tcu

traditional CREDIT UNION

2022 ANNUAL REPORT

PURCHASE CARD
purchases and eftpos

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“We provide banking on country”

Since 1994, TCU has been providing essential banking services to Indigenous people living in remote communities. We understand Indigenous culture because we are an Indigenous organisation. We are owned by our Indigenous customers (members) and guided by Indigenous leaders who sit on our Board. We understand the needs of the people in these communities because we employ Indigenous staff from the same communities we support.

We provide banking services, delivered through our network of remote community Branches, 12 in total, supported by a Service Centre in Katherine and our Head office in Casuarina, Darwin. We are trusted by our members because we provide ‘face to face’ services on Country, by Indigenous staff, speaking the language of the community.

We provide a fleet of over 25 ATMs that are located in shopping areas within remote communities. We provide our members with free transactions on these ATMs. We complement our ‘face to face’ and ‘cash’ services in communities with an Indigenous staffed Call Centre that works closely with our Branch staff.

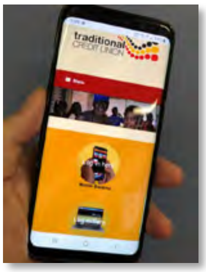
Although banking in the Indigenous communities is heavily dependent on trust and strong relationships gained through personal contact, our members also require the advantages and convenience of point-of-sale purchasing and 24/7 digital technologies. TCU being a fully licenced Authorised Deposit-taking Institution (ADI), issues VISA and ATM Cards and provides access to the Australian electronic payments system, through services such as BPay and Direct Entry.

Operating as Australia’s smallest ADI (banking organisation), TCU would be unable to exist without the ongoing support from key service suppliers. To this end, we acknowledge the Arnhem Land Progress Aboriginal Corporation (ALPA) for their ongoing support in providing ATM locations within their Stores. Other Indigenous organisations are also critical to our success in community, the Murrinhpatha Nimmipa Store in Wadeye supports TCU across a broad range of services. Local councils in remote communities also assist TCU with Branch accommodation, in particular the West Arnhem Council has provided generous support over many years. Technology, compliance and training is also key to our strong foundations, we thank KPMG for consulting services, GCR Solutions for providing us with their Salt compliance and training suite and Frollo with assistance in Open Banking compliance, all supplied at concessional pricing.

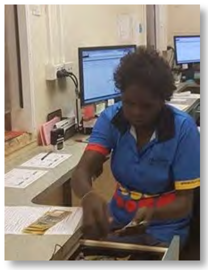

ATMs


Cards


Digital


Internet


Call Centre


Branch

Government Welfare Payments

TCU has a contract with the Department of Social Services (DSS) to provide the Cashless Debit Card (CDC) to ‘Income Management’ participants in the Northern Territory for the trial period to 31 December 2022. TCU commenced issuing Cards and associated bank accounts on 6 December 2021. As TCU’s purpose is to support Indigenous people residing in remote communities with culturally appropriate essential banking services, the opportunity to be in a trial that replaces the heavily restrictive and highly government intrusive Basics Card allowed TCU to be ‘at the table’ in framing appropriate welfare support to Indigenous Australians.

Whilst individual TCU Directors have personal opinions on 'Income Management' the TCU Board has taken a neutral position on this legislation and determined to provide the best support possible within the current 'Income Management' legislative framework.

Notwithstanding, TCU has formed the opinion that the CDC is a superior product to the Basics Card for the following reasons:

a) The CDC is a VISA Debit Card that enables online purchases in addition to point-of-sale purchases.
b) A VISA Debit Card has greater levels of security, utilising EMV Chip technology.
c) Merchants do not need to register to accept the CDC. This provides a greater number and variety of available merchants.
d) The CDC is provided by a bank allowing both restricted and unrestricted welfare moneys to be supported by a single organisation, in the case of TCU, an Indigenous organisation. This provides better money management and the ability for customers to better use/access their total welfare earnings whilst progressing along a positive financial literacy journey.
e) Using a bank provided VISA Debit Card means that the card is not readily identified as a welfare card and thereby reduces feelings of 'shame' when being used.

With the CDC, the significant benefit to customers dealing with TCU is our ability to view all transactions and balances to provide support and education.

Although the new Labour Government has advised us that the CDC trail will not be extended, we are looking forward to further engagement on how a voluntary or targeted Purchase Card could assist vulnerable people dealing with 'humbug' or more serious financial abuse and help alleviate family abuse and violence.

Operational Resilience

CPO – Cathy Hunt and the TCU IT Support Officer testing our 'pop-up' Branch and Call Centre

TCU operates in some of Australia's harshest and remote location. These locations are frequently cut-off to road access during the wet season and experience cyclone and other damaging weather conditions on a regular basis. Operational resilience is key to maintaining services in these communities. To this end, TCU incorporates dual data and voice connectivity to Branches via different technologies and can pop-up a Branch, backoffice functions or a Call Centre in almost any location with minimal set-up time.

CEO, Tony Hampton getting the Covid booster vaccination

TCU continues to have a comprehensive COVID-19 Plan to mitigate COVID-19 risk, however, we acknowledge that the only sustainable way forward is through continued vaccination. To assist in promoting that our staff remain current with their vaccinations we support them through financial incentives and leave.

