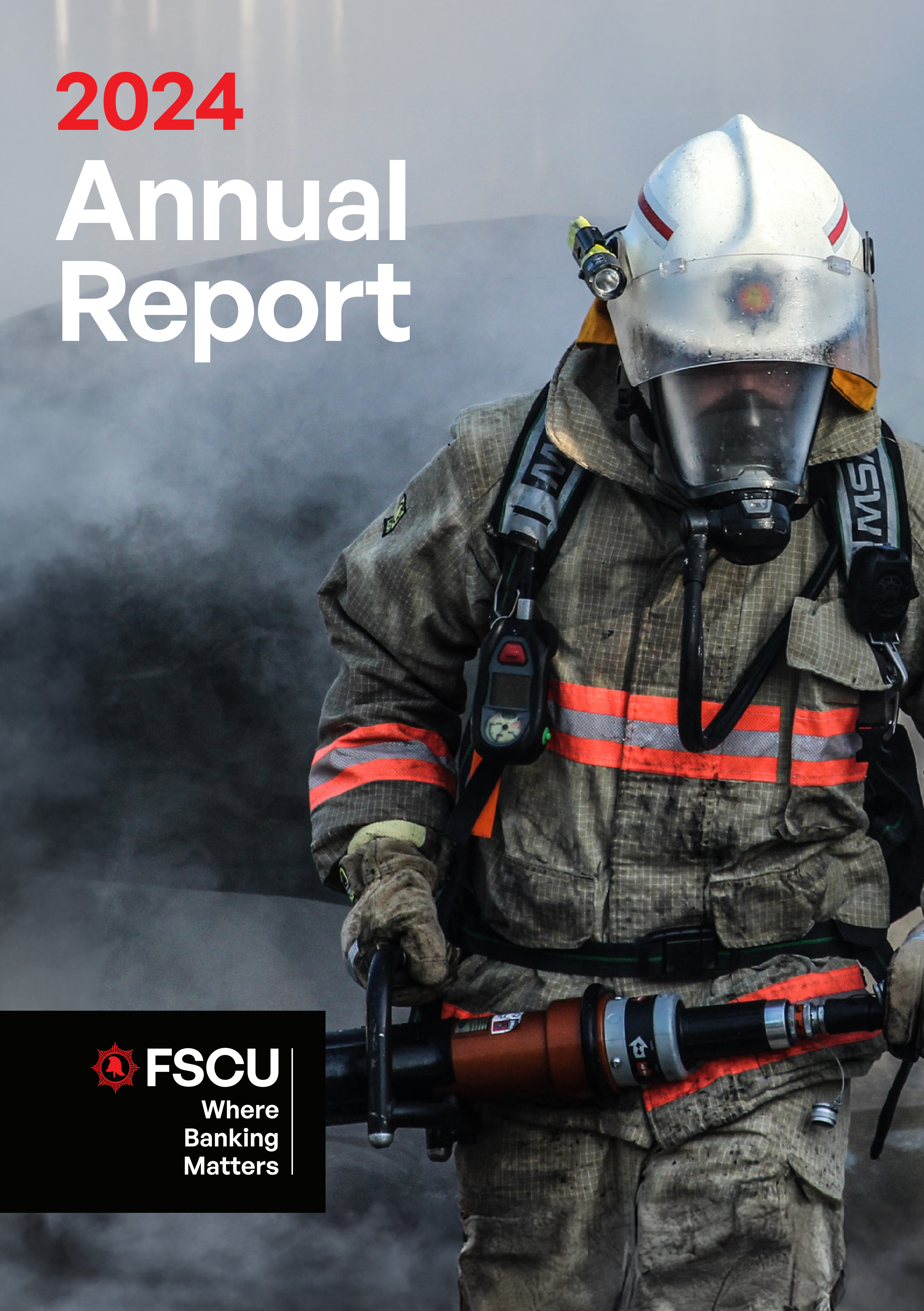
2024 Annual Report



FSCU
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FIRE SERVICE CREDIT UNION LTD
ANNUAL FINANCIAL REPORT
For year ended 30 June 2024

Registered Head Office:	22 Chancery Lane, Adelaide SA 5000
Phone:	08 8227 2222
Fax:	08 8227 2422
Website:	www.fscu.com.au
Office Hours:	Monday – Friday 8:30am – 4:45pm
	Except Tuesdays 9:30am – 4:45pm
BSB	805-013
ABN:	17 087 651 152
AFSL:	237515
Australian Credit Licence:	237515

Affiliations

Cuscal Ltd
Customer Owned Banking Association
Data Action Pty Ltd
Calm Wealth Management Pty Ltd
Allianz Australia Insurance Ltd
Convera Australia Pty Ltd
Mastercard Prepaid Management Services
Shared Lending Pty Ltd

Auditors

Crowe Audit Australia
491 Smollett St, Albury NSW

Solicitors

Piper Alderman
70 Franklin Street, Adelaide SA 5000

Fire Service Credit Union Ltd
Annual Report
For the year ended 30 June 2024

Contents

Fire Service Credit Union Ltd
Chair's Report
For the year ended 30 June 2024

Dear Members,

As Chair of the Fire Service Credit Union, it is my pleasure to present my report for the financial year ending 2024. This year has been marked by strategic initiatives in succession planning and achieving commendable financial results, both of which are critical for the long-term sustainability and prosperity of our Credit Union.

Financial Performance

This year, the Fire Service Credit Union has delivered strong financial results, reflecting our prudent management and strategic focus and has produced a pretax profit of $349K. Our efforts to expand our services and reach new members have paid off, resulting in a robust financial performance. Other key financial highlights include:

Asset Growth: We achieved significant revenue growth of 10.9% to have total assets of $96.6M driven by increased membership and enhanced product offerings. Member deposits have also increased by 10.9% to $89.5M and loans up 17.5%.

Cost Management: Through careful cost management and operational efficiencies, we have maintained healthy margins while continuing to invest in our strategic priorities. Our disciplined approach to expense control has contributed to our overall financial health.

Asset Quality: Our commitment to maintaining a high-quality asset portfolio has been unwavering. Rigorous risk management practices and prudent lending policies have ensured that our asset quality remains strong, minimizing potential losses and safeguarding our financial stability.

Capital Adequacy: The Credit Union's capital position remains strong, with capital adequacy of 19.29%. This solid capital base provides a cushion against potential risks and positions us well for future growth.

Competitive Products: We have continued to offer competitive financial products and services, tailored to meet the diverse needs of our members.

Continuity

Ensuring continuity has been another major focus this year. We understand that stability is key to building trust and reliability. Our efforts in this area included:

Executive Succession Planning: Recognizing the importance of leadership continuity, we have placed a strong emphasis on succession planning. Our efforts in this area have been focused on ensuring that the Credit Union remains resilient and well-prepared for the future. Key initiatives include:

Mentorship and Coaching: To foster a culture of continuous learning and growth, we have implemented mentorship and coaching schemes. Senior leaders are actively mentoring promising employees, providing guidance and support to help them develop their leadership capabilities.

Board Succession Planning: Succession planning at the board level has also been a priority. We are exploring options for board succession, ensuring that we have a pipeline of qualified and diverse candidates ready to step into key roles when needed.

Risk Management: Strengthening our risk management framework has been a key priority. By implementing robust risk assessment and mitigation strategies, we have safeguarded our operations against potential disruptions, ensuring that our members' financial needs are consistently met.

Operational Resilience: We have reviewed and refined our business continuity plans, ensuring that we are well-prepared to handle any unforeseen events. Regular drills and scenario planning have bolstered our readiness, providing assurance to our members of our unwavering commitment to service continuity.

Achievements and Milestones

Member Satisfaction: We have continued to prioritize member satisfaction, introducing new products and services that meet the evolving needs of our members. Positive feedback and increased member engagement are testament to our efforts.

Technological Advancements: Following on from last year Investments in technology have enabled us to enhance our service delivery. Our digital transformation initiatives have made it easier for members to access our services anytime, anywhere.

