CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2024

CENTRAL WEST Credit Union
Your local banking partner

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

Registered Office:
269 Clarinda Street
Parkes NSW 2870

Website: www.cwcu.com.au

Company Secretary:
Brett Hartin

Management:
Brett Hartin – General Manager
Ron Hetherington – Assistant General Manager

Auditor:
Intentus Chartered Accountants

Internal Auditor:
DBP Consulting Pty Ltd

Solicitors:
RMB Matthews Williams Lawyers
Daniels Bengtsson Pty Ltd

Bankers:
CUSCAL Limited

Australian Financial Services License Number: 245415
Australian Credit Licence: 245415

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ABN 67 087 649 885
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CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

DIRECTORS' REPORT

Your Directors submit the financial report of the Credit Union for the year ended 30 June 2024.

DIRECTORS

The names of the Directors in office at the date of this report, or who held office during the course of the financial year, are:

Graeme Mark Dean
Lara Ann Dwyer
Amity Jane Howe
Susanna Maree Harwood
Luke Myles Nash
Benjamin Luke Adams
Robert Frederick Staples (Retired 15th November 2023)

Unless otherwise stated, the Directors have been in office since the start of the 2024 financial year to the date of this report.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Mr Brett Hartin – Diploma of Financial Services. Mr Hartin has been the General Manager and Company Secretary of Central West Credit Union Limited since 1996. He has 35 years' experience at management level in financial institutions including 32 years at Central West Credit Union Limited.

PRINCIPAL BUSINESS ACTIVITIES

The principal business activities of the Credit Union during the year were the provision of financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the Constitution. There were no significant changes in the nature of the Credit Union's activities during the year.

OPERATING RESULTS

The amount of profit of the Credit Union for the financial year after providing for income tax was $2,101,000 (2023: $1,584,000).

DIRECTORS' REPORT
(continued)

REVIEW OF OPERATIONS

The Statement of Financial Position shows that the Credit Union's total assets increased by $22,322,000 (8.84%) during the year ended 30 June 2024. This increase is primarily the result of an increase in member deposits resulting in increased liquid assets of $23,976,000 and a decrease in loans to members of $1,621,000.

The Statement of Comprehensive Income for the year ended 30 June 2024 records a profit from ordinary activities after income tax of $2,101,000. This represents an increase of $517,000 (32%) from the previous year. This result is primarily a result of four unrelated matters:

- Increase in Net Interest Income +$1,037,000
- Increase in Marketing -$181,000
- Increase in Employee compensation and benefits -$170,000 and
- Increase in taxation expense -$169,000.

The net profit for the year ended 30 June 2024 of $2,101,000 continues to provide the Credit Union with sufficient reserves, necessary to enable the Credit Union to grow, absorb sudden changes in its business structure and to maintain adequate funds to satisfy statutory requirements as prescribed by the Australian Prudential Regulatory Authority (APRA).

REGULATORY DISCLOSURES

Central West Credit Union has revised its Capital Calculation methodology based on the new APRA Prudential Standard APS112 which came into effect on the 1st January 2023.

EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union.

LIKELY DEVELOPMENTS AND RESULTS

There were no significant developments in the state of the affairs of the Credit Union for the majority of the year.

Economic conditions have seen the Reserve Bank of Australia continue on a cycle of interest rate increases during 2024 with a view to managing inflationary pressures & tightening credit conditions. The increased interest rate environment will continue to impact the Credit Union's total interest income and expense results during the 2024-2025 financial year, requiring a continued & diligent focus on the management of interest rate margins. Additionally, a combination of the frequency and value of interest rate increases experienced has impacted the level of loan portfolio growth achieved during 2024 and a continuation of the heightened interest rate environment is expected to continue impacting this aspect of growth.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICE HOLDERS

During the year, a premium was paid in respect of a contract insuring directors and officers of the company against liability. The officers of the Credit Union covered by the insurance contract include the directors, executive officers, secretary and employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under the insurance contract and the nature of liabilities covered is prohibited by a confidentiality clause in the contract. No insurance cover has been provided for the benefit of the auditors of the Credit Union.

ENVIRONMENTAL ISSUES

The Credit Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or State.

PROCEEDINGS ON BEHALF OF CREDIT UNION

No person has applied for leave of the Court to bring proceedings on behalf of the Credit Union or intervene in any proceedings to which the Credit Union is a party for the purpose of taking responsibility on behalf of the Credit Union for all or any part of those proceedings.

The Credit Union was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE

The auditors have provided a declaration of independence to the Board of Directors (the Board) prescribed by the *Corporations Act 2001* (Cwlth) as set out on page 6.

INFORMATION ON DIRECTORS

The Directors in office at the date of this report, or who held office during the course of the financial year are:

G.M. Dean	
Age	63
Current Occupation	Business Manager, Parkes Early Childhood Centre Inc.
Credit Union Experience	Credit Union Director for 14 years
Current Board Positions	Chair of the Board of Directors
	Member of the Audit Committee
Interest in Shares	1 Member Share

A.J. Howe CA, MBA	
Age	45
Current Occupation	Financial Accountant, North Parkes Mines
Credit Union Experience	Credit Union Director for 17 years
Current Board Positions	Chair of the Audit Committee
Interest in Shares	1 Member Share

DIRECTORS' REPORT
(continued)

INFORMATION ON DIRECTORS (continued)

S.M. Harwood BA, LLB

Age	42
Current Occupation	Consultant
Credit Union Experience	Credit Union Director for 16 years
Current Board Positions	Member of the Risk Committee
Interest in Shares	1 Member Share

R.F. Staples

Age	71
Current Occupation	Retired Engineer
Credit Union Experience	Credit Union Director for 24 years
Current Board Positions	(Retired 15th November 2023)
Interest in Shares	1 Member Share

L. M. Nash BAcc

Age	30
Current Occupation	Finance Manager, Parkes Shire Council
Credit Union Experience	Credit Union Director for 3 years
Current Board Positions	Chair of the Risk Committee
Interest in Shares	1 Member Share

L. A. Dwyer

Age	48
Current Occupation	Manager, Western NSW Local Health District
Credit Union Experience	Credit Union Director for 3 years
Current Board Positions	Member of the Risk Committee
Interest in Shares	1 Member Share

B. L. Adams B.Comm (Acc), Dip FP, Dip Finance and Mortgage Broking Management, MAICD

Age	50
Current Occupation	Business Advisor, YBM Accountants & Business Advisors
Credit Union Experience	Credit Union Director for 2 years
Current Board Positions	Member of the Audit Committee
Interest in Shares	1 Member Share

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

DIRECTORS' REPORT
(continued)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of Committees of directors) held during the financial year and the numbers of meetings attended by each director were as follows:

	Board	Audit	Risk	Corporate Governance**	Remuneration**
No. held	12	3	4	1	1
No. attended:					
G.M. Dean	12	1	-	1	1
A.J. Howe	10	1	1	-	-
S.M. Harwood	9	-	4	1	-
R.F. Staples	4	-	1	-	-
B.L. Adams	12	3	-	1	1
L.A. Dwyer	11	2	1	-	1
L.M. Nash	12	3	4	1	-

* The 12 meetings held included two (2) special meetings held 20 November and 1 May.
** These committees were disbanded from 31 March 2024.
All Directors were eligible to attend all meetings for the Committees which they were a member, with the exception of the following Board eligibility S.M. Harwood (11) and R.F. Staples (4), Audit committee member eligibility G.M. Dean (1), Risk committee member eligibility A.J. Howe (3), R.F. Staples (1) and L.A. Dwyer (2).

