangible assets are recorded at cost. The intangibles held by the Credit Union have finite lives and are carried at cost less any accumulated amortisation and impairment losses. All have estimated useful lives of three years. Intangible assets of the Credit Union consist of computer software.

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation of computer software is recognised in Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate.

2.10 Impairment of non-financial assets

At the end of each reporting period the Credit Union determines whether there is any evidence of an impairment indicator for property, plant and equipment and intangibles. If any indication exists, or when annual impairment testing for an asset is required, the Credit Union estimates the asset's recoverable amount. The recoverable amount of an asset or cash-generating unit ("CGU") is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Where assets do not operate independently of other assets, the recoverable amount of the relevant CGU is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in Statement of Comprehensive Income. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

2.11 Financial liabilities

Financial liabilities are recognised initially on the trade date at which the Credit Union becomes party to the contractual provision of the instrument. Non-derivative financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Financial liabilities of the Credit Union consist of trade and other payables, deposits and Members' shares.

Subsequent to initial recognition, these liabilities are measured at amortised cost using the EIR method. The Credit Union derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Gains or losses are recognised in Statement of Comprehensive Income through the amortisation process and when the financial liability is derecognised.

Financial liabilities are classified as current liabilities unless the Credit Union has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(a) Deposits

Interest on deposits is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on deposits is calculated on an accrual basis. The amount of accrual is shown as a part of trade and other payables.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial liabilities (continued)

(b) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Credit Union during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within thirty days of recognition of the liability.

(c) Members' share deposits

Share deposits are classified as liabilities and shown under 'Deposit' as they can be converted from withdrawable shares into cash at any time when the member has discharged all their obligations to the Credit Union.

2.12 Provisions

Provisions are recognised when the Credit Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Employee benefits

(a) Short-term employee benefits

Liabilities for wages and salaries and accumulated leave entitlements which are expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. The benefit is measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits are presented as current liabilities in the Statement of Financial Position if the Credit Union does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(b) Long-term employee benefits

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

3 NON-INTEREST INCOME

	2019 $	2018 $
Grant received		
Commonwealth - Aboriginals Benefit Account expansion	**268,155**	1,069,756
NT Government - user choice program	**-**	**15,594**
Total	**268,155**	**1,085,350**
Other non-interest income		
Revenue from fees and commission	**5,104,526**	5,168,639
Recoveries of bad and doubtful debts	**7,181**	7,592
Other operating revenue	**215,332**	260,735
Total	**5,327,039**	5,436,966
Total non-interest income	**5,595,194**	6,522,316

4 EXPENDITURE

	2019 $	2018 $
(a) Bad debt (recovery) / expense		
Bad debts – loans	**610**	(160)
Doubtful debt (recovery) / expense	**(4,716)**	46
Total	**(4,106)**	(114)
(b) Depreciation and amortisation		
Depreciation	**127,236**	170,540
Amortisation	**94,740**	91,919
Total	**221,976**	262,459
(c) Salaries and related expenses		
Salaries and wages	**2,006,524**	2,368,291
Superannuation	**198,761**	252,875
Other	**47,097**	82,296
Total employee benefits	**2,252,382**	2,703,462
Payroll tax	**55,707**	80,647
Workers compensation insurance	**8,225**	8,580
Total	**2,316,314**	2,792,689

Notes to the Financial Statements

	2019 $	2018 $

4 EXPENDITURE

(d) Other expenses		
Administration	**368,233**	387,029
Audit fees	**95,643**	116,145
Business development	**2,156**	27,075
Computer costs	**568,385**	535,794
Fees and commission	**663,473**	689,002
Insurance	**136,727**	139,839
Other occupancy costs	**163,033**	287,792
Rental - operating leases	**396,561**	474,584
Travel and accommodation	**145,415**	242,094
Other	**155,261**	32,750
Total	**2,694,887**	2,932,104

5 INCOME TAX EXPENSES

(a) The components of tax expenses comprise:

Current income tax expense	**62,033**	105,764
Adjustment for income tax expense of previous years	**-**	7,696
Deferred tax relating to origination and reversal of temporary differences	**81,915**	68,336
Total income tax expense	**143,948**	181,796