Our Members and Customers

Branch Transactions and Support
Milingimbi Branch

ATM Transactions
Milingimbi ALPA Store

The number of Members with active transaction accounts remained consistent with previous years, at approximately 7,500. This year we introduced the CDC welfare product into our product suite gaining over 700 CDC customers over the 6-month period to 30 June 2022. Our Members and customers, being largely welfare dependent, residing in remote communities and with limited knowledge of banking, tell us that without the services of TCU they would feel excluded from the nation's financial system and struggle to understand where their welfare monies are located and how their spending is tracking.

We believe consistent and regular interaction with our locally based Indigenous staff and Indigenous staffed Call Centre is the key to our Members' and customers' understanding their banking options and continuing their banking literacy journey.

Our people

TCU employs over 70 staff with 60 staff being Indigenous and 50 of these Indigenous staff residing and working in remote communities.

The introduction of the CDC welfare product has enabled TCU to employ an additional 20 Indigenous staff across all Branches and our Call Centre.

Katherine Branch

Milingimbi Branch

We have also appointed a Senior Training Officer, Deb Say, who's role is to continually rotate through Branches ensuring that staff are supported and trained in all aspects of banking and business process. TCU believes that services to Indigenous people in remote communities should be provided by Indigenous organisations where possible. This focus creates valuable employment in communities and introduces another layer of education for Indigenous people. Importantly, our staff are proud to be working and believe this provides role models for the younger people in communities.

Supporting our communities

During the financial year we employed a Manager, Communities and Development, Brett Martin, who's role is to ensure TCU understands the requirements of the communities that we support with essential banking services. Brett is continually rotating through communities in which we have Branches and visiting other remote locations where TCU can potentially help with ATMs and Banking services. Additionally, with the lifting of travel restrictions to communities, our ATM Technician, Carlos Matos, is now active in providing on-site maintenance for our fleet of ATMs that provide free transactions for TCU members in remote locations. This service is delivered in partnership with ALPA and other Indigenous owned stores.

Manager, Communities & Development visiting the Wadeye Community.

This year, our CEO, Tony Hampton, has had a strong focus on working with the Federal Government to move the management of welfare cards and accounts away from government and into the capable, culturally aware, and indigenously owned hands of TCU. This is so that local Indigenous people can help each other rather than needing to deal with government departments largely located in Canberra and other Capital cities. Our hope is the positive components of the CDC trial programme flow through to local assistance and locate employment within remote communities.

Our Chair, Micky Wunungmurra continues to be active in communities, promoting Indigenous self-determination and cooperation amongst Indigenous organisations to provide appropriate services in community, which mirror those taken for granted in urban centres and Capital cities.

CEO, Tony Hampton attending the opening of Wetlands View Top.

Unfortunately, during the year we have seen increased conflict in some remote communities. TCU continues to work with Indigenous leaders, Councils and Government to ensure 'face to face' banking services are maintained.

Our performance

Chair, Micky Wunungmurra showing the TCU suite of Cards

Our financial performance reflects the initial injection of funding from the Federal Government to establish a CDC product within the TCU banking structure. Much of the initial funding was associated with infrastructure establishment that will see benefits flow through to TCU's overall operations over future years. This includes enhancements to banking, accounting, and reporting systems, Call Centre systems and assets, tools and applications to support staff that visit remote community Branches. Next financial year will see the reduction of profit back to normal levels as the CDC trail winds-up and delayed expenditure associated with initial funding flows through. It is expected that the trial will be finalised by 31 December 2022.

Unfortunately, once the CDC trial finalises, our employment numbers will also return to pre-CDC staffing numbers. This will ensure our expenditure remains in balance with our future revenues.

Strategic blueprint for the future

TCU occupies a unique position as the only customer-owned Banking organisation in Australia, working in two worlds to deliver both employment opportunities and real financial services to Indigenous people in remote communities.

TCU has identified Strategic Pathways, which can be leveraged to maintain business growth and thereby secure TCU as a viable entity over the long-term.

Establishing Strong Foundations - this Strategic Pathway has a focus on upgrading technology systems and processes to ensure that TCU continues to meet all our regulatory obligations and has the capability to continue to offer appropriate products and access channels including a full range of digital services. This year we have established a new accounting and reporting package that significantly reduces our manual paper processes. We have also licenced upgrades to all our banking and business applications with the upgrade projects scheduled for 2023.

Developing a sustainable future - this Strategic Pathway introduces a 'money business' hub approach where we partner with other finance/money related businesses and government agencies to create a 'one-stop-shop' for people within remote communities to deal with all their 'money business' needs. During the year we launched the TCU CDC product in association with the Department of Social Services as a part of the CDC trial. This demonstrates that TCU staff in remote communities can provide support across a range of 'money business' related activities. Next year we plan to introduce self-service devices in-Branch with support from TCU staff.

Building internal capacity and capability - this Strategic Pathway has a focus on developing our Indigenous staff. This year we employed a senior trainer to provide on-site training and support. Next year will be a focus on better understanding and use of business and digital applications associated with our upgraded systems.

Strengthening communities - this Strategic Pathway has a focus on understanding community needs and being a part of the fabric of communities. This year we employed a communities development manager to consult on-site with community leaders and local organisations. Next year this consultation will revolve around the requirements of the proposed 'money business' hub.