Attendance details marked (-) denotes non-membership of the Committee.

DIRECTORS' BENEFITS

All Directors of the Credit Union have received or become entitled to receive a benefit for their duties and responsibilities as Directors. These benefits are detailed in the notes attached to these financial reports.

Signed in accordance with a resolution of the Board of Directors and is signed at Parkes on the 25th day of September 2024.

G.M. Dean
Chair of the Board of Directors

intentus
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001 (CWLTH)*
TO THE DIRECTORS OF CENTRAL WEST CREDIT UNION LIMITED

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

(i) the auditor independence requirements as set out in the *Corporations Act 2001* (Cwlth) in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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127 Keppel Street
Bathurst
Dated: 25 September 2024

Leanne Smith

Leanne Smith
Principal

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Liability limited by a scheme approved under Professional Standards Legislation

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Interest revenue	4.1	13,165	9,305
Interest expense	4.2	(5,164)	(2,341)
Net interest income		8,001	6,964
Fees, commissions and other income	5	704	612
Total interest and fee income		8,705	7,576
Non-interest expenses			
Impairment (losses)/gains on loans receivable from members	12.1	(25)	(8)
General administration			
- Employees compensation and benefit	6	(1,984)	(1,814)
- Depreciation and amortisation	6	(503)	(463)
- Information technology	6	(1,020)	(977)
- Occupancy expense	6	(148)	(166)
- Other administration		(1,232)	(1,238)
- Procedures and compliance	6	(370)	(369)
- Corporate Governance	6	(179)	(173)
- Other operating expenses		(448)	(248)
Total non-interest expenses		(5,909)	(5,456)
Profit before income tax		2,796	2,120
Income tax expense	8	(695)	(526)
Profit after income tax		2,101	1,594
Other comprehensive income, net of income tax			
Movement in reserve for equity instruments at Fair Value through Other Comprehensive Income (FVOCI)	20	-	(10)
Total other comprehensive income for the year		-	(10)
Total comprehensive income for the year		**2,101**	**1,584**

CENTRAL WEST CREDIT UNION LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Retained Earnings $'000	Redeemed Capital Account $'000	Reserve for Credit Losses $'000	Fair Value through Comprehensive Income (FVOCI) Reserve $'000	Total $'000
As at 30 June 2022	21,122	182	457	236	21,997
Profit for the year after income tax	1,594	-	-	-	1,594
Transfer to / (from) reserves	(6)	6	-	-	-
Movement in FVOCI reserve on revaluation of investment	-	-	-	(10)	(10)
Transfer from retained earnings to reserve for credit losses	5	-	(5)	-	-
As at 30 June 2023	22,715	188	452	226	23,581
Profit for the year after income tax	2,101	-	-	-	2,101
Transfer to / (from) reserves	(4)	4	-	-	-
Movement in FVOCI reserve on revaluation of investment	-	-	-	-	-
Transfer from retained earnings to reserve for credit losses	10	-	(10)	-	-
As at 30 June 2024	24,822	192	442	226	25,682

CENTRAL WEST CREDIT UNION LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Assets:			
Cash and liquid assets	9	26,172	22,197
Accrued receivables	10	1,097	1,056
Prepayments		152	214
Loans and advances to members	11	146,113	147,734
Investment Securities	13	99,574	79,573
Property, plant and equipment	14	1,180	1,045
Right-of-use assets	16	124	150
Taxation assets	8.3	142	123
Intangibles	15	357	497
Total Assets		274,911	252,589
Liabilities:			
Deposits from members	17	245,764	225,637
Payables and other liabilities	18	2,492	2,542
Provisions	19	534	479
Lease liabilities	16	102	121
Taxation liabilities	8.4	337	229
Total Liabilities		249,229	229,008
Net Assets		**25,682**	**23,581**
Members' Equity:			
Redeemed Capital Account		192	188
Reserve for credit losses		442	452
FVOCI reserve	20	226	226
Retained profits		24,822	22,715
Total Members' Equity		**25,682**	**23,581**

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities:			
Revenue Inflows:			
Interest received on loans		8,021	6,433
Interest received on investments		4,726	2,469
Dividends received		40	28
Fees and commission received		623	499
Other income		158	85
Revenue Outflows:			
Interest paid on members' savings		(4,618)	(1,912)
Interest paid on borrowings		-	-
Payments to suppliers and employees		(5,387)	(4,928)
Income taxes paid		(606)	(455)
Net cash from revenue activities	33.3	2,957	2,219
Members' loan repayments		18,989	25,153
Members' loan fundings		(17,393)	(25,227)
Net increase in member deposits and shares		20,127	2,186
Net increase / (decrease) in members' clearing accounts		(228)	804
Net (increase) / decrease in deposits to other financial institutions		(20,001)	5,003
Net cash provided by operating activities		4,451	10,138
Cash flows from investing activities:			
Consideration for property, plant and equipment sold		15	-
Payment for property, plant and equipment		(248)	(11)
Payment for intangibles		(183)	(295)
Net cash used in investing activities		(416)	(306)
Cash flows from financing activities:			
Repayment of lease liabilities		(60)	(71)
Net cash used in investing activities		(60)	(71)
Net increase / decrease in cash held		3,975	9,761
Cash held at the beginning of year		22,197	12,436
Cash held at the end of the year	33.2	**26,172**	**22,197**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

1.1 Reporting Entity

The Credit Union is a company limited by shares and is registered under the *Corporations Act 2001* (Cwlth).

The address of the registered office is:	Central West Credit Union Limited 269 Clarinda Street Parkes NSW 2870
The address the principal place of business is:	269 Clarinda Street Parkes NSW 2870

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

1.2 Statement of Compliance

These financial statements are prepared for Central West Credit Union Limited (the Credit Union) as a single credit union, for the year ended 30 June 2024. The Credit Union is a company, limited by shares, incorporated and domiciled in Australia. The statements were authorised for issue on 25 September 2024 in accordance with a resolution of the Board.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cwlth). The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

1.3 Basis of Accounting

(a) Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars ($'000).

Comparatives are consistent with prior years.

1. BASIS OF PREPARATION (CONTINUED)

1.3 Basis of Accounting (Continued)

(b) 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 goods and services tax (GST) collection, and the GST on 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.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

- Note 23 and Note 13 - Fair value assumptions used investment securities;

- Note 16 - Estimation of the lease term, treatment of options and determination of the appropriate rate to discount the lease payments.