(b) Reconciliation of income tax to accounting profit

A reconciliation of income tax expense to prima facie tax payable are as follows:

Profit before tax	**527,139**	**664,770**
Tax at the tax rate of 27.5% (2018: 27.5%)	**144,964**	**182,812**
Adjust for tax effect of:		
Non-refundable non-carry forward tax offset	**(1,401)**	**(1,401)**
Rebates from fully franked dividends	**385**	**385**
Income tax expense	**143,948**	**181,796**

Notes to the Financial Statements

6 CURRENT AND DEFERRED TAX

(a) Current tax assets

	2019 $	2018 $
Current tax receivables	**25,784**	73,433

(b) Deferred tax assets

The movement in deferred tax assets for each temporary difference is as follows:

	2019 $	2018 $
Payables and accruals		
Opening balance	**144,961**	215,666
Debited from the Statement of Comprehensive Income	**(67,153)**	(70,705)
Closing balance	**77,808**	144,961
Doubtful debts		
Opening balance	**18,756**	18,743
(Debited from) / credited to the Statement of Comprehensive Income	**(1,297)**	13
Closing balance	**17,459**	18,756
Employee entitlements		
Opening balance	**58,187**	83,570
Credited to / (debited from) the Statement of Comprehensive Income	**5,633**	(25,383)
Closing balance	**63,820**	58,187
Accelerated capital allowance for tax purposes		
Opening balance	**101,398**	73,659
Prior year under provision	**-**	7,696
(Debited from) / credited to the Statement of Comprehensive Income	**(19,098)**	20,043
Closing balance	**82,300**	101,398
Total deferred tax assets	**241,387**	323,302

Notes to the Financial Statements

	Note	2019 $	2018 $
7 CASH AND CASH EQUIVALENTS			
Cash on hand		**647,320**	1,014,003
Deposits at call		**5,488,296**	1,174,821
Total		**6,135,616**	2,188,824
(a) Reconciliation of cash			
Cash and liquid assets		**6,135,616**	2,188,824
Held-to-maturity investments – short term	9(b)	**3,400,000**	2,650,000
Balance as per Statement of Cash Flows		**9,535,616**	4,838,824

8 TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Interest receivable	**57,706**	35,991
Other receivables	**378**	4,877
Total	**58,084**	40,868

All trade and other receivables balance are currently within accepted trading terms.

9 INVESTMENTS

(a) Investments	2019 $	2018 $
Investments at amortised cost	**8,052,171**	8,476,983
Shares in Indue Ltd	**45,000**	45,000
Total	**8,097,171**	8,521,983

Held-to-maturity investments are held with Australian Banks and an Australian registered ADI.

The Credit Union is required to hold share capital in Indue Ltd as Special Services Provider. These shares are not quoted on any stock exchange and therefore do not have a recognised market value. The shares are redeemable at par subject to the rules of Indue Ltd.

(b) Maturity analysis	2019 $	2018 $
No longer than 3 months	**3,400,000**	2,650,000
Longer than 3 months and not longer than 6 months	**4,570,948**	2,897,800
Longer than 6 months	**81,223**	2,929,183
No maturity specified	**45,000**	45,000
Total	**8,097,171**	8,521,983

10 LOANS AND ADVANCES

(a) Details	2019 $	2018 $
Term loans to third parties	**14,510**	28,216
Overdrawn accounts	**106,923**	112,675
	121,433	140,891
Provision for impairment	**(63,485)**	(68,201)
Total	**57,948**	72,690

Notes to the Financial Statements

	2019 $	2018 $

10 LOANS AND ADVANCES (continued)

(b) Term loans maturity analysis

The following details the Credit Union's loans and advances exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed with the customer or counter party to the transaction. Loans and advances that are past due are assessed for impairment by ascertaining solvency of the members and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Credit Union.

	2019 $	2018 $
No longer than 3 months	**110,954**	119,695
Longer than 3 months and not longer than 6 months	**3,142**	5,477
Longer than 6 months not longer than 1 year	**3,619**	8,671
Longer than 1 year and not longer than 5 years	**3,718**	7,048
Total	**121,433**	140,891

(c) Ageing of loans and advances

	2019 $	2018 $
0 - 30 days	**55,750**	72,690
31 - 60 days	**3,663**	-
61 - 90 days	**25,083**	32,202
Over 90 days	**36,937**	35,999
Total	**121,433**	140,891

All over 60 days overdue accounts were provided with provision for impairment.