Strategic Planning session – Left to right: CPO – Cathy Hunt, Directors - Bunug Galaminda, David Marpiyawuy, David Djalangi, Manager Communities & Development – Brett Martin, COO – John Appleby and Director - Elsbeth Torelli.

Board and corporate governance

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 our Members and customers 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, Tony Hampton.

Micky Wunungmurra
Chair

Tony Hampton
Chief Executive Officer

The Board and CEO- Left to Right back row: CEO - Tony Hampton, Directors - David Knights, David Marpiyawuy, Chair - Micky Wunungmurra, Directors – David Djalangi, Iain Summers. Left to Right front row: Directors - Elsbeth Torelli, Bunug Galaminda and Sharyn Innes. Director - Richard Bandalil (absent)

The Directors present their report together with the financial report of Traditional Credit Union Limited (TCU or the Credit Union), for the year ended 30 June 2022 and the Auditor's Report thereon.

Corporate information

TCU 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.

TCU is an Authorised Deposit-taking Institution (ADI) supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. TCU 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.

DIRECTOR | **QUALIFICATION & EXPERIENCE**

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)
- Director of Aboriginal Housing NT Aboriginal Corporation
- Chairman of Bukmak Constructions

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

DIRECTOR		QUALIFICATION & EXPERIENCE
	**Bunug Galaminda** Non-Executive Director. Director since 2010.	• Traditional Owner from Warruwi Community, Goulburn Island • 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.	• Senior Executive with National Australia Bank • Degree in Engineering • Master of Business Administration **MBA** • Director and Company Secretary of the Australian Custodial Services Association • Graduate of the Australian Institute of Company Directors **GAICD**
	**Elsbeth Torelli** Non-Executive Director, Company Secretary, Member of the Audit & Finance Committee and Member of the Board Risk Committee. Director since 2016. **Company Secretary** since February 2018	• Chief Operating Officer at G & C Mutual Bank • Fellow of the Institute of Public Accountants • Fellow of the Governance Institute of Australia • Director of Customer Owned Banking Association (COBA)

DIRECTOR		QUALIFICATION & EXPERIENCE

Iain Summers

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

Director since 2005.

- Bachelor of Commerce
- Bachelor of Laws
- Chartered Accountant **FCA**
- Fellow of the Australian Institute of Company Directors **FAICD**
- Independent Chair of Risk Management and Audit Committees
- Self-employed Consultancy Business

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

Chief Executive Officer

Tony Hampton

CEO since May 2018

- Bachelor of Arts in Accountancy **BA (Acc)**
- Fellow of the Australian Society of Certified Practicing Accountants **FCPA**
- Graduate of the Australian Institute of Company Directors **GAICD**

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 and customers. There has been no significant change in the nature of these activities during the year ended 30 June 2022.

Dividends

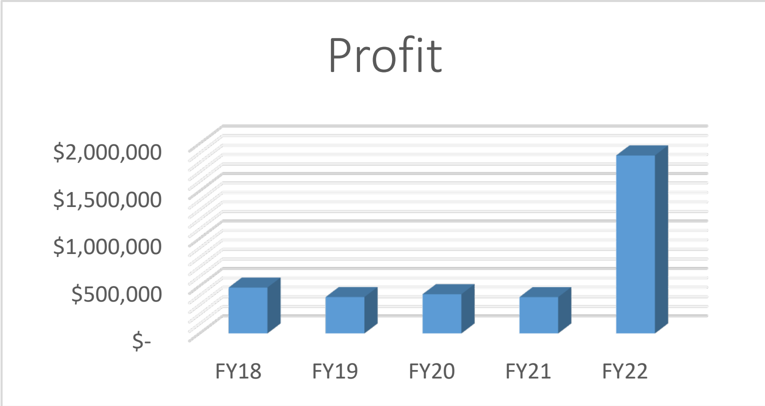
The Credit Union's Constitution prohibits the payment of dividends on Member shares.

Review of operations

Profitability

The Credit Union recorded a profit after tax for the year ended 30 June 2022 of $1.9m (FY20/21: $382k).

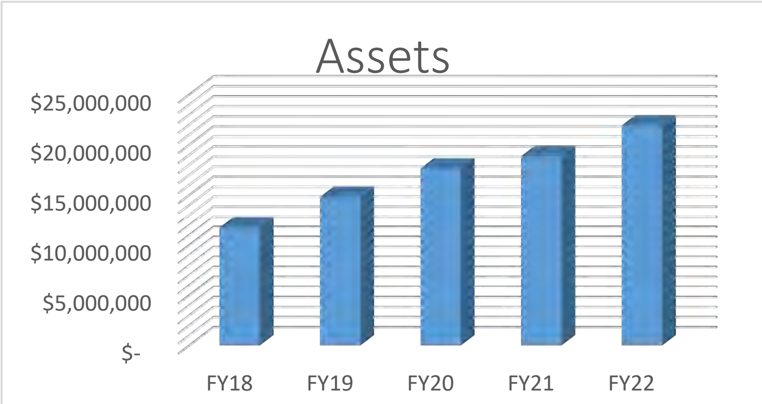
This profit is significantly higher than previous years and reflects the initial funding from the Federal Government related to the establishment of the TCU Cashless Debit Card (CDC) product and associated product information assets and infrastructure.