- Note 23.2, Note 14 and Note 15 – Impairment and estimated useful lives of property, plant and equipment and intangible assets.

3. CHANGES IN ACCOUNTING POLICIES

3.1 New standards applicable for the current year

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

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

3.2 New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Credit Union has decided not to early adopt these Standards. The Credit Union's assessment of the impact of these new standards and new interpretation is that these are not significant and not likely to impact the financial report of the Credit Union and as such have not been reported on.

4. INTEREST REVENUE AND INTEREST EXPENSE

4.1 Interest revenue

	2024 $'000	2023 $'000
Interest revenue on assets carried at amortised cost:		
Receivables from financial institutions	5,144	2,872
Loans to members	8,021	6,433
Total interest revenue	13,165	9,305

4.2 Interest expense

	2024 $'000	2023 $'000
Interest expense on liabilities carried at amortised cost:		
Members savings deposits	2,280	1,473
Term deposits	2,884	868
Total interest expense	5,164	2,341
Net interest income	8,001	6,964

5. FEE, COMMISSIONS AND OTHER INCOME

Fees and commissions revenue

	2024 $'000	2023 $'000
Fee income on loans	43	52
Other fee income	290	284
Insurance commissions	43	46
Other commissions	115	117
Total fee and commission revenue	491	499

Other income

	2024 $'000	2023 $'000
Dividends received	40	28
Bad debts recovered	11	24
Insurance proceeds	127	-
Gain on disposal of assets	15	-
Miscellaneous revenue	20	61
Total fee and commission revenue	213	113
Total fees, commissions and other income	704	612

Accounting Policy

Insurance commission

Upfront commission – revenue in the form of a commission generated on successful placement of an insurance application is recognised at a point in time on inception of the policy.

Renewal commission – Commission income for renewals is recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of renewal commission income is outside the control of the Credit Union and is a key judgement area.

6. NON-INTEREST EXPENSES

Prescribed disclosures	**2024 $'000**	**2023 $'000**
Depreciation and amortisation		
Depreciation of property, plant and equipment	113	81
Depreciation of right-of-use assets	67	69
Amortisation of intangible assets	323	313
Total depreciation and amortisation	503	463
Information technology	1,020	977
Property expenses	148	166
Procedures and compliance	370	369
Corporate governance	179	173
Employee benefits expenses		
Salaries	1,424	1,304
Annual leave	147	134
Long service leave	37	51
Sick leave	63	47
Superannuation and other	313	278
Total employee benefits expenses	1,984	1,814

6.1 Individually significant items of expenditure

The following items of expense are shown as part of other administration and other operating expenses and are considered to be significant to the understanding of the financial performance of the Credit Union:

Card transaction fees	555	541
Mobile device fees	14	109
Insurance	109	99

7. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Credit Union for:

Audit of the financial statements	55	52
Other services	13	11
	68	63

8. INCOME TAX

8.1 Current Tax Expense

	2024 $'000	2023 $'000
The components of tax expense compromise:		
Current income tax payable	714	529
Net movement in deferred tax	(19)	8
Under provision in respect of prior years	-	(11)
Total tax expense	695	526

8.2 Reconciliation of Current Year Tax Payable to Income Tax Expense

	2024 $'000	2023 $'000
Prima facie tax on profit before income tax at 25% (2023: 25%)	699	530
Plus / (Less) tax effect of:		
- Employees compensation and benefit	-	3
- Entertainment	5	3
- Provision for impaired Loans	-	(1)
- Depreciation and amortisation	3	1
- Dividend rebate	(12)	(10)
	695	526
The applicable weighted average tax rates	24.85%	24.81%

8.3 Taxation assets comprise:

	2024 $'000	2023 $'000
Provision for impaired loans	7	1
FBT provision	1	1
Employee leave entitlements	128	113
Make Good provision	6	8
	142	123

8.4 Taxation liabilities comprise:

	2024 $'000	2023 $'000
Income Tax	258	150
Tax due on assets held at fair value investments held in Equity (due to initial adoption of AASB 9)	79	79
	337	229

8. INCOME TAX (CONTINUED)

Accounting Policy

Deferred tax assets are recognised if it is probable that future taxable amounts will be available to utilise those temporary differences. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation; and the anticipation that the Credit Union will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

9. CASH AND LIQUID ASSETS

	2024 $'000	2023 $'000
Cash on hand	531	455
Cash at Bank	25,641	21,742
	26,172	22,197

10. ACCRUED RECEIVABLES

	2024 $'000	2023 $'000
Sundry debtors and clearing accounts	48	425
Interest receivable on receivables from other financial institutions	1,049	631
	1,097	1,056

11. LOANS AND ADVANCES

	2024 $'000	2023 $'000
Overdrafts and revolving credit	1,224	1,170
Term loans	144,918	146,569
	146,142	147,739
Less: Provision for impaired loans	(29)	(5)
	146,113	147,734

11.1 Credit quality – security held against loans

	2024 $'000	2023 $'000
Secured by mortgage over real estate or guarantee	138,759	140,267
Partly secured by goods mortgage	4,846	5,072
Secured by members' deposits	207	317
Wholly unsecured	2,330	2,083
	146,142	147,739

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

	2024 $'000	2023 $'000
Security held as mortgages against real estate:		
- Loan to valuation ratio of less than 80%	125,312	125,381
- Loan to valuation ratio of more than 80% but mortgage insured	10,677	10,611
- Loan to valuation ratio of more than 80% but not mortgage insured	2,770	4,275
	138,759	140,267

11.2 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
(i) Loans to individuals or related groups of members which exceed 5% of capital – aggregate value	12,902	15,981

(ii) Loans to members are mainly concentrated in Central New South Wales. All loans are within Australia.

	2024 $'000	2023 $'000
(iii) Loans by type were:		
- Residential loans and facilities	133,039	134,806
- Personal loans and facilities	6,746	6,737
- Business loans and facilities	6,357	6,196
	146,142	147,739

11. LOANS AND ADVANCES (CONTINUED)

Accounting Policy

(i) Basis of recognition

All loans are initially recognised at fair value, net of loan origination fees and inclusive of transaction costs incurred. Loans are subsequently measured at amortised cost. Any material difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the loans using the effective interest method.

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Credit Union at balance date, less any allowance or provision against debts considered doubtful. A loan is classified as impaired where recovery of the debt is considered unlikely as determined by the Board.

APRA has mandated that interest is not recognised as revenue after contractually obligated payments have not been made for more than 90 days for a loan facility.

(ii) Interest earned

Term Loans - The loan interest is calculated on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Overdraft – The overdraft interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last of each month.

Non-Accrual Loan Interest – while still legally recoverable, interest is not brought where a loan is impaired.

11.3 Movement in the provision for impairment

	2024 $'000	2023 $'000
Opening balance	5	2
Bad debts written off against provision	(1)	(5)
Loans provided for during the year	25	8
	29	5

11.4 Impaired Loans Written Off

	2024 $'000	2023 $'000
Increase/(decrease) to the provision	25	8
Amounts written off directly to expense	-	-
	25	8

11. LOANS AND ADVANCES (CONTINUED)

11.5 Amounts arising from ECL

The loss allowance as of the year end by class of exposure/asset are summarised in the table below.