Community Involvement: Our commitment to the community through Fire Service groups remains strong. We have supported various initiatives and charitable causes, reinforcing our role as a socially responsible organization.

Looking Ahead

As we look to the future, our focus on succession planning and financial prudence will continue to guide our strategies. We are committed to building a leadership pipeline that ensures the continuity and growth of our Credit Union. Simultaneously, we will maintain our emphasis on financial discipline to sustain our positive performance and deliver value to our members.

Our commitment to staff support and service continuity will remain steadfast. We will continue to invest in our people, leveraging their talents and dedication to drive our mission of providing exceptional financial services to our members. Furthermore, where possible we will adapt to emerging trends and challenges, ensuring that we remain a resilient and reliable partner for our members' financial well-being.

In conclusion, I extend my sincere gratitude to our dedicated staff, loyal members, and esteemed board members for their unwavering support and contributions. Together, we have achieved remarkable success, and I am confident that our continued focus on succession planning and financial excellence will pave the way for a prosperous future for the Fire Service Credit Union.

Thank you.

Sincerely,

Paul Fletcher
Chair Fire Service Credit Union

1. Directors

The directors of the Credit Union at any time during or since the end of the financial year are:

Paul M Fletcher – Chair Retired Deputy Chief Officer - SAMFS Diploma of Engineering GIFireE Masters of Leadership Management	Appointed to the Board March 2011 Member of Remuneration Committee (disbanded February 2024) Member of Audit Committee Appointed as Deputy Chair January 2015 Appointed as Acting Chair March 2015 Appointed as Chair October 2015
Jeffrey D Swann – Deputy Chair Chief Officer – SAMFS Masters of Business Administration (Finance) Graduate, Australian Institute of Company Directors Diploma of Management Certificate 4 in Business Management	Appointed to the Board March 2011 Member of Audit Committee Chair of Remuneration Committee (disbanded February 2024) Appointed Deputy Chair October 2015
Noel L Johnson – Director Senior Associate, Financial Services Institute of Australia (Life Member) Fellow, Institute of Public Accountants (Life Member) Manager of Fire Service Fund	Appointed to the Board in March 2005 Member of Audit Committee Member of Risk Committee
Eugene D Holzbauer - Director Fellow of the National Tax and Accountants' Association Bachelor of Arts Accountancy Diploma in Financial Services (SMSF Advice Only) Registered Tax Agent Registered SMSF Auditor	Appointed to the Board in March 2007 Chair of Audit Committee
Alexander Karapetian - Director Capital Planning Manager, Adelaide Airport Limited Bachelor of Finance Graduate Certificate in Finance	Appointed to the Board December 2013 Member of Remuneration Committee (disbanded February 2024) Member of Risk Committee
Elizabeth Lew - Director Chief Financial Officer, Art Gallery of South Australia Masters of Business Administration Graduate Diploma in Legal Practice Bachelor of Laws Bachelor of Commerce CPA	Appointed to the Board November 2015 Chair of Risk Committee
Gregory B Northcott - Director Retired Senior Firefighter – SAMFS	Appointed to the Board November 2015 Member of Remuneration Committee (disbanded February 2024) Resigned from the Board (February 2024)
Adam J Waller - Director Station Officer - SAMFS Master of Business Administration Graduate, Australian Institute of Company Directors Master of Applied Project Mgmt(ConMgmt) Member Australian Institute of Project Managers Ceertified Practicing Project Professional	Appointed to the Board February 2023 Member of Risk Committee
Robert M McKeon - Director Graduate, Australian Institute of Company Directors Certified Information Systems Auditor	Appointed to the Board January 2024
Tricia E Ireland - Company Secretary Chief Executive Officer Diploma of Banking Services Management	Appointed as CEO January 2010

2. Director' meetings

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

Director	Board Meetings		Audit Committee Meetings		Risk Committee Meetings	
	A	B	A	B	A	B
Paul Fletcher	10	12	3	3		
Jeffrey Swann	9	12	2	3		
Noel Johnson	12	12	2	3	3	3
Eugene Holzbauer	11	12	2	3		
Alexander Karapetian	11	12			2	3
Elizabeth Lew	9	12			3	3
Gregory Northcott	6	7				
Adam Waller	12	12			3	3
Rob McKeon	11	11				

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

3. Corporate Governance Statement

Board of Directors

During the year there was a maximum of 8 directors. The Board has operated within the rules of the Credit Union constitution with 8 directors elected by members. The primary role of the Board of Directors is to protect the interest of the members. It is responsible for the overall conduct of the business by performing its duties in accordance with the approved Board Terms of Reference.

In accordance with these Terms of Reference the Board governance includes:

Strategic planning

The strategic planning direction of the Credit Union is analysed each year and the business plan is prepared and reviewed at Board Planning Days.

Risk management

In conjunction with management, risk management systems are reviewed on a regular basis. Key areas considered include:

- Review and monitor interest rates;
- Ratify loans within a delegated authority;
- Formulate and review risk management policies annually;
- Review remuneration and performance of senior management;
- Monitor the performance of the Credit Union;
- Report against strategic goals; and
- Review and enhance Board reporting.

3. Corporate Governance Statement (continued)

Approving budgets and capital expenses

Budgets are prepared annually by management and approved by the Board. Performance compared to key indicators is reported by management to the Board on a monthly basis.

Ethical conduct

Ethical conduct is of paramount importance for the Board as this forms the basis of a strong bond with our members and maintains the integrity of the Credit Union.

Audit Committee

The Audit Committee comprises 4 non-executive directors with an independent Chair. The responsibilities of the Audit Committee are to:

- Monitor reporting to the Australian Prudential Regulation Authority (APRA);
- Review risk management systems;
- Oversee the independence of the external auditors;
- Review the findings of the external auditors; and
- Review the annual financial report and recommend Board approval.

Remuneration Committee

The Remuneration Committee comprises 4 non-executive directors. The responsibilities of the Remuneration Committee are to:

- Ensure the Credit Union's remuneration policy is sufficiently robust, effective and capable of contributing to the Credit Union's objectives;
- Making determinations in relation to the application of the remuneration policy;
- Reviewing and making recommendations to the Board on performance assessment processes;
- Making recommendations to the Board on the remuneration of Senior Management; and
- Evaluating the remuneration of material service providers.

In February 2024, with a separate Remuneration Committee not specifically required under CPS511, the Board agreed that Remuneration Committee responsibilities would become board responsibilities. The Remuneration Committee was subsequently disbanded.

Risk Committee

The Risk Committee comprises 4 non-executive directors. The responsibilities of the Risk Committee are to assist the Board in providing objective non-executive oversight of the implementation and operation of the Credit Union's risk management, taking into account the Credit Union's Risk Appetite Statement, the overall business strategy and management expertise. This includes the establishment, implementation, review and monitoring of risk systems and policies for the following:

- Market and Investment Rate Risk;
- Liquidity and Funding Risk;
- Credit Risk;
- Insurance Risk;
- Risks arising from the Credit Union's strategic objectives and business plans;
- Fraud Risk;
- Data Risk (security and data integrity);
- Reputational Risk;
- Operational Risk; and
- Other risks that in isolation or in combination with different risks may have a material impact on the Credit Union.

3. Corporate Governance Statement (continued)

Ethical Standards

All directors, management and staff are expected to act with the utmost integrity, striving to enhance the credibility and performance of the Credit Union. In this regard the Credit Union directors must abide by a conflicts of interest policy. Where an actual or potential conflict arises, the director must remove themselves from any discussion or decision making with respect to matters where there is such a conflict or potential conflict.

Communication with Members

Members are encouraged to participate in the Annual General Meetings to ensure a high level of accountability.

Annual reports are available from the Credit Union Office and the Credit Union's website (www.fscu.com.au).

A newsletter also provides members with updates to events and services encouraging them to provide feedback to enhance the excellent relationship that the Credit Union currently enjoys.

4. Operating and financial review

The profit after tax of the Credit Union for the year ended 30 June 2024 was $236K (30 June 2023: $448K). The Credit Union continues to meet all statutory and regulatory obligations including APRA's liquidity and capital requirements.