Assets

The total assets of the Credit Union were $21.9 million (FY20/21: $18.8 million), representing an increase of $3.1 million (16%).

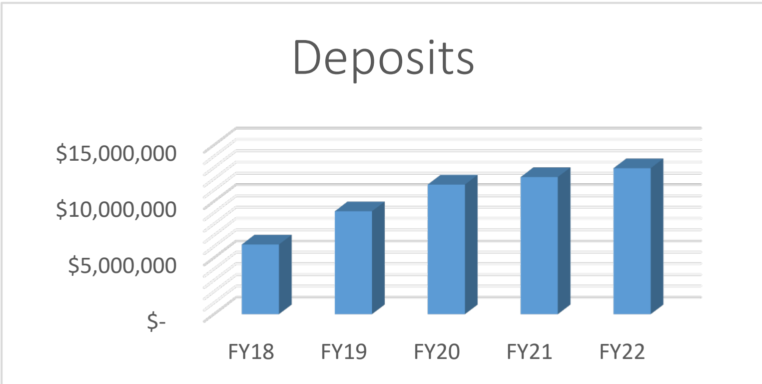
The Credit Union's assets are largely driven by the investment of Member deposits and retained earnings.



Deposits

Total deposits increased to $12.9 million (FY20/21: $12.2 million), representing a portfolio increase of $0.7 million (6%).

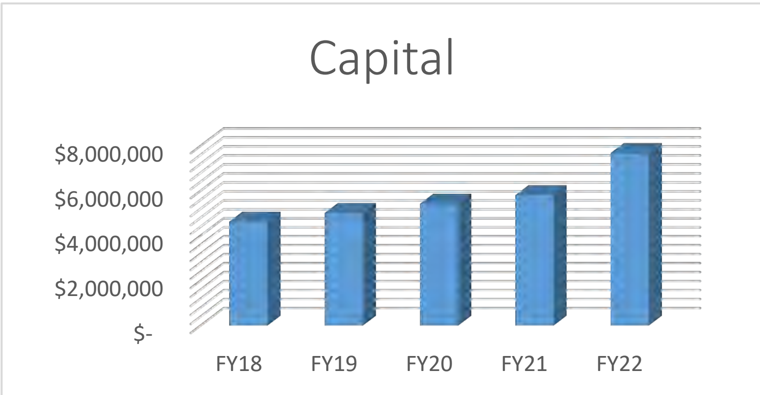
The increase related to the continued focus on raising investments from corporate Members.



Capital

Capital increased to $7.7 million (FY20/21: $5.8 million) representing an increase of $1.9 million (32%).

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



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 2022 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	6	5
David Djalangi	4	4	-	-
David Marpiyawuy	4	4	-	-
Bunug Galaminda	4	4	-	-
Richard Bandalil	4	2	-	-
David Knights	4	4	10	10
Iain Summers	4	4	10	10
Elsbeth Torelli	4	4	10	10
Sharyn Innes	4	4	4	4

* 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 20th day of August 2022
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 2022, 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

MunLi Chee
Partner

Darwin

20 August 2022

Financial Statements

for the year ended 30 June 2022

Contents

Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Interest income		56,416	64,071
Interest expense		14,708	19,723
Net interest income		41,708	44,348
Non-interest income	3	8,804,764	5,460,032
Net income before expenses		8,846,472	5,504,380
Depreciation and amortisation expense	4(a)	162,905	172,623
Salaries and related expenses	4(b)	3,150,465	2,278,773
Other expenses	4(c)	3,016,648	2,537,322
Total expenses		6,330,018	4,988,718
Profit before income tax		2,516,454	515,662
Income tax expense	5	640,757	133,355
Profit for the year		1,875,697	382,307
Other comprehensive income		-	-
Total comprehensive income attributed to Members		1,875,697	382,307

Statement of Financial Position

as at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Cash and cash equivalents	7	**7,119,533**	8,529,995
Trade and other receivables	8	**374,657**	9,711
Investments	9	**13,906,490**	9,681,839
Loans and advances	10	**53,682**	34,456
Deferred tax assets	6(b)	**94,299**	222,731
Property, plant and equipment	11	**170,830**	193,981
Other assets	12	**203,388**	192,434
Total assets		**21,922,879**	18,865,147
LIABILITIES			
Trade and other payables	13	**471,779**	355,182
Deposits	14	**12,943,917**	12,161,157
Current tax payable	6(a)	**414,451**	45,723
Provisions	15	**399,940**	325,920
Lease liabilities	16	**13,811**	173,881
Total liabilities		**14,243,898**	13,061,863
Net assets		**7,678,981**	5,803,284
EQUITY			
Redeemable preference share reserve	17	**51,202**	46,944
Retained earnings		**7,627,779**	5,756,340
Total equity		**7,678,981**	5,803,284

Statement of Changes in Equity

For the year ended 30 June 2022

	Redeemable Preference Share Reserve $	Retained Earnings $	Capital Reserve $	Total $
Opening balance at 1 July 2021	**46,944**	**5,181,340**	**575,000**	**5,803,284**
Profit attributable to Members of the entity	**-**	**1,875,697**	**-**	**1,875,697**
Transfer between retained earnings and reserves	**4,258**	**570,742**	**(575,000)**	**-**
Closing balance at 30 June 2022	**51,202**	**7,627,779**	**-**	**7,678,981**