	Gross Carrying Value 2024 $'000	ECL Allowance 2024 $'000	Carrying Value 2024 $'000	Gross Carrying Value 2023 $'000	ECL Allowance 2023 $'000	Carrying Value 2023 $'000
Loans to members						
Mortgage	138,172	(25)	138,147	139,832	-	139,832
Personal	6,746	(4)	6,742	6,737	(5)	6,732
Overdrafts	1,224	-	1,224	1,170	-	1,170
Total	146,142	(29)	146,113	147,739	(5)	147,734

An analysis of the Credit Union's credit risk exposure class of financial asset and "stage" without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables:

	Stage 1 2024 $'000	Stage 2 2024 $'000	Stage 3 2024 $'000	Total 2024 $'000
Loans to members				
Mortgage	-	25	-	25
Personal	-	4	-	4
Overdrafts	-	-	-	-
Total	-	29	-	29

	Stage 1 2023 $'000	Stage 2 2023 $'000	Stage 3 2023 $'000	Total 2023 $'000
Loans to members				
Mortgage	-	-	-	-
Personal	-	5	-	5
Overdrafts	-	-	-	-
Total	-	5	-	5

The Credit Union have performed an analysis of the ECL allowance and have determined, based on internal analysis, management judgements and other historical data.

The tables below represent the reconciliation from the opening balance to the closing balance of the ECL allowance for loans and advances to customers for which impairment requirements under AASB 9 apply, for the current and previous financial years.

11. LOANS AND ADVANCES (CONTINUED)

11.5 Amounts arising from ECL (Continued)

2024

	Stage 1 Collective provision 12-month ECL $'000	Stage 2 Collective provision Lifetime ECL Not credit-impaired $'000	Stage 3 Collective provision Lifetime ECL Credit impaired $'000	Stage 3 Specific provision Lifetime ECL Credit impaired	Total $'000
Balance at 1 July 2023	-	5	-	-	5
Transfers during the period to:					
- Stage 1	-	-	-	-	-
- Stage 2	-	25	-	-	25
- Stage 3	-	-	-	-	-
Net re-measurement of ECL	-	-	-	-	-
Write-backs	-	-	-	-	-
Write-offs	-	(1)	-	-	(1)
Balance at 30 June 2024	-	29	-	-	29

2023

	Stage 1 Collective provision 12-month ECL $'000	Stage 2 Collective provision Lifetime ECL Not credit-impaired $'000	Stage 3 Collective provision Lifetime ECL Credit impaired $'000	Stage 3 Specific provision Lifetime ECL Credit impaired	Total $'000
Balance at 1 July 2022	-	2	-	-	2
Transfers during the period to:					
- Stage 1	-	-	-	-	-
- Stage 2	-	-	-	-	-
- Stage 3	-	-	-	-	-
Net re-measurement of ECL	-	8	-	-	8
Write-backs	-	(5)	-	-	(5)
Write-offs	-	-	-	-	-
Balance at 30 June 2023	-	5	-	-	5

11. LOANS AND ADVANCES (CONTINUED)

11.6 Analysis of loans that are impaired based on age of repayments outstanding

	2024 Carrying Value $'000	2024 Provisions $'000	2023 Carrying Value $'000	2023 Provisions $'000
0 to 90 days in arrears	2	1	2	1
90 to 180 days in arrears	81	24	-	-
180 to 270 days in arrears	-	-	-	-
270 to 365 days in arrears	-	-	5	4
Over 365 days in arrears	4	4	-	-
Over limit facilities over 14 days	1	-	-	-
Total	88	29	7	5

The impaired loans are generally not secured against residential property, in 2024 $80,603 (2023 nil) was secured by residential property. Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value of all collateral as at the balance date due to the variety of assets and their condition.

11.7 Loans with repayments past due but not regarded as impaired

There are loans with a value of $2,042,901 past due which are not considered to be impaired, due to the very short number of days past due. It is not practicable to identify the security over all loans past due.

Loans with repayments past due but not impaired are in arrears as follows:

	0-3 months	3-6 months	6-12 months	> 1 year	Total
2024					
Mortgage	2,043	-	-	-	2,043
Personal	-	-	-	-	-
Credit cards	-	-	-	-	-
Overdrafts	-	-	-	-	-
Total	2,043	-	-	-	2,043
2023					
Mortgage	3,330	-	-	-	3,330
Personal	-	-	-	-	-
Credit cards	-	-	-	-	-
Overdrafts	-	-	-	-	-
Total	3,330	-	-	-	3,330

11. LOANS AND ADVANCES (Continued)

	2024 $'000	2023 $'000
11.8 Assets acquired via enforcement of security		
Residential Property	-	-

It is the policy of the Credit Union to sell the assets via auction at the earliest opportunity after all measures to assist the members to repay the debts have been exhausted.

12. LOAN IMPAIRMENT

Accounting Policy

(i) Provision for impairment

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses (ECL). Instruments within the scope of the new requirements include loans and advances and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments.

Central West Credit Union considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Credit Union measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the following, for which they are measured as 12 months ECL.

- Debt investment securities that are determined to have a low credit risk in considering their credit risk rating (refer Note 21); and
- Other financial instruments on which credit risk has not significantly increased since initial recognition.

The Credit Union considers credit risk to have increased significantly when a loan is 30 days or more in arrears.

Forward-looking approach

The approach to determining the ECL includes forward-looking information.

The Credit Union has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio segment. Consideration has also been given to the level of undue cost and effort involved in utilising complex statistical models, which is not considered appropriate for the size and complexity of the portfolio.

12. LOAN IMPAIRMENT (Continued)

(i) Provision for impairment (Continued)

The Credit Union has considered other forward-looking considerations such as the impact of future unemployment rates, property prices, regulatory change and external market risk factors, which are deemed to have a material impact and therefore an adjustment has been made to the ECL for such factors. The Credit Union considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the Credit Union for other purposes such as strategic planning and budgeting. Periodically the Credit Union carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) (‘Stage 1’); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (underperforming loans) (‘Stage 2’).
- Stage 3’ would cover financial assets that have objective evidence of impairment (loans in default/non-performing) at the reporting date.

Additional information regarding the estimation of the ECL provision at reporting date is contained in Note 11.

12.1 Impairment loss

	2024 $’000	2023 $’000
Increase / (decrease) in provision for impairment	25	8
Bad debts written off directly against profit	-	-
Total impairment losses	25	8

13. INVESTMENT SECURITIES

Investment securities at amortised cost		
Fixed Rate Bonds	17,000	6,000
Floating Rate Notes	53,750	40,750
Term Deposits	20,253	15,250
Government Bonds	8,000	17,000
Total investment securities at amortised cost	99,003	79,000
Equity investment securities designated as FVOCI		
Cuscal	558	560
TAS	13	13
Total equity investment securities designated as FVOCI	571	573
Total Value of Investments	99,574	79,573

Equity investments are held in unlisted companies.