5. Significant changes in the state of affairs

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

6. Principal activities

The principal activities of the Credit Union during the course of the financial year were the provision of retail financial services to our members and acting as an insurance agent.

There were no significant changes in the nature of the activities of the Credit Union during the year.

7. Dividends

The Credit Union has not paid or declared a dividend out of Share Capital during the year ended 30 June 2024 (2023: nil).

8. Environmental regulations

The Credit Union's operation is not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Credit Union has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they may apply to the Credit Union during the year covered by this report.

9. Likely developments

The Credit Union will continue to provide services to members and does not anticipate any significant developments in the foreseeable future.

10. Directors' interests

During the financial year, no directors of the Credit Union have received or become entitled to receive any benefit other than a benefit included in the aggregated amount of remuneration received or due by directors shown in the financial statements by reason of contract made by the Credit Union or with any director or with a firm of which a director is a member, or with any entity of which a director has a substantial interest.

Each Director holds one share in the Credit Union in their capacity as a member.

11. Indemnification and insurance of officers

The Credit Union holds a Directors' and Officers' insurance policy on behalf of directors for the year ended 30 June 2024, which was paid by the Credit Union.

The policy indemnifies directors against damages, legal costs and expenses arising from any claim made against them jointly or separately in relation to their duties as directors of the Credit Union.

The insurance policy does not cover the external auditor.

12. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' report for financial year ended 30 June 2024.

13. Rounding off

The amounts contained in this report and in the financial statements have been rounded off to the nearest thousand dollars (unless otherwise stated) in accordance with Instrument 2016/191 issued by Australian Securities and Investment Commission dated 24 March 2016, as the Credit Union has total assets greater than $10,000,000.

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

Mr Jeffrey Swann,

Deputy Chair

Dated at Adelaide this 26th day of September 2024

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ABN 13 969 921 386

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Albury NSW 2640 Australia

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been no contraventions of:

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

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

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

26th September 2024
Albury

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Interest Revenue	4	4,702	3,245
Interest Expense	4	(2,104)	(832)
Net interest income		**2,598**	**2,413**
Other revenue	5	310	298
Personnel expenses	6	(997)	(757)
Other expenses	7	(1,562)	(1,361)
Profit before income tax		**349**	**593**
Income tax expense	8	(113)	(145)
Profit for the year		**236**	**448**
Total comprehensive income for the year		**236**	**448**
Total comprehensive income attributable to:			
Members of the Credit Union		236	448
Total comprehensive income for the year		**236**	**448**

The notes on pages 15 to 46 are an integral part of these financial statements

Statement of financial position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
Assets			
Cash and cash equivalents	10	6,728	6,490
FRN/NCD Premium		87	167
Prepayments		78	83
Clearing accounts		75	167
Investment receivables	11	249	175
Loans and advances	12	62,083	52,873
Investments	13	27,062	27,139
Deferred tax assets	16	60	50
Plant and equipment	14	152	154
Intangible assets	15	-	50
Total assets		**96,574**	**87,348**
Liabilities			
Members' deposits	17	89,590	80,774
Interest payable		370	199
Lease liability	9	24	46
Trade and other payables	18	162	140
Employee benefits	19	268	244
Income tax payable		50	71
Total liabilities		**90,464**	**81,474**
Net assets		**6,110**	**5,874**
Equity			
Redeemed preference shares reserve	20	32	31
Retained earnings		6,078	5,843
Total members' funds		**6,110**	**5,874**

The notes on pages 15 to 46 are an integral part of these financial statements

Statement of changes in equity

For the year ended 30 June 2024

	Redeemed preference shares reserve $'000	General credit loss reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2022	**31**	**68**	**5,328**	**5,427**
Profit for the year	-	-	448	448
Total comprehensive income for the year	**31**	**68**	**5,776**	**5,874**
Transfer to / (from) retained earnings	-	(68)	67	-
Balance at 30 June 2023	**31**	**-**	**5,843**	**5,874**
Balance at 1 July 2023	**31**	**-**	**5,843**	**5,874**
Profit for the year	-		236	236
Total comprehensive income for the year	**31**	**-**	**6,079**	**6,110**
Transfer to / (from) retained earnings	1	-	(1)	-
Balance at 30 June 2024	**32**	-	**6,078**	**6,110**

The notes on pages 15 to 46 are an integral part of these financial statements

Statement of cash flows

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Interest received		4,628	3,130
Net increase in loans and advances		(9,216)	(9,525)
Net increase/(decrease) in deposit accounts		8,816	(2,686)
Interest paid to members		(1,933)	(654)
Receipts from other services		310	275
Income taxes paid		(128)	(160)
Cash paid to suppliers and employees		(2,234)	(1,653)
Net cash used in operating activities	10	243	(11,273)
Cash flows from investing activities			
Acquisition of plant and equipment and intangibles	14 & 15	(58)	(125)
Net movement in investments		77	10,253
Net cash flows from investing activities		19	10,128
Cash flows from financing activities			
Payment of lease liability		(24)	(24)
Net cash flows from / (used in) financing activities		(24)	(24)
Net increase cash and cash equivalents		238	(1,169
Cash and cash equivalents at beginning of year		6,490	7,659
Cash and cash equivalents at end of year	10	6,728	6,490

The notes on pages 15 to 46 are an integral part of these financial statements

Consolidated Entity Disclosure Statement

For the year ended 30 June 2024

Fire Service Credit Ltd does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A) of the *Corporations Act 2001* does not apply to the entity.

Notes to the financial statements

For the year ended 30 June 2024

1. Reporting entity

Fire Service Credit Union Ltd (the 'Credit Union') is an entity domiciled in Australia. The address of the Credit Union's registered office is 22 Chancery Lane, Adelaide, 5000.

The Credit Union is a for-profit entity and is primarily involved in the provision of retail financial services to our members and acting as an insurance agent.

2. Basis of preparation

(a) Statement of compliance

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

The financial report was authorised for issue by the directors on 26th September 2024.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain investments as per Note 13.

(c) Functional and presentation currency and rounding

These financial statements are presented in Australian dollars, which is the Credit Union's functional currency.

The Credit Union is of a kind referred to in ASIC Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In particular, significant areas of estimation uncertainty and critical areas where judgement has been applied are as follows:

- loans and advances are carried net of impairment provisions, which are based on the estimated recoverable amount, refer to Note 3(a).

(e) Basis of preparation

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the Credit Union becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and advances are recognised when cash is advanced (or settled) to borrowers. Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial assets are disclosed in the statement of financial position at a carrying amount which reflects the Credit Union's business model for managing assets.

The Credit Union's asset management model is that of holding financial assets with the objective of collecting contractual cash flows and where the contractual terms give rise to cash flows that are solely payments of principal and interest.

These financial instruments are, subsequent to initial measurement, measured at 'amortised cost' using the effective interest rate method or 'cost'.

Measurement

Financial instruments measured at amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method and less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life 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 item in income and expenditure.

Financial Liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in income and expenditure through the amortisation process and when the financial liability is derecognised.

Derecognition of financial instruments

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

3. Material accounting policies (continued)

(a) Financial instruments (continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

INVESTMENT RECEIVABLES

Investment receivables are investments and are initially measured at fair value plus transaction costs and subsequently measured at amortised cost, as they are held in a business model with the objective of collecting contractual cash flows. The contractual terms of these investments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are initially measured at fair value plus transaction costs and are subsequently measured at amortised cost.

SHARES IN UNLISTED ENTITIES

The Credit Union has elected to measure the investments in equity instruments at fair value through other comprehensive income. All fair value changes are recognised in the investment revaluation reserve and are never reclassified to profit or loss, even on disposal. Dividends on the investment are recognised in profit or loss. The investment in equity instruments do not have a quoted market price in an active market and the Credit Union establishes fair value by using historical arm's length transactions. Investment securities are recognised/derecognised by the Credit Union on the date it commits to purchase/sell the investments.