(d) Provision for impairment

	2019 $	2018 $
Past due loans	**1,465**	275
Overdue savings accounts	**62,020**	67,926
Total	**63,485**	68,201

(e) Movements in provision for impairment

	2019 $	2018 $
Opening balance	**68,201**	68,155
Bad debts (recovered) / provided for during the year	**(4,716)**	46
Closing Balance	**63,485**	68,201

(f) Concentration of risk

The Credit Union has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'loans and advances' is considered to be the main source of credit risk. The Credit Union has credit risk exposures in Darwin and remote regional Australia.

The following credit risk for term loans to third parties in the regions are:

	2019 $	2018 $
Borroloola	**-**	502
Darwin	**5,986**	8,819
Gapuwiyak	**3,663**	5,675
Minyerri	**1,892**	4,329
Ramingining	**1,886**	4,462
Wadeye	**-**	217
Warruwi	**-**	589
Wurrumiyanga	**1,083**	3,623
Total	**14,510**	28,216

Notes to the Financial Statements

11 PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Furniture, fixtures and fittings		
At cost	**261,522**	487,473
Accumulated depreciation	**(258,501)**	(461,918)
Net carrying value	**3,021**	25,555
Motor vehicles		
At cost	**90,085**	90,085
Accumulated depreciation	**(54,051)**	(22,521)
Net carrying value	**36,034**	67,564
Computer equipment		
At cost	**275,338**	528,442
Accumulated depreciation	**(275,338)**	(505,861)
Net carrying value	**-**	22,581
ATM equipment		
At cost	**214,383**	439,526
Accumulated depreciation	**(183,942)**	(347,794)
Net carrying value	**30,441**	91,732
Leasehold improvements		
At cost	**411,755**	727,658
Accumulated depreciation	**(411,755)**	(719,396)
Net carrying value	**-**	8,262
Total property, plant and equipment	**69,496**	215,694

(a) Movements in carrying amounts of property, plant and equipment

	Furniture, Fixtures and Fittings $	Motor Vehicles $	Computer Equipment $	ATM Equipment $	Improvements $	Total $
Balance at 1 July 2018	**25,555**	**67,564**	**22,581**	**91,732**	**8,262**	**215,694**
Additions	**-**	**-**	**-**		**-**	**-**
Disposals	**(11,927)**	**-**	**(6,149)**	**-**	**(885)**	**(18,961)**
Depreciation expense	**(10,607)**	**(31,530)**	**(16,432)**	**(61,291)**	**(7,377)**	**(127,237)**
Balance at 30 June 2019	**3,021**	**36,034**	**-**	**30,441**	**-**	**69,496**
Balance at 1 July 2017	45,355	109,971	35,557	137,689	25,286	353,858
Additions	6,899	-	7,590	25,975	12,516	52,980
Disposals	-	(20,604)	-	-	-	(20,604)
Depreciation expense	(26,699)	(21,803)	(20,566)	(71,932)	(29,540)	(170,540)
Balance at 30 June 2018	25,555	67,564	22,581	91,732	8,262	215,694

Notes to the Financial Statements

12 INTANGIBLE ASSETS

	2019 $	2018 $
Computer software		
Cost	-	360,498
Accumulated amortisation and impairment	-	(332,591)
Net carrying value	-	27,907
Internet banking system		
Cost	-	14,399
Accumulated amortisation and impairment	-	(14,399)
Net carrying value	-	-
Telephone banking system		
Cost	**39,710**	63,550
Accumulated amortisation and impairment	**(39,710)**	(63,550)
Net carrying value	-	-
Digital banking system		
Cost	**49,536**	197,586
Accumulated amortisation and impairment	**(49,536)**	(118,815)
Net carrying value	-	78,771
Visa debit card licence		
Cost	**64,822**	64,822
Accumulated amortisation and impairment	**(64,822)**	(64,822)
Net carrying value	-	-
BPAY licence		
Cost	**18,597**	18,597
Accumulated amortisation and impairment	**(18,597)**	(18,597)
Net carrying value	-	-
Work-in progress		
Cost	-	57,849
Net carrying value	-	57,849
Total Intangibles	-	164,527