Accounting Policy

The basis on which fair value is determined is outlined in note 23.3 and is categorised as Level 2 in the fair value hierarchy.

14. PROPERTY, PLANT AND EQUIPMENT

	2024 $'000	**2023 $'000**
Land	140	140
Buildings – at cost	1,630	1,578
Less: provision for depreciation	(806)	(759)
	824	819
Plant and equipment – at cost	731	878
Less: provision for depreciation	(515)	(792)
	216	86
Total property, plant and equipment	1,180	1,045

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year is shown below:

	Beginning balance $'000	Additions $'000	Disposals (WDV) $'000	Depreciation expense $'000	Closing balance $'000
Land	140	0	-	-	140
Buildings	819	52	-	(47)	824
Plant & Equipment	86	196	-	(66)	216
Totals	1,045	248	-	(113)	1,180

(i) Depreciation

The depreciable amount of all fixed assets including building assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Credit Union commencing from the time the asset is held ready for use. Estimated useful lives are as follows:

Buildings	40 years
Improvements	5 to 7 years
Plant and Equipment	3 to 7 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Comprehensive Income.

Assets with a cost less than $500 are not capitalised.

15. INTANGIBLE ASSETS

	2024 $'000	2023 $'000
Computer software – at cost	1,969	1,835
Less: accumulated amortisation	(1,612)	(1,338)
Total intangible assets	357	497

The movement in the carrying amounts for the member transaction system software between the beginning and end of the current financial year is shown below:

	Beginning balance $'000	Additions $'000	Disposals WDV $'000	Amortisation expense $'000	Carrying amount at year end $'000
Member Transaction System	497	183	-	(323)	357
Totals	497	183	-	(323)	357

Accounting Policy

Intangible assets are amortised over the expected useful life of the software of 3 to 5 years.

16. LEASES

Company as a lessee

Terms and conditions of leases

The building leases are for the branches in Cowra and Forbes. The Cowra lease is for 2 years with two options of 2 years each. Only the initial 2 year term of this lease has been brought to account.

A new lease was entered into the for the Forbes branch which is for 3 years with a 3 year option. Only the initial 3 year term of this lease has been brought to account.

Right-of-use assets

	Buildings $	Total $
Year ended 30 June 2024		
Balance at beginning of year	150	150
Depreciation charge	(67)	(67)
Additions to building to right-of-use-assets	84	84
Disposal to buildings to right-of-use-assets	(60)	(60)
Increase due to exercise of options	17	17
Balance at end of year	124	124

	Buildings $	Total $
Year ended 30 June 2023		
Balance at beginning of year	78	78
Depreciation charge	(69)	(69)
Increase due to exercise of options	141	141
Balance at end of year	150	150

Lease liabilities

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

	< 1 year $	1 – 5 years $	> 5 years $	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
2024					
Lease Liabilities	58	45	-	103	102
2023					
Lease Liabilities	72	40	11	123	121

16. LEASES (CONTINUED)

Extension options

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

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

There are no potential future lease payments which are not included in the lease liability as the credit union has assessed that the exercise of the option is not reasonably certain.

Statement of Profit or Loss and Other Comprehensive Income

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	1	2
Expenses relating to leases of low-value assets	-	-
Depreciation of right-of-use assets	67	69
	68	71
Statement of Cash Flows		
Total cash outflow for leases	60	71

17. DEPOSITS FROM MEMBERS

	2024 $'000	2023 $'000
Member deposits carried at amortised cost:		
- At call	160,981	167,474
- At term	84,696	58,077
Member withdrawable shares	87	86
	245,764	225,637

There were no defaults on interest and capital payments on this liability in the current or prior year.

17.1 Concentration of member deposits

	2024	2023
Member deposits held by individuals or related groups of members that exceed 5% of liabilities	-	-

18. PAYABLES AND OTHER LIABILITIES

	2024 $'000	2023 $'000
Payables and accrued expenses	157	146
Accrued interest payable	1,008	462
Members' clearing accounts	1,324	1,929
Provision for FBT	3	5
	2,492	2,542

18.3 Financial liabilities at amortised cost classified as trade and other payables

	2024 $'000	2023 $'000
Trade and other payables	2,492	2,542
Less provision for FBT	(3)	(5)
	2,489	2,537

19. PROVISIONS

	2024 $'000	2023 $'000
Annual leave	154	116
Long service leave	356	331
Make Good Lease Provision	24	32
	534	479

19.1 Reconciliation of provision balances

The movement in the make-good provision during the year is as follows

	2024 $'000	2023 $'000
Make good lease provision		
Opening balance	32	32
Additional provision raised during the year	-	-
Amounts used	(8)	-
Closing balance	24	32

20. FVOCI RESERVE

	2024 $'000	2023 $'000
FVOCI reserve – Shares		
Opening balance	226	236
Increase/(decrease): on revaluation of investment	-	(13)
Add/(deduct): deferred tax thereon	-	3
Impact of change in tax rate	-	-
Closing balance	226	226

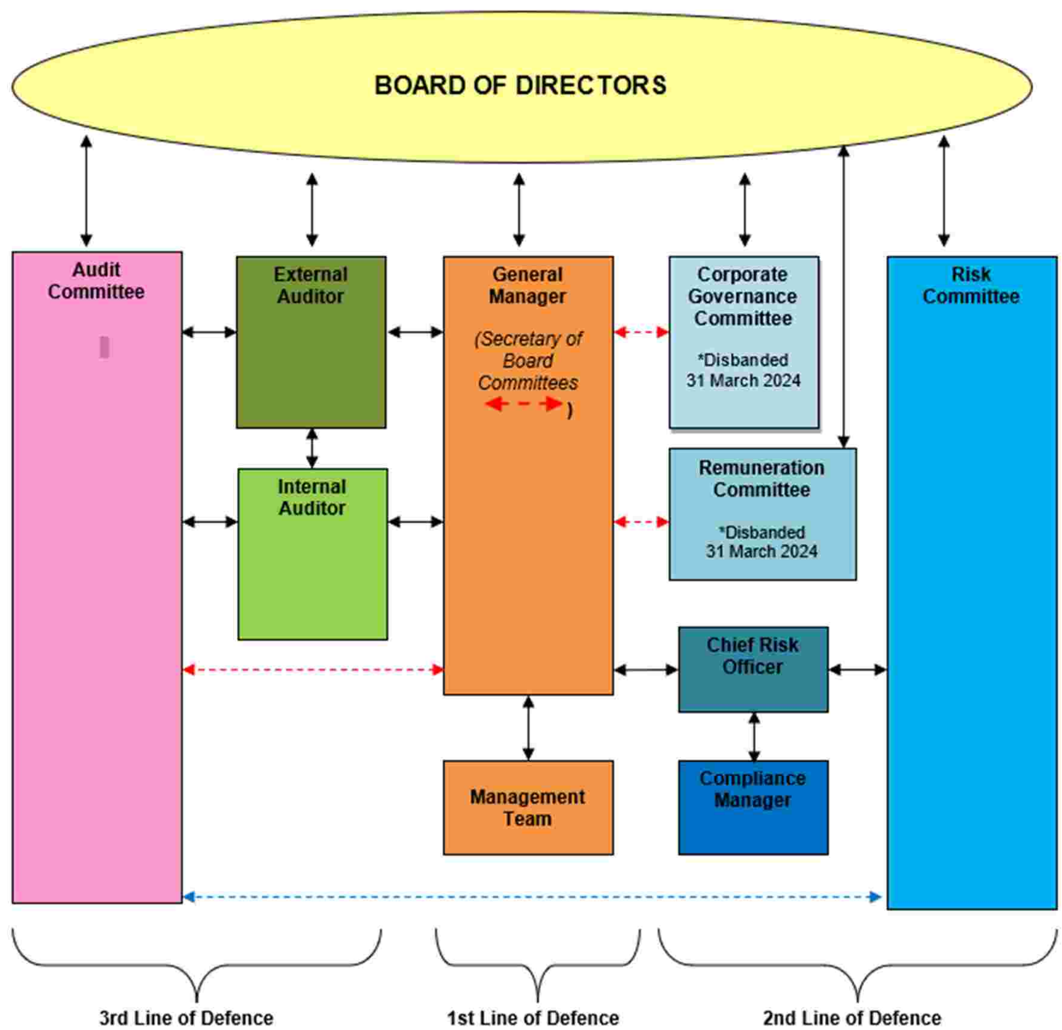
The Credit Union has elected to recognise changes in fair value of certain investments in equity securities in Other Comprehensive Income. These changes are accumulated within the FVOCI reserve within equity. The Credit Union transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Credit Union.