Opening balance at 1 July 2020	43,522	4,802,455	575,000	5,420,977
Profit attributable to Members of the entity	-	382,307	-	382,307
Transfer between retained earnings and reserves	3,422	(3,422)	-	-
Closing balance at 30 June 2021	46,944	5,181,340	575,000	5,803,284

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received		**4,836,556**	5,179,268
Other income received		**3,624,165**	271,499
Interest received		**35,512**	80,420
Net increase in on-call deposits and withdrawable members' shares		**782,495**	696,638
Net increase in loans and advances		**(19,226)**	(483)
Payment to employee and suppliers		**(5,989,977)**	(4,809,716)
Interest paid		**(12,181)**	(24,227)
Income tax paid		**(143,597)**	(156,474)
Net cash provided from / (used by) operating activities	18	**3,113,747**	1,236,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase in investment		**(2,196,265)**	(780,008)
Payment for property, plant and equipment and intangibles		**(139,754)**	(311,809)
Proceeds from sale of property plant and equipment		**0**	-
Net cash provided from / (used by) investing activities		**(2,336,019)**	(1,091,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase / (decrease) in term deposits		**266**	(28,227)
Changes in lease liabilities		**(160,070)**	156,636
Net cash provided from / (used by) financing activities		**(159,804)**	128,409
Net increase in cash and cash equivalents held		**617,924**	273,517
Cash and cash equivalents at beginning of financial year		**12,403,609**	12,130,092
Cash and cash equivalents at end of financial year	7	**13,021,533**	12,403,609

The accompanying notes form part of these financial statements.

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 2022 were authorised for issue on 20 August 2022 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 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 (c) (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 has adopted any relevant new standards and interpretations which are effective for annual period beginning 1 July 2021. These standards and interpretations have no financial reporting impact to the Credit Union.

(b) Standards and interpretations issued but not yet effective

A number of new amendments and interpretations to standards are effective for annual periods beginning after 1 July 2022 and have not been applied in preparing these financial statements.

The Credit Union has elected not to early adopt any other standards, interpretations or amendments that have been issued but not yet effective. These are not expected to have financial reporting impact.

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

Fees and commissions are recognised on an accrual basis when control of a right to be compensated for services is attained, which 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 Leases

The Credit Union considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Credit Union assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Credit Union

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Leases (continued)

- the Credit Union has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Credit Union has the right to direct the use of the identified asset throughout the period of use. The Credit Union assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

In contracts where the Credit Union is a lessee, the Credit Union recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied.

Right-of-use asset

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to be the condition required by the terms and conditions of the lease.

In the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented as a separate line item.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the weighted average incremental borrowing rate. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Income taxes and other taxes (continued)

(a) Income taxes (continued)

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 GST. 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.

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 dates 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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(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.

(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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(c) Impairment of financial assets (continued)

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.

Expected Credit 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).

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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The threshold to capitalise property, plant and equipment is $10,000.

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	2 - 5 years
- Leasehold improvements	‘the lease term’	- Right-of-use assets	‘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.

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 a fully amortised software and licences.

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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	2022 $	2021 $
3 NON-INTEREST INCOME		
Grant recognised		
Commonwealth - grant recognised	**-**	6,050
Total	**-**	6,050
Other non interest income		
Revenue from fees and commission	**4,836,556**	5,179,268
Other operating revenue	**3,968,208**	274,714
Total	**8,804,764**	5,453,982
Total non interest income	**8,804,764**	5,460,032
4 EXPENDITURE		
(a) Depreciation and amortisation		
Depreciation	**162,905**	172,623
Total	**162,905**	172,623
(b) Salaries and related expenses		
Salaries and wages	**2,699,695**	2,009,057
Superannuation	**276,760**	190,432
Other expenses	**66,152**	35,713
Total employee benefits	**3,042,607**	2,235,202
Payroll tax	**100,013**	38,271
Workers compensation insurance	**7,845**	5,300
Total	**3,150,465**	2,278,773

Notes to the Financial Statements

	2022 $	2021 $

4 EXPENDITURE (continued)

(c) Other expenses

	2022 $	2021 $
Administration	**447,727**	303,785
Audit fees	**73,962**	73,367
Computer costs	**920,744**	813,559
Fees and commission	**660,107**	724,748
Insurance	**180,033**	154,845
Marketing and promotion	**4,543**	-
Other occupancy costs	**255,496**	145,274
Short-term leases	**168,328**	151,605
Travel and accommodation	**193,393**	128,382
Loss on sale of assets	**12,300**	-
Other	**100,015**	41,757
Total	**3,016,648**	2,537,322

5 INCOME TAX EXPENSES

(a) The components of tax expenses comprise:

	2022 $	2021 $
Current income tax expense	**512,325**	130,909
Changed in tax rate	**8,568**	0
Deferred tax relating to origination and reversal of temporary differences	**119,864**	2,446
Total income tax expense	**640,757**	133,355