Notes to the Financial Statements

12 INTANGIBLE ASSETS (continued)

(a) Intangible reconciliation

	Computer software $	Telephone banking system $	Digital banking system $	Work-in Progress $	Total $
Balance at 1 July 2018	27,907	-	78,771	57,849	164,527
Additions	-	-	-	-	-
Transfers	-	-	57,849	(57,849)	-
Disposal	-	-	(69,787)	-	(69,787)
Amortisation	(27,907)	-	(66,833)	-	(94,740)
Balance at 30 June 2019	-	-	-	-	-
Balance at 1 July 2017	60,409	-	80,188	68,195	208,792
Additions	-	-	-	47,654	47,654
Transfers	-	-	58,000	(58,000)	-
Amortisation	(32,502)	-	(59,417)	-	(91,919)
Balance at 30 June 2018	27,907	-	78,771	57,849	164,527

Intangible assets (other than goodwill) have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the Statement of Comprehensive Income

	2019 $	2018 $

13 OTHER ASSETS

GST	5,850	23,371
Prepayments	105,579	117,560
Leasehold property bond	7,308	8,638
Total	118,737	149,569

14 TRADE AND OTHER PAYABLES

Other payables	347,749	399,290
Accrued interest payable	25,208	854
Total	372,957	400,144

Notes to the Financial Statements

	2019 $	2018 $
15 DEPOSITS		
Term deposits	**2,664,901**	126,381
Call deposits	**6,440,886**	6,033,952
Members' shares	**19,106**	19,562
Total	**9,124,893**	6,179,895
(a) Maturity analysis		
On call	**6,459,992**	6,053,514
No longer than 3 months	**2,515,538**	-
Longer than 3 months not longer than 6 months	**70,675**	47,398
6 months or longer	**78,688**	78,983
Total	**9,124,893**	6,179,895
(b) Concentration of deposits (including overdrawn accounts in Note 10)		
Alice Springs	**18,244**	21,683
Angurugu	**628,863**	394,790
Barunga	**-**	220
Beswick	**288**	76
Borroloola	**16,510**	12,590
Darwin	**3,418,429**	894,085
Galiwinku	**249,502**	209,003
Gapuwiyak	**34,767**	29,636
Gunbalanya	**13,042**	9,895
Hermannsburg	**3,254**	3,345
Katherine	**69,363**	71,867
Lajamanu	**3,007**	988
Maningrida	**51,650**	51,164
Milingimbi	**64,099**	60,806
Minyerri	**28,166**	13,945
Ngukurr	**473,513**	33,524
Numbulwar	**313,589**	137,453
Ramingining	**57,666**	54,753
Tennant Creek	**74,340**	43,293
Wurrumiyanga	**12,426**	12,582
Wadeye	**3,474,046**	3,997,158
Warruwi	**13,049**	14,112
Yuendemu	**157**	252
Total	**9,017,970**	6,067,220
16 PROVISIONS		
Employee entitlements	**232,073**	211,587
Total	**232,073**	211,587
Analysis of total provisions		
Current – employee entitlements	**151,540**	142,883
Non-current – employee entitlements	**80,533**	68,704
Total	**232,073**	211,587

Notes to the Financial Statements

	2019 $	2018 $

17 OTHER LIABILITIES

	2019 $	2018 $
Unexpended grants	**66,476**	334,631
Total	**66,476**	334,631

18 REDEEMABLE PREFERENCE SHARE RESERVE

	2019 $	2018 $
At the beginning of the reporting period	**35,910**	32,674
Transfer from retained earnings on share redemption	**4,284**	3,236
At the end of the reporting period	**40,194**	35,910

Under the Corporations Act 2001 (s254K) redeemable preference shares (members' $2 shares) may only be redeemed out of the Credit Union's profit or through a new issue of shares for the purpose of the redemption. The Credit Union has transferred the value of members shares redeemed since 1 July 2005 from retained earnings to the redeemable preference share reserve. The value of member shares for existing members is disclosed as a liability in Note 15.