LOANS AND ADVANCES

Loans and advances feature contract terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the origination of the loan or advance. These costs are amortised over the estimated life of the loan. Subsequently, loans and advances are measured at amortised cost using the effective interest rate method, net of any provision for credit impairment.

MEMBERS' DEPOSITS

Members' deposits are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost.

TRADE AND OTHER PAYABLES

Interest and other payables are initially recognised at cost and subsequently measured at amortised cost.

PROVISION FOR EXPECTED CREDIT LOSSES

AASB 9 requires the Credit Union to recognise 'expected credit losses' on financial instruments. Expected credit losses represent a probability-weighted estimate of the present value of credit losses as a result of default. The Credit Union assesses default to have occurred where a contractual payment is more than 90 days past due.
Financial assets to which the expected credit losses model are applied have been categorised as follows:

Stage	Measurement basis
Stage 1	Assets whose credit risk has not increased significantly since initial recognition.
Stage 2	Assets whose credit risk has increased significantly since initial recognition, other than those assessed as credit-impaired.
Stage 3	Assets which are credit-impaired

3. Material accounting policies (continued)

(a) Financial instruments (continued)

Expected credit losses on Stage 1 assets represent the portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date.

Expected credit losses on Stage 2 and Stage 3 assets represent lifetime expected credit losses resulting from all possible default events over the expected life of the financial asset.

Financial assets are assessed for significant increases in credit risk on an individual basis based on a variety of factors, including past events, current conditions and forward-looking information at both an individual counterparty level and a collective and macroeconomic level.

Financial assets which become past due by 30 days or more are presumed to have suffered a significant increase in credit risk in the absence of reasonable and supportable information which may rebut this presumption. The Credit Union assesses an amount as past due where a contractual payment has not been met.

Expected credit losses on Stage 1 and Stage 2 financial assets are measured on a collective basis. Financial instruments are grouped by instrument type and on the basis of shared credit risk characteristics.

Measurement of expected credit losses – AASB 9

Expected credit loss calculations are based on historical loss rates, adjusted for current conditions and forward-looking information at both an individual counterparty level and a macroeconomic level.
Expected credit losses are the present value of the difference between all contractual cash flows due to the Credit Union and all the cash flows that the Credit Union expects to receive.

Mortgages over freehold property and other security are held in relation to a portion of the Credit Union's loans receivable. The existence of these security instruments is highly relevant to the estimation of expected credit losses.

Credit-impaired financial assets

A financial asset or a group of financial assets is deemed to be impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

In the case of financial assets carried at amortised cost, loss events may include: significant financial difficulty of the borrower; breach of contract, such as default or past due event; granting of concessions to a borrower due to the borrower's financial difficulty which the Credit Union would not otherwise consider; indications that it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Financial assets are assessed for indicators of impairment at the end of each reporting period. The amount of the impairment loss is measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Any adjustment is recognised as an impairment gain or loss.

The amount of any loss is recognised as part of the provision for expected credit losses.

3. Material accounting policies (continued)

(a) Financial instruments (continued)

Write-off of financial instruments

Financial assets are written off where there is no reasonable expectation of recovering the entirety or a portion of the gross carrying amount of a financial asset. The Credit Union generally determines that there is no reasonable expectation of recovery where the counterparty no longer has sufficient assets or cash flows to repay any further amounts, and collateral and guarantees held by the Credit Union to secure the exposure have been exhausted.

Recovery of amounts previously written off (for example, due to continuing enforcement activity) reduce any loan impairment expense recognised for the reporting period.

Collateral and other credit enhancements

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Credit Union. The Credit Union has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Credit Union's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The maximum credit exposure does not take into account the value of any collateral or other security held in the event other entities/parties fail to perform their obligations under the financial instruments in question. The value of collateral held against individual exposures is generally only assessed at the time of borrowing or when a specific review of that exposure is undertaken in accordance with policy.

The Credit Union holds collateral against loans and advances to members in the form of mortgage interests over real property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

(b) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated depreciation rate for the current and comparative years are as follows:

	2024	2023
• fixtures and fittings	10%	15%
• office machines and furniture	10%	10%
• motor vehicles	25%	25%

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

3. Material accounting policies (continued)

(c) Intangible assets

Software, website and VISA license costs are recognised at cost less amortisation and impairment losses (refer to note 3(e)).

Amortisation is calculated to allocate the cost of intangible assets less their estimated residual value using the straight line method over their effective useful lives and is generally recognised in profit or loss.

The estimated amortisation rate for the current and comparative years are as follows:

	2024	2023
• Software	33%	33%
• Website	33%	33%
• VISA License	20%	20%

(d) Leases

The Credit Union recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured using the lease payments that are not paid at the commencement date.

(f) Employee benefits

(i) Long service leave

The Credit Union's net obligation in respect of long service leave is the amount of future benefits that employees have earned in return for their service in the current and prior years. The obligation is calculated using expected future increases in wage and salary rates including the related on-costs. The benefit is discounted to determine its present value.

The discount rate is the yield at the reporting date on Australian high quality corporate bonds that have maturity dates approximating the terms of the Credit Union's obligations.

(ii) Wages, salaries, and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent the present obligation resulting from employees' service provided to reporting date. For annual leave expected to be settled within 12 months, the provision is calculated at undiscounted amounts based on remuneration wage and salary rates that the Credit Union expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. For annual leave not expected to be settled within 12 months, the provision is calculated based on expected future wage increases including related on costs at expected settlement dates based on historical usage dates and is discounted to its present value.

(iii) Superannuation

The Credit Union contributes to defined contribution superannuation funds. The Credit Union has no legal or constructive obligation to fund any shortfall in the fund's assets to meet payments due to employees. Employer contributions are based on various percentages of employees' gross salaries. Obligations for contributions are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income when they are due.

3. Material accounting policies (continued)

(g) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Credit Union and that revenue can be reliably measured. The principal sources of revenue are interest income, fees and commissions.

(i) Interest revenue

Interest income from loans and advances is recognised as it accrues using the effective interest rate method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts through the expected life of the loan or advance or, when appropriate, a shorter period, to the gross carrying amount of the loan or advance.

(ii) Dividend income

Dividend income is recognised when the right to receive the dividend has been established, which in the case of unlisted securities is when the dividend is declared.

(iii) Commissions

Insurance fees and commissions are earned by the Credit Union for acting in the capacity as an agent and referring insurance policies on to the relevant providers. The Credit Union's contracted performance obligations is limited to initial referrals.

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(iv) Loan, access and other fee income

For the fees to which AASB 15 applies, the Credit Union has assessed that the performance obligations are satisfied either over time or at a point in time. This income will continue to be recognised either at the point it is received or over the periods in which the services are provided.

Loan fee income is an integral part of the EIR of the loan and as such is recognised over the expected life of the loan. Performance obligations related to access fee income are completed at a point in time when a transaction takes place.

Access fee income is recognised when the performance obligation has been completed.

Performance obligations related to other fee income, predominately service related, are completed over time. Other fee income is recognised over the period that the service is provided.

(h) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Material accounting policies (continued)

(i) Goods and services tax

As a financial institution, the Credit Union is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

(j) Adoption of new a revised accounting standards

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

The Credit Union has adopted the amendments to AASB101 *Presentation of Financial Statements* which require only the disclosure of material accounting policy information rather than significant account policies and therefore policy information which does not satisfy one of the following requirements has been removed from these financial statements:

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

(k) New Standards and interpretations not yet adopted.