(b) Reconciliation of income tax to accounting profit

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

	2022 $	2021 $
Profit before tax	**2,516,454**	515,662
Tax at the tax rate of 25.0% (2021: 26.0%)	**629,114**	134,072
Adjust for tax effect of:		
Capital loss on disposal of investment	**3,075**	
Tax free cashflow boost	**-**	(13,000)
Change in tax rate	**8,568**	12,283
Income tax expense	**640,757**	133,355

Notes to the Financial Statements

	2022 $	2021 $
6 CURRENT AND DEFERRED TAX		
(a) Current tax (liabilities)/assets		
Current tax (payable)/receivable	**(414,451)**	(45,723)
(b) Deferred tax assets		
The movement in deferred tax assets for each temporary difference is as follows:		
Receivables		
Opening balance	**-**	-
Change in tax rate from 26% to 25% (2021: 27.5% to 26%)	**-**	-
(Debited from) / credited to the Statement of Comprehensive Income	**(83,898)**	-
Closing balance	**(83,898)**	-
Payables and accruals		
Opening balance	**92,049**	60,496
Change in tax rate from 26% to 25% (2021: 27.5% to 26%)	**(3,540)**	(3,300)
(Debited from) / credited to the Statement of Comprehensive Income	**(52,396)**	34,853
Closing balance	**36,113**	92,049
Doubtful debts		
Opening balance	**9,292**	12,011
Change in tax rate from 26% to 25% (2021: 27.5% to 26%)	**(357)**	(655)
(Debited from) / credited to the Statement of Comprehensive Income	**(2,560)**	(2,064)
Closing balance	**6,375**	9,292
Employee entitlements		
Opening balance	**84,739**	70,376
Change in tax rate from 26% to 25% (2021: 27.5% to 26%)	**(3,260)**	(3,839)
(Debited from) / credited to the Statement of Comprehensive Income	**18,505**	18,202
Closing balance	**99,984**	84,739
Accelerated capital allowance for tax purposes		
Opening balance	**36,651**	82,294
Change in tax rate from 26% to 25% (2021: 27.5% to 26%)	**(1,410)**	(4,489)
(Debited from) / credited to the Statement of Comprehensive Income	**484**	(41,154)
Closing balance	**35,725**	36,651
Total deferred tax assets	**94,299**	222,731

Notes to the Financial Statements

	2022 $	2021 $
7 CASH AND CASH EQUIVALENTS		
Cash on hand	**820,879**	568,112
Deposits at call	**6,298,654**	7,961,883
Total	**7,119,533**	8,529,995
(a) Reconciliation of cash		
Cash and liquid assets	**7,119,533**	8,529,995
Held-to-maturity investments – short term	**5,902,000**	3,873,615
Balance as per Statement of Cash Flows	**13,021,533**	12,403,609

8 TRADE AND OTHER RECEIVABLES

	2022	2021
Interest receivable	**27,042**	6,138
Other receivables	**347,615**	3,573
Total	**374,657**	9,711

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

9 INVESTMENTS

	2022	2021
(a) Investments		
Investments at amortised cost	**13,906,489**	9,636,839
Shares in Indue Ltd	**-**	45,000
Total	**13,906,489**	9,681,839

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

Indue 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. The shares were disposed during year.

	2022	2021
(b) Maturity analysis		
No longer than 3 months	**5,902,000**	3,873,615
Longer than 3 months and not longer than 6 months	**5,771,080**	5,680,269
Longer than 6 months	**2,233,409**	82,955
No maturity specified	**-**	45,000
Total	**13,906,489**	9,681,839

10 LOANS AND ADVANCES

	2022	2021
(a) Details		
Term loans to third parties	**27,355**	3,685
Overdrawn accounts	**51,827**	66,509
	79,182	70,194
Provision for expected credit losses (ECLs)	**(25,500)**	(35,738)
Total	**53,682**	34,456

Notes to the Financial Statements

	2022	2021
	$	$

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 ECLs provision 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 ECLs by ascertaining solvency of the members and are provided for where there is objective evidence indicating that the debt may not be fully repaid.

	2022	2021
No longer than 3 months	**51,827**	66,971
Longer than 3 months and not longer than 6 months	**606**	462
Longer than 6 months not longer than 1 year	**314**	128
Longer than 1 year and not longer than 5 years	**26,435**	2,633
Total	**79,182**	70,194

(c) Ageing of loans and advances

	2022	2021
0 - 30 days	**26,327**	34,456
31 - 60 days	**-**	-
61 - 90 days	**12,769**	21,004
Over 90 days	**40,086**	14,734
Total	**79,182**	70,194

All over 60 days overdue accounts were provided with provision for ECLs

(d) Provision for ECLs

	2022	2021
Overdue savings accounts	**25,500**	35,738
Total	**25,500**	35,738

(e) Movements in provision for ECLs

	2022	2021
Opening balance	**35,738**	43,677
Bad debts (recovered) / provided for during the year	**(10,238)**	(7,939)
Closing Balance	**25,500**	35,738

(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:

	2022	2021
Darwin	**4,197**	3,685
Gapuwiyak	**22,844**	-
Wurrumiyanga	**314**	-
Total	**27,355**	3,685