The Credit Union's risk management focuses on the major areas of market risk, credit risk, liquidity risk and operational risk. Authority flows from the Board of Directors to the Risk and Audit Committee's which are integral to the management of risk. The following diagram gives an overview of the risk management structure.



Board of Directors

This is the primary governing body. It approves the level of risk which the Credit Union is exposed to and the framework for reporting and mitigating those risks.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk Committee

The Risk Committee plays a key role in assisting the board of directors to fulfil its corporate governance and overseeing responsibilities in relation to the Credit Union's identification of risk, monitoring of risk and oversight of risk management systems developed to manage risk within the Board's risk appetite.

The Committee carries out regular review of the management and reporting practices of the Credit Union. Overseeing and appraising the effectiveness of the Credit Union's internal risk management program and systems, including: Compliance, Operational Risk, Fraud & AML programs, Due Diligence assessment, Lending & Collection policies, processes and Provisioning practices. The Committee considers the adequacy of the Credit Unions Credit, Capital, Liquidity, Operational and Market Risk controls. It also determines policies to ensure the Credit Union's Risk Strategy is adhered to and monitoring adherence to those policies.

The Risk Committee monitors compliance with the framework laid out in the policy and reports in turn to the Board with relevant recommendations for Board consideration.

Audit Committee

The Audit Committee plays a key role in assisting the board of directors to fulfil its corporate governance and overseeing responsibilities in relation to the Credit Union's financial reporting, internal control system, and the internal and external audit functions.

The Committee carries out a regular review of all operational areas through the Internal Audit function, external compliance reviews and Management reporting to ensure that operational risks are being properly controlled and reported. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

The Audit Committee monitors compliance with the framework laid out in the policy and reports in turn to the Board with relevant recommendations for Board consideration.

Corporate Governance Committee

The Committee meets at least bi-annually to manage and monitor the corporate governance functions of the Board of Directors of Central West Credit Union to ensure that the Board discharges its corporate responsibilities to the benefit of all stakeholders. This Committee was disbanded from 31 March 2024.

Duties of the Corporate Governance Committee include:

- Initiate and perform annual review of the Corporate Governance Policy for subsequent Board consideration, with a specific focus on developments in relation to the current regulatory environment and the Credit Union's current risk profile and complexity of business;
- Establishing and monitoring the Credit Union's Remuneration Policy;
- Establishing and monitoring the Credit Union's Board Performance Evaluation Policy and process; and
- Establishing and monitoring the Credit Union's Board Composition, Succession, and Renewal Policy.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Remuneration Committee

The Committee's primary responsibility is to ensure that the Credit Union's Remuneration Policy and practices appropriately align remuneration and risk management in compliance with prudential standards. This Committee was disbanded from 31 March 2024.

This responsibility covers the following specific duties:

- Conducting regular reviews of the Remuneration Policy to ensure it is effective; compliant with prudential requirements and encompasses the three key groups subject to the policy; and
- Making recommendations to the Board regarding the remuneration of the three key groups subject to the policy, in particular the General Manager, the Assistant General Manager and the non-executive Directors.

Internal Audit

Internal audit has responsibility for implementing the controls testing and assessment as required by the Audit Committee.

External Audit

The external auditor has responsibilities to the Board, Credit Union members, APRA and ASIC.

Chief Risk Officer

The Credit Union's Chief Risk Officer is a contracted resource which has been established to assist with the provision of structure, coordination of all risk related functions and systems, the maintenance of the Credit Union's overall Risk Management systems and development of a positive risk culture throughout the organisation.

Compliance Manager

The Credit Union's Compliance Manager is an internal staffing resource which has been established to assist with the provision of structure, coordination of compliance functions and systems, and the performance of regular internal "compliance checking" procedures. The Compliance Manager has a primary role of establishing, developing and increasing the culture of compliance within the Credit union.

Key Risk Management Policies

Key risk management policies encompassed in the overall risk management framework include:

- Interest rate risk;
- Liquidity management;
- Credit risk management; and
- Operations risk management including data risk management.

The Credit Union has undertaken the following strategies to minimise the risks arising from financial instruments.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.3 Market risk

The objective of the Credit Union's market risk management is to manage and control market risk exposures to optimise risk and return.

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices and volatilities will have an adverse effect on the Credit Union's financial condition or results. The Credit Union is not exposed to currency risk and other significant price risks. The Credit Union does not trade in the financial instruments it holds on its books. The Credit Union is exposed only to interest rate risk arising from changes in market interest rates.

(i) Interest rate risk

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates.

Most banks are exposed to interest rate risk within its treasury operations. The Credit Union does not have a treasury operation and does not trade in financial instruments.

(ii) Interest rate risk in the banking book

The Credit Union is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets and liabilities.

The interest rate risk on the banking book is reported to the Board monthly.

In the banking book the most common risk the Credit Union faces arises from fixed rate assets and liabilities. This exposes the Credit Union to the risk of sensitivity should interest rates change.

The table set out in Note 25 displays the period that each asset and liability will reprice as at the balance date. This risk is not considered significant to warrant the use of derivatives to mitigate this risk.

(iii) Method of managing risk

The Credit Union manages its interest rate risk by the use of interest rate sensitivity analysis. The detail and assumptions used are set out below.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.1 Market risk (Continued)

(iv) Interest rate sensitivity

The Credit Union's exposure to market risk is measured and monitored using interest rate sensitivity models.