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

	2024 $'000	2023 $'000

4. Interest revenue & expense

	2024 $'000	2023 $'000
Interest revenue		
Interest on loans	3,331	2,153
Interest on investments	1,371	1,092
	4,702	3,245

	2024 $'000	2023 $'000
Interest expense		
Member deposits	2,100	830
Lease liabilities	4	2
	2,104	832

5. Other revenue

	2024 $'000	2023 $'000
Dividends	-	1
Member fee revenue	97	82
Commissions	211	198
Sale of Motor Vehicle	-	10
Grant income	2	7
	310	298

6. Personnel expenses

	2024 $'000	2023 $'000
Wages and salaries	857	632
Superannuation expenses	118	88
Increase in provision for employee benefits	22	37
	997	757

7. Other expenses

	2024 $'000	2023 $'000
Depreciation and amortisation	110	90
Computer system related expenses	532	421
Marketing expenses	34	22
Distribution expenses	424	400
Administration expenses	162	178
Professional fee expenses	155	161
Impairment	6	6
Other Expenses	140	84
	1,562	1,361

8. Income tax expense

	2024 $'000	2023 $'000
Current tax expense		
Current year	125	156
Over provision of previous year	(2)	(2)
	123	154
Deferred tax expense		
Origination and reversal of temporary differences	(10)	13
Over provision of previous year	-	(22)
Total income tax expense	113	145

Numerical reconciliation between tax expense and pre-tax accounting profit

Profit before tax	349	593
Income tax using the Credit Union's statutory income tax rate of 25% (2023: 25%)	87	148
Tax effect on permanent differences:		
Add:		
Non-deductible expenses	28	-
Less:		
Over provision of previous year	(2)	(2)
Other differences in tax treatment	-	(1)
	113	145

For income tax purposes, Credit Unions are classified into 3 categories. Credit Unions with a notional taxable income of $150,000 and over are taxed at 25%. On this basis, for the year ended 30 June 2024, the Credit Union's taxable income is taxed at 25%.

9. Lease Liability

Current		
Not later than 1 years	24	22
Non-current		
Later than 1 year	-	24

Extension options

The Credit Union includes options in leases to provide flexibility and certainty to the Credit Union's operations. The extensions are at the Credit Union's discretion. At commencement date and each subsequent reporting date, the Credit Union assess where it is reasonably certain that the extension options will be exercised.

As at 30 June 2024, there are $nil in potential future lease payments which are not included in lease liabilities as the Credit Union has no extension options.

9. Lease Liability (continued)

Income statement

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

	2024 $'000	2023 $'000
Interest expense on lease liabilities	4	2
Statement of cash flows		
Total cash outflow for leases	24	24

Exemptions applied

The Credit Union has applied the exemptions relating to short-term leases and leases of low-value assets. As at 30 June 2024, the Credit Union is not committed to any short-term leases (2023: Nil).

Key assumptions used in calculations

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

Assessment of lease term – as discussed above, this includes consideration of extension options by lease basis.
Determination of the appropriate rate to discount the leases in not known. The Credit Union's assessed incremental borrowing rate was determined based on consideration of reference rates for commercial lending, lease term and a lease specific adjustment considering the secured borrowing' element of the lease.

10. Cash and cash equivalents

	2024 $'000	2023 $'000
Bank balances	2,081	2,858
Cash deposits	4,591	3,591
Teller cash	56	41
Cash and cash equivalents in the statement of cash flows	6,728	6,490

The Credit Union's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 21.

Reconciliation of cash flows from operating activities

	2024 $'000	2023 $'000
Cash flows from operating activities		
Profit for the year	236	448
Adjustments for depreciation and amortisation	110	85
Provision for impairment	6	6
Loss on disposal of asset	-	8
Provision for employee benefits	28	40
Changes in assets and liabilities		
(Increase) / decrease in other assets	105	11
(Increase) / decrease in deferred tax asset	(10)	(14)
Increase / (decrease) in income tax payable	(25)	71
Increase / (decrease) in trade and other payables	193	283
Net cash from revenue activities	643	938
Add / (deduct) non-revenue operations		
(Increase) / decrease in loans and advances	(9,216)	(9,525)
Increase / (decrease) in deposits	8,816	(2,686)
Net cash from / (used in) operating activities	243	(11,273)

Bank overdraft facility
The Credit Union has access to an overdraft facility provided by Cuscal Limited ('Cuscal') to the extent of $500,000 (2023: $500,000) and incurs an interest rate of 8.10% (2023: 4.60%). This overdraft facility is secured by a separate security deposit with Cuscal for $500,000. As at 30 June 2024, this facility was unused (2023: facility unused).

11. Investment receivables

	2024 $'000	2023 $'000
Interest due from investments	249	175
	249	175

12. Loans and advances

	2024 $'000	2023 $'000
Overdrafts (including lines of credit)	781	698
Term loans (excluding lines of credit)	61,394	52,261
Gross loans and advances	62,175	52,959
Provision for impairment	(92)	(86)
Net loans and advances	62,083	52,873
(a) Loans by purpose		
Residential loans	58,820	50,676
Personal loans	3,355	2,283
	62,175	52,959
(b) Loans by security		
Secured by mortgage	58,820	50,676
Unsecured	3,355	2,283
	62,175	52,959
(c) Loans by interest rate type		
Variable rate loans	62,175	52,959
	62,175	52,959
(d) Loans by geographical location		
South Australia	61,372	52,580
Interstate	803	378
	62,175	52,959
(e) There are no non-accrual loans where interest has been suspended	-	-
(f) Balance of loans outstanding greater than 90 days on which interest is being charged (2024: No loan - 2023: No loan)	-	-
(g) The Statement of Financial Position does not take into account unused overdraft limits.	1,263	1,231

(h) Concentration of loans

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

	2024 $'000	2023 $'000
South Australia	61,372	52,580
Aggregate value of individual loans which exceed 10% of Total Members Funds in aggregate	6,013	7,851

12. Loans and advances (continued)

	2024 $'000	2023 $'000
(i) Concentration of loans (continued)		
Number of such loans	9	12
(j) Impairment of loans and advances		
Total provision comprises of:		
Expected credit loss allowance	92	86
	92	86

Reconciliation of allowance for impairment

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

2024	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Movement category				
Balance as at 1 July 2024	86	-	-	86
Movement due to increase in loans & advances	6	-	-	6
Movement due to change in credit risk	-	-	-	-
Bad debts written off from provision	-	-	-	-
Changes in model / risk parameters	-	-	-	-
Total	**92**		-	**92**

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

2023	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Movement category				
Balance as at 1 July 2023	80	-	-	80
Movement due to increase in loans & advances	6	-	-	-
Movement due to change in credit risk	-	-	-	-
Bad debts written off from provision	-	-	-	-
Changes in model / risk parameters	-	-	-	6
Total	**86**	-	-	**86**

13. Investments

	2024 $'000	2023 $'000
Interest earning deposits	27,042	27,119
Shares in unlisted companies		
- Other	20	20
	27,062	27,139

The Credit Union has elected to measure the investments in equity instruments at Fair value through other comprehensive income. The investment in equity instruments do not have a quoted market price in an active market and the Credit Union establishes fair value by using recent arm's length transactions. Investment securities are classified as level 3 in the fair value hierarchy.

The Credit Union's exposure to credit and interest rate risks related to other investments is disclosed in note 21.

14. Plant and equipment

	Right-of-use asset	Motor Vehicles	Office machines & furniture	Fixtures & fittings	Total
	$'000	$'000	$'000	$'000	$'000
Cost or deemed cost					
Balance at 1 July 2022	147	41	49	191	429
Disposals	-	(41)	-	-	(41)
Additions	73	52	-	-	125
Balance at 30 June 2023	220	52	49	191	512
Balance at 1 July 2023	220	52	49	191	512
Disposal	-	-	-	-	-
Additions	-	55	3	-	58
Balance at 30 June 2024	220	106	52	191	570
Depreciation and impairment losses					
Balance at 1 July 2022	147	34	49	137	357
Depreciation	24	4	-	7	35
Disposals	-	(34)	-	-	(34)
Balance at 30 June 2023	171	4	49	134	358
Balance at 1 July 2023	171	4	49	134	358
Depreciation	24	27	3	6	60
Disposal	-	-	-	-	-
Balance at 30 June 2024	195	31	52	140	418
Carrying amounts					
At 1 July 2022	-	7	-	64	72
At 30 June 2023	49	48	-	57	154
At 1 July 2023	49	48	-	57	154
At 30 June 2024	25	76	-	51	152