Notes to the Financial Statements

	2022 $	2021 $
11 PROPERTY, PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	**-**	261,522
Accumulated depreciation	**-**	(261,522)
Net carrying value	**-**	-
Motor vehicles		
At cost	**205,007**	65,253
Accumulated depreciation	**(47,169)**	(40,168)
Net carrying value	**157,838**	25,085
Computer equipment		
At cost	**-**	275,338
Accumulated depreciation	**-**	(275,338)
Net carrying value	**-**	-
ATM equipment		
At cost	**-**	188,408
Accumulated depreciation	**-**	(188,408)
Net carrying value	**-**	-
Leasehold improvements		
At cost	**411,755**	411,755
Accumulated depreciation	**(411,755)**	(411,755)
Net carrying value	**-**	-
Right-of-use assets		
At cost	**311,809**	311,809
Accumulated depreciation	**(298,817)**	(142,913)
Net carrying value	**12,992**	168,896
Total property, plant and equipment	**170,830**	193,981

Notes to the Financial Statements

11 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Furniture, Fixtures and Fittings	Motor Vehicles	ATM Equipment	Subtotal Property, plant and equipment (owned)	Right-of-use Assets*	Total
	$	$	$	$	$	$
Balance at 1 July 2021	**-**	**25,085**	**-**	**25,085**	**168,896**	**193,981**
Additions	**-**	**139,753**	**-**	**139,753**	**-**	**139,753**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation expense	**-**	**(7,000)**	**-**	**(7,000)**	**(155,904)**	**(162,904)**
Balance at 30 June 2022	**-**	**157,838**	**-**	**157,838**	**12,992**	**170,830**
Balance at 1 July 2020	-	38,135	-	38,135	16,660	54,795
Additions	-	-	-	-	311,809	311,809
Disposals	-	-	-	-	-	-
Depreciation expense	-	(13,050)	-	(13,050)	(159,573)	(172,623)
Balance at 30 June 2021	-	25,085	-	25,085	168,896	193,981

*Right-of-use assets is for head-office building

Most of the fully depreciated assets have been disposed or obsolete. The remainder assets which are fully depreciated, and low value are removed from the property, plant and equipment register. They are maintained in portable assets register.

	2022	2021
	$	$
12 OTHER ASSETS		
GST	**-**	27,727
Prepayments	**156,088**	125,096
ATM equipment	**38,992**	31,303
Leasehold property bond	**8,308**	8,308
Total	**203,388**	192,434
13 TRADE AND OTHER PAYABLES		
Other payables	**438,812**	354,985
GST	**30,243**	-
Accrued interest payable	**2,724**	197
Total	**471,779**	355,182

Notes to the Financial Statements

	2022 $	2021 $
14 DEPOSITS		
Term deposits	**2,154,453**	2,154,188
Call deposits	**10,771,870**	9,988,291
Members' shares	**17,594**	18,678
Total	**12,943,917**	12,161,157
(a) Maturity analysis		
On call	**10,789,464**	10,006,969
No longer than 3 months	**1,060,247**	71,036
Longer than 3 months not longer than 6 months	**1,071,080**	1,000,000
6 months or longer	**23,126**	1,083,152
Total	**12,943,917**	12,161,157
(b) Concentration of deposits (including overdrawn accounts in Note 10)		
Alice Springs	**25,904**	22,577
Angurugu	**1,035,608**	621,179
Borroloola	**22,780**	10,864
Darwin	**2,954,171**	2,888,305
Galiwinku	**334,318**	296,498
Gapuwiyak	**43,493**	97,466
Gunbalanya	**44,568**	11,359
Hermannsburg	**2,018**	3,117
Katherine	**56,879**	44,750
Maningrida	**82,503**	125,863
Milingimbi	**175,481**	222,745
Minyerri	**4,845**	34,932
Ngukurr	**266,172**	371,944
Numbulwar	**19,639**	28,694
Ramingining	**55,898**	43,154
Tennant Creek	**132,740**	102,228
Wurrumiyanga	**18,385**	35,190
Wadeye	**7,485,283**	7,082,136
Warruwi	**16,591**	16,484
Other	**27,617**	16,485
CDC deposit	**69,603**	-
Total	**12,874,496**	12,075,970

Notes to the Financial Statements

14 DEPOSITS (continued)

The Credit Union has a total of 8,797 members of which 248 is a basic's account holder as at 30 June 2022. In addition, the Credit Union has a total of 737 CDC account holders.

	2022	2021
	$	$

15 PROVISIONS

	2022	2021
Employee entitlements	**399,940**	325,920
Total	**399,940**	325,920
Analysis of total provisions		
Current – employee entitlements	**369,469**	303,347
Non current – employee entitlements	**30,471**	22,573
Total	**399,940**	325,920

16 LEASE LIABILITIES

	2022	2021
Current - lease liabilities	**13,811**	160,070
Non-Current - lease liabilities	**-**	13,811
Total	**13,811**	173,811

The lease of Head-office building in Casuarina is a two-year lease term with renewal option.

Amount recognised in the income statement	2022	2021
Interest on lease liabilities	**6,559**	14,915
Expenses relating to short-term leases	**168,328**	151,605
Total	**174,887**	166,520

Maturity analysis	2022	2021
One year or less	**94,689**	106,448
Total undiscounted contractual cash flows	**94,689**	106,448

Notes to the Financial Statements

17 REDEEMABLE PREFERENCE SHARE RESERVE

	2022 $	2021 $
At the beginning of the reporting period	**46,944**	43,522
Transfer from retained earnings on share redemption	**4,258**	3,422
At the end of the reporting period	**51,202**	46,944

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 14.