The policy of the Credit Union to manage the risk is to maintain a balanced 'on book' strategy by ensuring the cumulative sensitivity between assets and liabilities are not excessive. The measured sensitivity not to be exceeded is 2% of the Credit Unions' capital. The cumulative sensitivity is measured monthly to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed rate interest products available through investment assets, and term deposits liabilities to rectify the imbalance to within acceptable levels. The policy of the Credit Union is not to undertake derivatives to match the interest rate risks. The Credit Union's exposure to interest rate risk is set out in Note 25 which details the contractual interest change profile.

The Board monitors these risks through monthly management reports.

Based on the calculations as at 30 June 2024, the net profit impact for a 1% (2023:1%) movement in interest rates would be $452,274 (2023: $174,862).

The Credit Union performs a sensitivity analysis to measure market risk exposures.

The method used in determining the sensitivity was to evaluate the profit based on the timing of the interest repricing on the banking book of the Credit Union for the next 12 months. In doing the calculation the assumptions applied were that:

- the interest rate change would be applied equally over the loan products and term deposits;
- the rate change would be as at the beginning of the 12 month period and no other rate changes would be effective during the period;
- the term deposits would all reprice to the new interest rate at the term maturity, or be replaced by deposits with similar terms and rates applicable;
- savings deposits would not reprice in the event of a rate change;
- the value and mix of call savings to term deposits will be unchanged; and
- the value and mix of personal loans to mortgage loans will be unchanged.

There has been no change to the Credit Union's exposure to market risk or the way the Credit Union manages and measures market risk in the reporting period.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk

Credit risk is the risk that members, financial institutions and other counterparties will be unable to meet their obligations to the Credit Union which may result in financial losses. Credit risk arises principally from the Credit Union's loan book and investment assets.

(i) Credit risk – loans

The analysis of the Credit Union's loans by class is as follows:

Loan class	2024 Carrying value $'000	2024 Off balance sheet $'000	2024 Maximum Exposure $'000	2023 Carrying value $'000	2023 Off balance sheet $'000	2023 Maximum Exposure $'000
Housing	133,039	19,358	152,397	134,806	17,012	151,818
Personal	6,746	1,495	8,241	6,737	1,446	8,183
Commercial	6,357	1,892	8,249	6,196	1,984	8,180
Total	146,142	22,745	168,887	147,739	20,442	168,181

Carrying value is the value in the Statement of Financial Position. Maximum exposure is the value in the Statement of Financial Position plus the undrawn facilities (loans approved but not advanced, redraw facilities, etc.).

All loans and facilities are within Australia. The geographic distribution is not analysed into significant areas within Australia as the exposure classes are not considered material. Loans to members are mainly concentrated in Central New South Wales.

The method of managing credit risk is by way of strict adherence to the credit assessment policies before the loan is approved and close monitoring of defaults in the repayment of loans thereafter on a weekly basis. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are creditworthy (capable of meeting loan repayments).

The Credit Union has established policies over the:

- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure over the value to individual borrowers, non-mortgage secured loans and commercial lending;
- Reassessing and review of the credit exposures on loans and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies.

A regular review of compliance with these policies is conducted as part of the internal audit scope.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with the Credit Union that requires interest and a portion of the principal to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that a counterparty will never pay, but it can trigger various actions such as renegotiation, enforcement of covenants or legal proceedings. Once the past due exceeds 90 days the loan is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

Weekly reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days. For loans where repayments are doubtful, external consultants may be engaged to conduct recovery action once the loans are over 90 days in arrears. The exposure to losses is predominantly in personal loans and facilities not secured by registered mortgages over real estate.

If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the Statement of Comprehensive Income. In estimating these cash flows, management makes judgements about a counter-party's financial situation and the net realisable value of any underlying collateral.

In addition to specific provisions against individually significant financial assets, the Credit Union makes collective assessments for each financial asset portfolio segmented by similar risk characteristics.

Provisions in the Statement of Financial Position are maintained at a level that management deems sufficient to absorb probable incurred losses in the Credit Union's loan portfolio from homogenous portfolios of assets and individually identified loans.

A provision for incurred losses is established on all past due loans after a specified period of repayment default where it is probable that some of the capital will not be repaid or recovered.

The provisions for impaired and past due exposures relate to the loans to members.

Details of past due and impaired loans are as set out in Note 11.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

Bad debts

Amounts are written off when collection of the loan or advance is considered to be remote. All write-offs are on a case-by-case basis and must be approved by the Board, taking account of the exposure at the date of the write off.

On secured loans, the write-off takes place upon the ultimate realisation of collateral value or from claims on any related mortgage insurance.

A reconciliation of the movement of both past due and impaired exposure provisions is provided in Note 11.

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the Credit Union is exposed to risks in the reduction the loan to value (LVR) cover should the property market be subject to a decline.

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken.

Concentration risk – individuals

Concentration risk is a measurement of the Credit Union's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Credit Union's regulatory capital (10%) a large exposure is considered to exist. No capital is required to be held against these exposures but APRA must be informed. APRA may impose additional capital requirements if it considers the aggregate exposure to all loans over the 10% capital benchmark to be higher than acceptable.

The aggregate value of loans greater than 5% of capital is set out in Note 11. Within this total, the Credit Union currently holds $2,914,981 (2023: $2,563,022) in significant concentrations of exposures to members (large exposure loans greater than 10% of capital). Concentration exposures to counterparties are closely monitored.

Concentration risk – industry

There is no concentration of credit risk with respect to loans and receivables as the Credit Union has a large number of customers dispersed in areas of employment.

The Credit Union has a concentration in the retail lending for members who reside in Central NSW. This concentration is considered acceptable on the basis that the Credit Union was formed to service these members and the employment concentration in the area is not exclusive. Should members leave the area, the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

(ii) Credit risk – liquid investments

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Credit Union incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Credit Union.

There is no concentration of credit risk with respect to investment receivables. The credit policy is that investments are only made to institutions that are creditworthy. Directors have established policies that, excluding investments with CUSCAL, ANZ, CBA, NAB, WBC and the Australian Government, a maximum of 25% of capital can be invested with any one financial institution at a time.

The risk of losses from liquid investments is reduced by the nature and quality of the independent rating of the investment body and the limits to concentrating investments in one institution.

Under the liquidity support scheme, at least 3% of the Credit Union's total assets must be invested in CUSCAL and / or a Bank Financial Support Scheme (CUFSS) approved Authorised Deposit-taking Institution (ADI), to allow the scheme to have adequate resources to meet its obligations if needed.

All other rated investment must be with financial institutions with a Standards & Poors (S&P) short term rating in excess of BBB. Investments with unrated institutions are subject to financial review and board approval.

External credit assessment for institution investments

The Credit Union uses the ratings of S&P to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA Prudential Guidance Note AGN 112. The credit quality assessment scale within this standard has been complied with.