15. Intangible assets

	Software $'000	Website $'000	VISA License $'000	Total $'000
Cost				
Balance at 1 July 2022	222	6	76	304
Disposal	-	-	-	-
Addition	-	-	-	-
Balance at 30 June 2023	222	6	76	304
Balance at 1 July 2023	222	6	76	304
Disposal	(16)	-	-	(16)
Addition	-	-	-	-
Balance at 30 June 2024	206	6	76	288
Amortisation and impairment losses				
Balance at 1 July 2022	126	2	76	204
Amortisation for the year	48	2	-	50
Balance at 30 June 2023	174	4	76	254
Balance at 1 July 2023	174	4	76	254
Amortisation for the year	48	2	-	50
Disposal	(16)	-	-	(16)
Balance at 30 June 2024	206	6	76	288
Carrying amounts				
At 1 July 2022	96	4	-	100
At 30 June 2023	48	2	-	50
At 1 July 2023	48	2	-	50
At 30 June 2024	-	-	-	-

	2024 $'000	2023 $'000

16. Deferred tax asset/liability

Deferred tax assets comprise:

	2024 $'000	2023 $'000
Employee benefits	67	60
Provision for doubtful debts	23	22
Property, plant and intangibles	(32)	(39)
Trade and other payables	6	-
Other assets	(4)	-
Lease liability	-	7
	60	50

17. Members' deposits

	2024 $'000	2023 $'000
Call deposits	60,346	57,938
Term deposits	29,208	22,800
Members shares	36	35
	89,590	80,774

Deposits by geographical locations

	2024 $'000	2023 $'000
South Australia	86,213	77,341
Interstate	3,277	3,245
Overseas	100	187
	89,590	80,774

Concentration of deposits

There are no members' deposits comprising major concentration of more than 10% of total liabilities. Due to the nature of the Credit Union's membership base there is significant concentration of deposits held by members of the South Australian Emergency Services.

18. Trade and other payables

	2024 $'000	2023 $'000
Accrued expenses	130	140
Corporate cheques	32	-
	162	140

19. Employee benefits

Current

	2024 $'000	2023 $'000
Liability for annual leave	129	96
Liability for long service leave	124	143
Total employee benefits – current	253	239

Non-Current

	2024 $'000	2023 $'000
Liability for long service leave	15	5
Total employee benefits – non-current	15	5
Total employee benefits	**268**	**244**

20. Reserves

	2024 $'000	2023 $'000
Redeemed preference share reserve		
Opening balance	31	31
Transfer from retained earnings	1	-
Closing balance	32	31

Under the *Corporations Act 2001*, redeemable preference shares (members' $10 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 therefore transferred the value of the member shares redeemed since 1st July 1999 (the date that the *Corporations Act 2001* applied to the Credit Union), by transferring the value of those shares from retained earnings to the redeemed preference share capital account.

	2024 $'000	2023 $'000
General reserve for credit losses		
Opening balance	-	68
Transfer (to) from retained earnings	-	(68)
Closing balance	-	-

The general reserve for credit losses contained an additional allowance for impairment losses. The prudential requirement (*effective 1st January 2022)* for the reserve was replaced with the need to hold adequate provisions in accordance with Australian Accounting Standards. It was determined that the expected credit loss (ECL) amount was sufficient. As a result the balance of the Reserve was transferred to retained earnings during the 2023 financial year.

21. Financial risk management and financial instruments

Overview

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

- credit risk;
- liquidity risk;
- interest rate risk; and
- operational risk.

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Our approach to risk management is built on formal governance processes and relies on individual responsibility and reporting.

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

Credit risk

Credit risk is the risk of financial loss to the Credit Union if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Management of credit risk

In relation to loans and advances, the Credit Union has clearly defined credit policies for the approval and management of credit risk. Current credit risk policies incorporate an assessment of a counterparty's repayment capacity and security and specifies acceptable terms and conditions for all types of loan products.

Secured residential loans have a maximum loan-to-security valuation ratio of 80% unless mortgage protection insurance is purchased by the counterparty. Consumer and revolving credit is generally unsecured.

A proactive approach to the identification and control of loan impairment is maintained on a weekly basis and reported to the Board monthly.

Lending policies and limits are reviewed and approved annually by the Board. The Board ensures that any exposures to credit risk, and significant changes in policy remain within the overall risk exposure levels as agreed by the Board.

The Credit Union limits its exposure on its investments by only investing in funds with authorised deposit taking institutions (ADIs) which are regulated by APRA. All High Quality Liquid Asset investments are held with institutions with a BBB- or higher credit rating. Some non-High Quality Liquid Asset (HQLA) are held with unrated ADIs.

APRA has also enforced concentration limits upon the Credit Union in respect of its lending and investment activities under the terms of the Credit Union's financial services licence.

Credit risk exposure

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets as presented in the statement of financial position, plus loans approved but not yet advanced and undrawn overdraft facilities.

21. Financial risk management and financial instruments (continued)

The table below shows the gross credit risk exposures to which the expected credit losses model is applied, grouped by financial asset type and credit risk rating grade. Loans and advances are internally rated based on a variety of factors, including past events, current conditions and forward-looking information at both an individual counterparty level and a collective and macroeconomic level. Debt securities are externally rated in accordance with credit rating grades provided by rating agencies.

2024	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL Not credit impaired $'000	Stage 3 Lifetime ECL Credit impaired $'000	Total $'000
Loans – Firefighters & other				
Low risk	62,175	-	-	62,175
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	**62,175**	**-**	**-**	**62,175**
Investments				
AAA to AA-	13,584	-	-	13,584
A+ to A-	2,390	-	-	2,390
BBB+ to BBB-	4,458	-	-	4,458
Not rated	8,500	-	-	8,500
Total	**28,932**	**-**	**-**	**28,932**

2023	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL Not credit impaired $'000	Stage 3 Lifetime ECL Credit impaired $'000	Total $'000
Loans – Firefighters & other				
Low risk	52,959	-	-	52,959
Moderate risk	-	-	-	-
Higher risk	-	-	-	-
Total	**52,959**	**-**	**-**	**52,959**
Investments				
AAA to AA-	18,581	-	-	18,581
A+ to A-	5,452	-	-	5,452
BBB+ to BBB-	1,989	-	-	1,989
Not rated	7,550	-	-	7,550
Total	**33,572**	**-**	**-**	**33,572**

21. Financial risk management and financial instruments (continued)

Exposure to credit risk

The carrying amount of the Credit Union's financial assets represents the maximum credit exposure. The Credit Union's maximum exposure to credit risk at the reporting date was:

	Note	2024 $'000	2023 $'000
Investments – interest earning deposits	13	27,042	27,119
Loans and receivables	12	62,175	52,959
Cash and cash equivalents	10	6,728	6,490
		95,945	**86,568**

Impairment losses

The ageing of the Credit Union's loans and advances at the reporting date was:

	2024	2023
Not past due	62,174	52,951
Past due 0 – 30 days	1	8
Past due above 30 days	-	-
	62,175	**52,959**

During 2024 the Credit Union wrote off loans totalling $nil (2023: $nil).

"Non-accrual loans" are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful and there is insufficient security. Unsecured loans are treated as non-accrual once they are 180 days in arrears. The category also includes any credit risk facility for which a specific provision for impairment has been raised.

"Restructured loans" arise when the borrower is granted a concession due to continuing difficulties in meeting the original terms, and the revised terms are not comparable to new facilities. Loans with revised terms are included in non-accrual loans when impairment provisions are required or the collection and recovery of all interest and principal is considered to be reasonably doubtful. There were no restructured loans as at 30 June 2024 (2023: nil).

"Assets acquired through the enforcement of security" are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements. The recoverable value of such assets form part of the net value of loans and advances.

"Past due loans" are loans which the member fails to make a payment when it is contractually due. Full recovery of both principal and interest is expected. If an impairment provision is required or the collection and recovery of all interest and principal is considered to be reasonably doubtful, the loan is included in non-accrual loans.

There was no impairment loss recognised with respect to investments during the year (2023: nil).

21. Financial risk management and financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Credit Union will not be able to meet its financial obligations as and when they fall due. The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation.