19 RESERVES

	2019 $	2018 $
Capital reserves opening balance	**575,000**	575,000
Total	**575,000**	575,000

The balance held in the capital reserve represents capital contributed on the establishment of the Credit Union.

20 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit after income tax to net cash from operating activities

	2019 $	2018 $
Profit for the period	**383,191**	482,974
Adjustments for (non-cash flows in profit):		
Amortisation	**94,740**	91,919
Depreciation	**127,236**	170,540
Net loss / (gain) on sale of property, plant and equipment	**88,748**	(5,896)
Change in assets and liabilities:		
(Increase) in trade and other receivables	**(17,216)**	(9,987)
decrease / (increase) in loans and advances	**14,742**	(25,539)
Decrease in other assets	**30,832**	142,872
Decrease in deferred tax assets	**81,915**	68,336
Decrease in trade and other payables	**(27,185)**	(1,353)
Decrease / (increase) in income taxes receivable	**47,649**	(8,318)
Increase in deposits	**406,478**	1,703,490
Increase / (decrease) in provision for employee benefits	**20,486**	(92,300)
Decrease in other liabilities	**(268,155)**	(749,608)
Net cash from operating activities	**983,461**	1,767,130

Notes to the Financial Statements

	2019 $	2018 $

21 LEASE COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2019 $	2018 $
Minimum lease payments payable:		
Not later than 1 year	**269,382**	124,451
Between 1 - 5 years	**31,934**	4,509
Total	**301,316**	128,960

22 FINANCIAL RISK MANAGEMENT

Financial risk management policies

The Credit Union's daily operations are exposed to a range of risks. To manage these risk exposures the Credit Union has a framework to identify risks, quantify the risk exposure, implement procedures to control and mitigate the risks, report risks, and provide ongoing oversight. The Board has a designated Chief Risk Officer and a Board Risk Committee to manage and oversee the risk management framework supported by risk management policies and strategies, internal controls and procedures. A risk register is maintained as part of the risk management framework which enables structured and logical assessment and reporting of identified risks, including their consequences and likelihood and the assessment of risk mitigation controls.

Capital adequacy

The management of the Credit Union's capital is a fundamental part of its risk management process, as an essential element of capital is its availability to absorb future, unexpected and unidentified losses. As part of its risk management process the Credit Union incorporates an assessment of the combined risk exposure for operational, market, credit and strategic risk. Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of their contractual obligations that could lead to a financial loss to the Credit Union. The Credit Union manages credit risk by having credit worthy investment counterparties and setting limits on the amount of risk it is willing to accept for individuals and related counterparties.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The Credit Union recognises it has a significant concentration of counter party credit risk in relation to deposit with banks and authorised deposit-taking institutions, which are detailed in Notes 7 and 9. Loans and advances that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 10

Notes to the Financial Statements

22 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk arises from the possibility that the Credit Union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Credit Union has in place information systems and a structured process to monitor and manage liquidity risk. The management process incorporates specific liquidity management policies and processes, and liquidity contingency plans that manage liquidity on a daily basis under normal situations and assumed adverse scenarios. The liquidity management policy requires the holding of surplus funds in high quality liquid assets and the daily calculation of liquid holdings.

The Australian Prudential Regulation Authority's prudential standards place specific management and reporting requirements on the Credit Union in relation to liquidity risk. The prudential standards require the Credit Union to have a defined minimum liquidity holding. The Credit Union exceeded the minimum requirements at all times during the financial year.

The available funds to the Credit Union are disclosed in Note 7.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that they will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances may not equal the balances in the Statement of Financial Position.

Financial liability maturity analysis:

Financial liabilities due for payment	Within 1 year		Over 1 year		Total	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Deposits	**9,124,893**	6,179,895	-	-	**9,124,893**	6,179,895
Trade and other payables	**344,428**	308,713	-	-	**344,428**	308,713
Total contractual outflows	**9,469,321**	6,488,608	-	-	**9,469,321**	6,488,608

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

Notes to the Financial Statements

22 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Credit Union does not deal in foreign exchange contracts or commodities, thus market risk consists solely of interest rate risk.

Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at year end, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Credit Union is exposed to earnings volatility on floating rate instruments. Interest rate risk is managed by maintaining largely variable rate deposit and loan products. The weighted average interest rates of the Credit Union's interest-bearing financial assets is:

	2019 %	2018 %
Financial assets		
Cash and cash equivalents	**2.28**	1.59
Short-term investments:		
Held-to-maturity investments	**1.95**	2.23
Loans receivable	**11.61**	10.87

Sensitivity analysis

The information below shows the Credit Union's sensitivity to interest rates utilising Earnings at Risk sensitivity calculation (+/-1% change). This analysis assumes that other variables are held constant.

	Equity $		Profit or loss $	
	2019	**2018**	**2019**	**2018**
Financial assets + 1%				
Cash in bank	**39,790**	8,517	**39,790**	8,517
Loans and advances	**420**	527	**420**	527
Investments held to maturity	**58,704**	61,784	**58,704**	61,784
Financial liabilities				
Deposits	**(66,155)**	(44,804)	**(66,155)**	(44,804)
Post tax earnings at risk	**32,759**	26,024	**32,759**	26,024
Financial assets - 1%				
Cash in bank	**(39,790)**	(8,517)	**(39,790)**	(8,517)
Loans and advances	**(420)**	(527)	**(420)**	(527)
Investments held to maturity	**(58,704)**	(61,784)	**(58,704)**	(61,784)
Financial liabilities				
Deposits	**66,155**	44,804	**66,155**	44,804
Post tax earnings at risk	**(32,759)**	(26,024)	**(32,759)**	(26,024)

The post-tax earnings at risk at the end of the reporting period is a measure of the change in the Credit Union's earnings over a full year due to a 1% increase or decrease in interest rates assuming assets, liabilities and capital remain constant over the period. The interest rates on the major proportion of these assets and liabilities can be adjusted in the short-term to minimise any significant impact. The sensitivity analysis is performed on the same basis as the prior period.

Notes to the Financial Statements

22 FINANCIAL RISK MANAGEMENT (continued)

Fair market value measurement / fair value estimation

The fair value of the financial assets and liabilities is presented as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The table below provides an analysis of the Credit Union' assets grouped into Levels 1 to 3. The levels are based on the degree to which the fair value is observable and can be compared to their carrying values as presented in the Statement of Financial Position. The fair value for each level is:

- Level 1 - calculated using quoted prices in active markets
- Level 2 - estimated using inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 - estimated using inputs for the asset or liability that are not based on observable market data

There are no transfers between levels in financial year 2018 and 2019.

	Note	Carrying amount $	Level 1 $	Level 2 $	Level 3 $	Total $
Balance at 30 June 2019						
Loans and advances	10	**57,948**	**-**	**-**	**57,948**	**57,948**
Held to maturity investments	9	**8,097,171**	**-**	**8,097,171**	**-**	**8,097,171**
Total financial assets		**8,155,119**	**-**	**8,097,171**	**57,948**	**8,155,119**
Term deposits	15	**2,664,901**	**-**	**-**	**2,664,901**	**2,664,901**
Call deposits	15	**6,440,886**	**-**	**6,440,886**	**-**	**6,440,886**
Total financial liabilities		**9,105,787**	**-**	**6,440,886**	**2,664,901**	**9,105,787**
Balance at 30 June 2018						
Loans and advances	10	72,690	-	-	72,690	72,690
Held to maturity investments	9	8,521,983	-	8,521,983	-	8,521,983
Total financial assets		8,594,673	-	8,521,983	72,690	8,594,673
Term deposits	15	126,381	-	-	126,381	126,381
Call deposits	15	6,033,952	-	6,033,952	-	6,033,952
Total financial liabilities		6,160,333	-	6,033,952	126,381	6,160,333

The carrying value of loans is net of provision for impairment. All loans have variable rates, therefore the carrying amount at the Statement of Financial Position date bears an interest rate that is within range of normal interest rates on similar loan products in the market and consequently fair value approximates the carrying amount.

The Credit Union assumes that the carrying values approximates the fair value of held-to-maturity investments, as these investments have maturity of less than a year. This assumption is also applied to term deposit liabilities and call deposit liabilities.