18 NOTES TO THE STATEMENT OF CASH FLOWS

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

	2022 $	2021 $
Profit for the period	**1,875,697**	382,307
Adjustments for (non cash flows in profit):		
Depreciation	**162,905**	172,623
Net gain on sale of property, plant and equipment	**-**	-
Change in assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(364,947)**	13,133
Increase in loans and advances	**(19,226)**	(483)
Increase in other assets	**(10,954)**	(45,035)
Decrease in deferred tax assets	**128,431**	2,446
Increase / (decrease) in income tax payable	**368,728**	(25,565)
Increase / (decrease) in trade and other payables	**116,598**	(23,098)
Increase in deposits	**782,495**	696,638
Increase in provision for employee benefits	**74,020**	70,009
Increase / (decrease) in other liabilities	**0**	(6,050)
Net cash flows from operating activities	**3,113,747**	1,236,925

Notes to the Financial Statements

19 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.

(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.

Notes to the Financial Statements

19 FINANCIAL RISK MANAGEMENT (continued)

Financial liability maturity analysis:

Financial liabilities due for payment	Within 1 year		Over 1 year		Total	
	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$
Deposits	12,943,917	12,161,157	-	-	12,943,917	12,161,157
Trade and other payables	471,779	355,182	-	-	471,779	355,182
Total contractual outflows	**13,415,696**	**12,516,339**	**-**	**-**	**13,415,696**	**12,516,339**

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.

(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.

(d) 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 are:

	2022	2021
	%	%
Financial assets		
Cash and cash equivalents	0.45	0.33
Short term investments:		
Held to maturity investments	0.65	0.71
Loans receivable	2.22	1.02

Notes to the Financial Statements

19 FINANCIAL RISK MANAGEMENT (continued)

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 $	
	2022	**2021**	**2022**	**2021**
Financial assets + 1%				
Cash in bank	**47,240**	58,918	**47,240**	58,918
Loans and advances	**403**	255	**403**	255
Investments	**104,299**	71,646	**104,299**	71,646
Financial liabilities				
Deposits	**(97,079)**	(89,993)	**(97,079)**	(89,993)
Post tax earnings at risk	**54,862**	40,826	**54,862**	40,826
Financial assets - 1%				
Cash in bank	**(47,240)**	(58,918)	**(47,240)**	(58,918)
Loans and advances	**(403)**	(255)	**(403)**	(255)
Investments	**(104,299)**	(71,646)	**(104,299)**	(71,646)
Financial liabilities				
Deposits	**97,079**	89,993	**97,079**	89,993
Post tax earnings at risk	**(54,862)**	(40,826)	**(54,862)**	(40,826)

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.

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 2021 and 2022.

Notes to the Financial Statements

19 FINANCIAL RISK MANAGEMENT (continued)

	Note	Carrying amount $	Level 1 $	Level 2 $	Level 3 $	Total $
Balance at 30 June 2022						
Loans and advances	10	**53,682**	**-**	**-**	**53,682**	**53,682**
Held to maturity investments	9	**13,906,490**	**-**	**13,906,490**	**-**	**13,906,490**
Total financial assets		**13,960,171**	**-**	**13,906,490**	**53,682**	**13,960,171**
Term deposits	14	**2,154,453**	**-**	**-**	**2,154,453**	**2,154,453**
Call deposits	14	**10,771,870**	**-**	**10,771,870**	**-**	**10,771,870**
Total financial liabilities		**12,926,323**	**-**	**10,771,870**	**2,154,453**	**12,926,323**
Balance at 30 June 2021						
Loans and advances	10	34,456	-	-	34,456	34,456
Held to maturity investments	9	9,681,839	-	9,681,839	-	9,681,839
Total financial assets		9,716,295	-	9,681,839	34,456	9,716,295
Term deposits	14	2,154,188	-	-	2,154,188	2,154,188
Call deposits	14	9,988,291	-	9,988,291	-	9,988,291
Total financial liabilities		12,142,479	-	9,988,291	2,154,188	12,142,479

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

20 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 not to 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)
- Lily Ang — Chief Financial Officer (Ongoing)

(c) KMP remuneration

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

	2022	2021
	$	$
Short term employee benefits – salaries and director fees	**411,804**	329,938
Long term benefits – long service leave	**7,666**	4,383
Post employment benefits – superannuation	**33,417**	27,165
Total	**452,887**	361,486

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

Notes to the Financial Statements

	2022	2021
	$	$

21 AUDITOR'S REMUNERATION

Amounts paid or payable to the external auditors – Merit Partners		
Auditing the financial statements	**23,500**	19,500
Audit of Australian Financial Services Licence	**4,500**	3,500
Audit of prudential reports	**12,000**	10,000
Total	**40,000**	33,000

22 EVENT OCCURING AFTER THE REPORTING DATE

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

23 BRANCH LOCATION

- Darwin
- Galiwinku
- Gapuwiyak
- Gunbalanya
- Katherine
- 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 2022 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 20th day of August 2022

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

Micky Wunungmurra

Micky Wunungmurra
Chair

Iain Summers
Director

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 2022, 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 2022 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

MunLi Chee
Partner

Darwin

20 August 2022

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

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