The Credit Union ensures that obligations are met day to day in normal market conditions at the lowest costs. Protection against an unexpected outflow of funds is provided for within the liquidity management process and from a stock of High Quality Liquid Assets (HQLA)

The liquidity shortfall could be caused by many factors including:

- The withdrawal of customer deposits; and
- The drawdown of members' borrowings and growth of non-liquid assets.

Management of liquidity risk

Liquidity risk management within the Credit Union considers both the overall Statement of Financial Position and the projected daily liquidity requirements, measuring the combined effects of assets and liability maturity mismatches and the undrawn commitments. It considers the time periods over which the liquidity demands are most strong and financial markets. The Credit Union has a policy to maintain a liquidity ratio of 16.25% (2023: 16%). The day to day management of liquidity is the responsibility of the management of the Credit Union, and reporting is undertaken weekly to the management and is reported monthly to the Board.

Liquidity policy is approved by the Board and is always in excess of the regulatory guidelines. "APRA requires the Credit Union to maintain a minimum holding of 9% of its liabilities in specified high quality liquid assets at all times".

	2024	2023
Liquidity	24.70%	28.05%

	Note	Carrying amount $'000	Contractual cash flows $'000	12 months or less $'000	1-5 years $'000	More than 5 years $'000	At Call Deposits $'000
30 June 2024							
Non-derivative financial liabilities							
Members' deposits	17	89,590	89,590	29,200	8	-	60,382
Trade & other payables	18	162	162	162	-	-	-
Lease liability	9	24	24	24	-	-	-
		89,776	89,776	29,386	8	-	60,382
30 June 2023							
Non-derivative financial liabilities							
Members' deposits	17	80,774	80,774	22,793	7	-	57,973
Trade and other payables	18	140	140	40	-	-	-
Lease liability	9	50	48	24	24	-	-
		80,963	80,961	22,957	31	-	57,973

21. Financial risk management and financial instruments (continued)

Market risk management

Market risk is the risk of exposure to changes to financial prices affecting the value of positions held by the Credit Union as part of normal trading activities. As the Credit Union does not deal in foreign exchange contracts or commodities, market risk consists solely of interest rate risk.

Interest rate risk management

The management of net interest rate risk is primarily through monitoring the sensitivity of the Credit Union's financial assets and liabilities to standard and non-standard interest rates offered on loans and deposits.

Profile of interest rate risk

At the reporting date the interest rate profile of the Credit Union's interest-bearing financial instruments was:

	Note	2024 $'000	2023 $'000
Fixed rate instruments			
Financial assets		15,442	13,022
Financial liabilities	17	29,208	22,800
Variable rate instruments			
Financial assets		80,447	73,508
Financial liabilities	17	60,382	57,973

A change of 1% in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below.

	Profit or loss		Equity	
	1% Increase $'000	1% Decrease $'000	1% Increase $'000	1% Decrease $'000
30 June 2024				
Financial assets	804	(804)	804	(804)
Financial liabilities	(604)	604	(604)	604
	200	(200)	200	(200)
30 June 2023				
Financial assets	735	(735)	35	(735)
Financial liabilities	(579)	579	(79)	79
	156	(156)	156	(156)

21. Financial risk management and financial instruments (continued)

Operational risk

Operational risk is the potential risk of financial loss or impairment to reputation resulting from inadequate or failed internal processes and systems, from the actions of people or from external events.

Major sources of operational risk include:

- outsourcing of operations;
- key person risk;
- dependence on key suppliers;
- IT security;
- internal and external fraud;
- implementation of strategy change;
- regulatory non-compliance; and
- process errors and external threats such as the loss of a critical site.

The Credit Union's Chief Executive Officer manages this risk through implementing appropriate controls and loss mitigation actions including insurance. These actions include a balance of policies, procedures and internal controls to ensure compliance with laws and regulations. Risk and control assurance is facilitated by the Chief Executive Officer and reported quarterly to the Board Audit Committee and on an annual basis to the Board.

The Credit Union has a Business Continuity Plan and a process in place to recognise, assess, and report risk if needed.

Capital adequacy

The primary objectives of the Credit Union's capital management are to ensure that the Credit Union complies with externally imposed capital requirements, maintains capital ratios to support the business and to cover risks inherent to its activities.

The management of 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.

Effective management of capital risk involves the maintenance of adequate levels of capital. This means having a level suitable for the activities it undertakes.

The Board has a duty to ensure that the Credit Union maintains an appropriate level and quality of capital commensurate with the level and extent of risks to which the Credit Union is exposed from its activities. It does have an Internal Capital Adequacy Assessment Process (ICAAP) and capital management plan.

The Credit Union's capital will have the following characteristics:

(a) provide a permanent and unrestricted commitment of funds;

(b) be freely available to absorb losses;

(c) not impose any unavoidable servicing charge against earnings; and

(d) rank behind the claims of depositors and other creditors in the event of winding up.

21. Financial risk management and financial instruments (continued)

Capital adequacy (continued)

For capital adequacy purposes the Credit Union's capital is assessed in two tiers:

(a) Tier 1 capital comprises the highest quality component of capital that fully satisfies all the essential characteristics as above.

(b) Tier 2 capital includes other elements which to varying degrees, fall short of the quality of Tier 1 capital but none the less contribute to the overall strength of the Credit Union as a going concern.

The Credit Union's capital base (the numerator of the capital ratio) is defined as the sum of eligible Tier 1 capital and Tier 2 capital net of all specified deductions and amortisation, subject to the limits that apply under APS 110.

In accordance with ARS 210.0, the Credit Union is required to required to revalue its debt securities portfolio to reflect current liquid market values and any reduction in value from the reported value is to be deducted by Common Equity Tier 1 Capital.

The Credit Union has complied with APRA requirements.

The capital management position is set out by the Board annually and reported monthly.

The Credit Union's capital position as at 30 June 2024 was as follows:

	2024 %	2023 %
Capital Adequacy Ratio	19.29%	19.83%

Capital	2024 $'000	2023 $'000
Retained earnings	6,078	5,843
Reserves	32	31
Common Equity Tier 1 Capital	**6,110**	**5,874**
Deferred tax assets	(60)	(50)
Intangible assets	-	(50)
Investments in banking and financial entities	(20)	(20)
Unrealised potential loss	(161)	-
Regulatory Adjustment to Common Equity Tier 1 Capital	**(241)**	**(120)**
Tier 1 Capital	**5,869**	**5,754**
Tier 2 Capital	-	-
Total Capital	**5,869**	**5,754**

21. Financial risk management and financial instruments (continued)

Repricing analysis

The Credit Union's repricing analysis as at 30 June 2024 was as follows:

	Balance Sheet Total	Floating interest rate	0-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2024							
Assets							
Cash and cash equivalents	6,728	6,672	-	-	-	-	56
Interest earning deposits	27,062	11,620	13,958	1,484	-	-	-
Investment receivables	249	-	-	-	-	-	249
Loans and advances	62,175	62,175	-	-	-	-	-
Other investments	20	-	-	-	-	-	20
	96,234	80,467	13,958	1,484	-	-	325
Liabilities							
Member deposits	89,590	60,346	9,656	19,544	8	-	36
Other liabilities	370	-	-	-	-	-	370
	80,960	60,346	9,656	19,544	8	-	406
2023							
Assets							
Cash and cash equivalents	6,490	6,449	-	-	-	-	41
Interest earning deposits	27,119	14,096	8,539	1,000	3,484	-	-
Investment receivables	175	-	-	-	-	-	175
Loans and advances	52,959	52,959	-	-	-	-	-
Other investments	20	-	-	-	-	-	20
	88,763	73,504	8,539	1,000	3,484	-	236
Liabilities							
Member deposits	80,773	57,938	7,463	15,330	7	-	35
Other liabilities	140	-	-	-	-	-	140
	80,913	57,938	7,463	15,330	7	-	175

21. Financial risk management and financial instruments (continued)

Fair values

The following methods and assumptions are used to determine the fair values of financial assets and liabilities based on the assumptions in the summary of material accounting policies at Note 3.