Notes to the Financial Statements

23 RELATED PARTY TRANSACTIONS

The related parties of the Credit Union include:

- the key management personnel ("KMP") because they have authority and responsibility for planning, directing and controlling the activities of the Credit Union directly;
- spouses, children and dependants who are close family members of the KMP; and
- any entities controlled or jointly controlled by KMP's or controlled or jointly controlled by their close family members.

KMP

KMP of the Credit Union are those persons having authority and responsibility for planning, directing and controlling the activities of Credit Union. These include the directors and executives as listed below.

(a) Directors

The following were directors of the Credit Union from the beginning of the financial year to the date of this report.

- Bunug Galaminda
- David Djalangi
- David Knights *
- David Marpiyawuy
- Elsbeth Torelli *
- Iain Summers *
- Micky Wunungmurra (Chair)
- Richard Bandalil
- Sharyn Innes *

** The following directors elected to not receive remuneration.*

(b) Other KMP

The following persons (executive management) employed by the Credit Union also had authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, during the financial year:

- Anthony Hampton — Chief Executive Officer (Ongoing)
- John Appleby — General Manager Operations (Ongoing)
- Alexandra Henggeler — Chief Financial Officer (Commenced 23 July 2018)
- Cheurleen Lim — Corporate Service Manager (Ceased 3 August 2018)

(c) KMP remuneration

The total remuneration paid to the KMP of the Credit Union during the financial year is as follows:

	2019 $	2018 $
Short-term employee benefits – salaries and director fees	**439,158**	323,542
Long-term benefits – long service leave	**6,596**	(10,413)
Post-employment benefits – superannuation	**36,746**	27,123
Total	**482,500**	340,252

Apart for the transactions identified above, no other related party transactions have occurred during the year.

Notes to the Financial Statements

24 AUDITORS' REMUNERATION

	2019 $	2018 $
Amounts paid or payable to the external auditors – Merit Partners		
Auditing the financial statements	**19,500**	25,000
Audit of Australian Financial Services Licence	**3,500**	6,500
Audit of Aboriginals Benefit Account acquittal reports	**-**	1,000
Audit of prudential reports	**10,000**	12,500
Total	**33,000**	45,000

25 EVENTS OCCURING AFTER THE REPORTING DATE

No events have arisen between the end of the financial year and the date of this report that require adjustment to or disclosure in these financial statements.

26 BRANCH LOCATIONS

The Credit Union has operational branches in the following urban centres and remote communities in the Northern Territory:

- Alice Springs (closed permanently Jun 2019)
- Borroloola (closed for re-location Apr 2019)
- Darwin
- Galiwinku
- Gapuwiyak
- Gunbalanya
- Katherine
- Lajamanu (closed permanently Jan 2019)
- Maningrida
- Milingimbi
- Minyerri
- Ngukurr
- Numbulwar
- Ramingining
- Wurrumiyanga
- Wadeye
- Warruwi

Directors' Declaration

The Directors of the Credit Union declare that:

1. The Financial Statements and Notes of the Credit Union for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards; and

   b. give a true and fair view of the financial position and performance of the Credit Union;

2. In the Directors' opinion, there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.

Signed in Darwin this 15th day of October, 2019

in accordance with a resolution of the Board of Directors of the Credit Union.

Micky Wunungmurra
Chair

Iain Summers
Director

merit
chartered accountants

Independent audit report to members of Traditional Credit Union Limited

Report on the Audit of the Financial Report

We have audited the accompanying general purpose financial report of Traditional Credit Union Limited ("the Credit Union"), which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

(a) giving a true and fair view of the financial position of Traditional Credit Union Limited at 30 June 2019 and of the Credit Union's performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (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.

The Responsibility 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 Credit Union's ability to continue as a going concern, disclosing, as applicable, matters relating 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 the financial report.

As part of an audit in accordance with 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 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 management 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 our audit.

Merit Partners

Merit Partners

Matthew Kennon
Partner

DARWIN
15 October 2019

Services to people living in some of the most remote areas of the Northern Territory

traditional
CREDIT UNION

9 Rowling Street
Casuarina NT 0810
PO Box 40425
Casuarina NT 0811

www.tcu.com.au
AFSL 244255