The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities (the Credit Union has no such financial instruments)
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy applied to each category of financial asset and liability is noted below.

The carrying amount of financial assets and financial liabilities are reasonable approximation of their fair value.

The net fair value estimates were determined by the following methodologies and assumptions:

(i) Cash and cash equivalents (Level 1)

The carrying values of cash and cash equivalents approximate their net fair value as they are either physically held as cash or they are short term in nature or are receivable on demand.

(ii) Receivables and other assets and investment receivables (Level 2)

The carrying values of trade debtors and other receivables is estimated to approximate fair value.

(iii) Loans and advances (Level 3)

The carrying value of loans, advances and other receivables is net of specific provisions for impairment and interest/fees reserved.

For variable rate loans, excluding impaired loans, the carrying amount is a reasonable estimate of net fair value.

(iv) Investments – interest earning deposits (Level 2)

The carrying values of interest earning deposits have been deemed to be representative of net fair value. The assets will either be held to maturity, cannot be redeemed, or are not interest rate sensitive.

(v) Investments – shares in unlisted companies (Level 3)

Equity investments are not held for trading and the Credit Union has irrevocably elected to designate at fair value through other comprehensive income. Fair value has been measured via reference to recent market transaction prices where available, and where not available a range of high level values were determined using various valuation methodologies based on underlying cash flow assumptions for these entities.

vi) Member deposits (Level 2)

The net fair value, which includes the value of non-interest-bearing, call and variable rate deposits repricing within 12 months. The carrying value as at balance date approximates their net fair value as they are either physically held as cash or they are short term in nature or are receivable on demand.

(vii) All other financial liabilities (Level 2)

The carrying value of financial liabilities has been deemed to be representative of their net fair market value.

21. Financial risk management and financial instruments (continued)

Financial instruments not measured at fair value	Note	30 June 2024 Carrying amount $'000	Fair values $'000	Fair value hierarchy $
Financial assets				
Cash and cash equivalents	10	6,728	6,728	Level 1
Receivables and other assets	18	162	162	Level 2
Investment receivables	11	249	249	Level 2
Loans and advances	12	62,083	62,083	Level 3
Investments	13	27,062	27,062	Level 2
Total financial assets		**96,284**	**96,2840**	
Financial liabilities				
Members' deposits	17	89,590	89,590	Level 2
Trade and other payables	18	162	162	Level 2
Total financial liabilities		**89,752**	**89,752**	

Financial instruments not measured at fair value	Note	30 June 2023 Carrying amount $	Fair values $	Fair value hierarchy $
Financial assets				
Cash and cash equivalents	10	6,490	6,490	Level 1
Receivables and other assets		83	83	Level 2
Investment receivables	11	75	174	Level 2
Loans and advances	12	52,873	52,873	Level 3
Investments	13	27,139	27,137	Level 2
Total financial assets		**86,757**	**86,757**	
Financial liabilities				
Members' deposits	17	80,774	80,773	Level 2
Trade and other payables	18	140	140	Level 2
Total financial liabilities		**80,913**	**80,913**	

22. Capital and other commitments

Capital expenditure commitments

The Credit Union has no capital expenditure commitments at 30 June 2024 (2023: nil).

	2024 $'000	2023 $'000
Loans pending settlement		
Loans approved yet to be disbursed	967	1,490

Commitments to expenditure on banking system

The Credit Union signed a 5 year contract in 2010 with Data Action for the provision of computer bureau services and computer support. The contract includes a clause agreeing to annual increase of the greater of a 3%p.a. or CPI. This contract continues on a rolling basis with twelve months' notice.

Based on the most recent financial information provided by Data Action, the bureau fees are likely to be:

	2024 $'000	2023 $'000
Within one year	333	321
One year or later and no later than 2 years	-	-
Later than 2 years	-	-
	333	321

23. Contingencies

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below, as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

Credit Union Financial Support System (CUFSS)

With effect from 1 July 1999, the Credit Union is a party to an Industry Support Contract (ISC) administered by CUFSS Limited. The ISC is certified by APRA under Section 11CB of the Banking Act 1959 (Cth) and is a voluntary financial support scheme whose members are Credit Unions, Mutual Banks and Cuscal Limited. CUFSS is a company limited by guarantee, each member's guarantee being $100.

As a member of CUFSS, the Credit Union:

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

No such direction has, at balance date, been given to the Credit Union.

24. Related parties

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any Director of the Credit Union.

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

Mr P Fletcher – Chair	Mr A Waller – Director
Mr A Karapetian – Director	Mr R McKeon – Director (appointed January 2024)
Mr E Holzbauer – Director	Mrs T Ireland – Chief Executive Officer/ Company Secretary
Mr J Swann – Deputy Chair	Ms J Driscoll – Chief Financial Officer
Mr G Northcott – Director (resigned February 2024)	Mrs K Plunkett – Risk & Compliance Manager
Ms E Lew - Director	Mr C Deery – Chief Operating Officer
Mr N Johnson – Director	

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 6) are as follows:

	2024 $	2023 $
Short-term employee benefits	441,494	298,098
Post-employee benefits	62,538	44,983
Long service leave	14,474	16,365
	518,506	359,446

Loans to key management personnel

The following loan facilities were conducted by key management personnel at normal member rates during the year:

Principal and interest loans	976,324	1,039,126
Lines of credit	4,552	16,620
Balance outstanding	980,876	1,055,746

The aggregate amount of loans made during the year were:

Principal and interest loans	176,843	1,044,284
Lines of credit	3,375	30,790
	180,218	1,075,074

The aggregate amount of loans made during the year includes amount redrawn from existing loans.

The aggregate amount of loan repayments received this year were:

Principal and interest loans	289,021	611,976
Lines of credit	16,008	19,424
	305,029	631,400

Interest charges made during the year were:

Principal and interest loans	49,375	35,570
Lines of credit	565	623
	49,940	36,193

The key management personnel of the Credit Union and their families conduct loans, savings and investments with the Credit Union at normal member rates and conditions. No conditions were breached during the financial year.

24. Related Parties (continued)

Other key management personnel transactions with the Credit Union

Apart from the details disclosed above, no key management personnel have entered into a material contract with the Credit Union since the end of the previous financial year and there were no material contracts involving Directors' interests existing at the year end.

Each Director holds one share in the Credit Union in their capacity as a member.

25. Dividend franking account

The Credit Union has generated franking credits from the payment of income tax since the 1996 financial year. The total of franking credits adjusted for credits which will arise from the payment of income tax provided for in the financial statements is $1,937,654 (2023: $1,937,380).

However, the ability of the Credit Union to utilise these credits is restricted by the rules of the Credit Union, which do not permit the Credit Union to pay dividends. The Credit Union is prevented from distributing the balance of the franking credits.

26. Auditor's remuneration

	2024 $	2023 $
Audit services		
Auditors of the Company		
Crowe Audit Australia		
Audit of financial report and other assurance services	58,400	54,200
Other regulatory audit services	26,700	10,500
	85,100	64,700
Crowe Audit Australia		
Taxation services	2,900	2,650
	2,900	2,650

27. Subsequent Events

There have been no events subsequent to reporting date which would have a material impact on the Credit Union's 30 June 2024 financial statements.

Directors' declaration

In the opinion of the directors of Fire Service Credit Union Ltd ('the Credit Union'):

(a) the financial statements and accompanying notes, are in accordance with the *Corporations Act 2001*, including:

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

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

  (iii) the financial report also complies with International Financial Reporting Standards as disclosed in note 2;

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

(d) the consolidated entity disclosure statement on page 14 is true and correct.

Signed in accordance with a resolution of directors.

Mr Jeffrey Swann, Chief Officer SAMFS, MBA
Deputy Chair

Dated at Adelaide this 26th September 2024

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Fire Service Credit Union Ltd

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

Opinion

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

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

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

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

Basis for Opinion

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Crowe

CROWE AUDIT AUSTRALIA

BRADLEY D BOHUN
Partner

26th September 2024
Albury