The investment exposure values associated with each credit quality step are as follows:

	2024 Carrying value $'000	2024 Past due value $'000	2024 Provision $'000	2023 Carrying value $'000	2023 Past due value $'000	2023 Provision $'000
CUSCAL (A+)	5,250	-	-	5,250	-	-
Banks (BBB and above)	105,113	-	-	86,554	-	-
Unrated	-	-	-	-	-	-
Total	110,363	-	-	91,804	-	-

The Credit Union has critically assessed the need for an ECL on its investment securities and has determined that no ECL is required at 30 June 2024 (30 June 2023: Nil).

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2 Credit risk (Continued)

(iii) Credit risk – guarantees

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Credit Union incurring a financial loss. At 30 June 2024, the Credit Union had $60,000 (2023: $30,000)in performance guarantees outstanding, secured by first mortgage over residential property or fixed term deposits.

21.3 Liquidity risk

Liquidity risk is the risk that the Credit Union may encounter difficulties raising funds to meet commitments associated with financial instruments (e.g. borrowing repayments or member withdrawal demands). It is the policy of the Board that the Credit Union maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the prudential liquidity ratio daily.

The Credit Union has a longstanding arrangement with the industry liquidity support provider Credit Union Financial Support Services (CUFSS) which can access industry funds to provide support to the Credit Union should it be necessary at short notice.

The Credit Union is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 48 hours under the APRA Prudential Standards. The Credit Union policy is to apply at least 12% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. This ratio is checked daily. Should the liquidity ratio fall below this level, the management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits or available borrowing facilities. Note 28 describes the borrowing facilities as at the balance date. These facilities are in addition to the support from CUFSS.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.4 Liquidity risk (Continued)

The maturity profile of the financial liabilities, based on the contractual repayment terms are set out in Note 24.

The ratio of liquid funds over the past year is set out below:

	2024 $'000	2023 $'000	2024 (%)	2023 (%)
Total minimum liquidity holdings				
As at 30 June	104,921	81,540		
Total adjusted liabilities				
As at 30 June	280,131	256,849	37.45	32.29
Average for the year	270,606	253,862	36.45	30.92
Minimum during the year	262,329	249,705	34.53	26.45

21.5 Operational risk

Operational risk is the risk of the direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in the Credit Union relate mainly to those risks arising from a number of sources including legal compliance; business continuity; data infrastructure; outsourced services failures; fraud; and employee errors. The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness.

Operational risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management as the 1st Line of Defence. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including independent authorisation of transactions; Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements; Documentation of controls and procedures;
- Periodic assessment of operational risks faced and the adequacy of controls to mitigate those risks; Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans; Training and professional development; Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.5 Operational risk (continued)

There is an independent oversight of operational risk including effective challenge to activities and decisions which are material in relation to the Credit Union's risk profile, and reporting lines to appropriately escalate issues. This is the 2nd Line of Defence and is assigned to the Risk Management Committee and CRO.

Compliance with Credit Union standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and the Board of Directors of the Credit Union. This is the 3rd Line of Defence and also ensures the 1st and 2nd Lines of Defence operate effectively.

Fraud

Fraud can arise from member card PINS and internet passwords being compromised where not protected adequately by the member. It can also arise from other systems failures. The Credit Union has systems in place which are considered to be robust enough to prevent any material fraud. However, in common with all retail banks, fraud is potentially a real cost to the Credit Union.

IT systems

The worst case scenario would be the failure of the Credit Union's core banking and IT network suppliers to meet customer obligations and service requirements.

The Credit Union has outsourced the IT systems management to an independent data processing centre (IDPC) which is owned by a collection of credit unions. This organisation has the experience in-house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf of the Credit Union by the industry body CUSCAL to service the settlements with other financial institutions for direct entry, ATM, Visa, and BPAY.

A full disaster recovery plan is in place to cover medium to long-term problems which is considered to mitigate the risk to an extent such that there is no need for any further capital to be allocated.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.6 Capital management

The Credit Union's regulator (APRA) sets and monitors capital requirements for the Credit Union. The Credit Union reports to APRA on a regular basis and has adopted the standardised approach for credit risk and operational risk. The Credit Union's regulatory capital is compromised of two tiers.

Tier 1 capital which comprises the highest quality of capital and satisfies all of the following characteristics:

- Provides a permanent and unrestricted commitment of funds; Freely available to absorb losses;
- Does not impose any unavoidable servicing charge against earnings; and
- Ranks behind the claims of depositors and other creditors in the event of a winding-up of the issuer.

Tier 2 capital which includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of the Credit Union and its capacity to absorb losses.

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

The Credit Union has complied with all externally imposed capital requirements throughout the period.
There have been no material changes in the Credit Union's management of capital during the period.

	2024 **$'000**	**2023** **$'000**
The Credit Union's regulatory capital position at balance date was:		
Tier 1 Capital	24,249	21,936
Tier 2 capital	442	452
Total regulatory capital	24,691	22,388
Total risk weighted assets	90,229	96,634

	2024 **%**	**2023** **%**
Capital expressed as a percentage (%) of total risk-weighted assets		
Tier 1 capital	23.34	22.69
Total regulatory capital	23.76	23.16

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.5 Capital management (Continued)

Internal capital adequacy management

The Credit Union manages its internal capital levels for both current and future activities which are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Credit Union's forecasts for asset growth or unforeseen circumstances are assessed by the Board.

The Credit Union have determined to maintain a minimum capital level of 14% as compared to the risk weighted assets of the Credit Union at any given time.

22. CATEGORIES OF FINANCIAL INSTRUMENTS

	Note	2024 $'000	2023 $'000
Financial assets – carried at amortised cost			
Cash and liquid assets	9	26,172	22,197
Investment Securities	13	99,003	79,000
Accrued receivables	10	1,097	1,056
Loans to members	11	146,113	147,734
Total cash		272,385	249,987
FVOCI investments	13	571	573
TOTAL FINANCIAL ASSETS		272,956	250,560
Financial liabilities – carried at amortised cost			
Deposits from members	17	245,764	225,637
Lease liabilities	16	102	121
Payables and other liabilities	18	2,489	2,537
TOTAL FINANCIAL LIABILITIES		248,355	228,295

23. FAIR VALUE MEASUREMENT

23.1 Financial instruments

(i) Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

(ii) Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

The effective interest 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 (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm’s length transactions, reference to similar instruments and option pricing models.

Financial assets are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through profit or loss (FVPL); or
- Fair value through other comprehensive income (FVOCI).

23. FAIR VALUE MEASUREMENT (Continued)

23.1 Financial instruments (Continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Central West Credit Union's cash and cash equivalents, loans and advances to members and trade receivables fall into this category of financial instruments as well as negotiable certificates of deposits (NCDs), floating rate notes (FRNs) and term deposits.

Financial assets at Fair Value through Profit or Loss (FVPL)

Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Fair Value through Other Comprehensive Income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities – CUSCAL Ltd and TAS.

(iii) Impairment

AASB 9 requires the use of forward-looking information to recognise expected credit losses - the **'expected credit loss model' (ECL).** Instruments within the scope of the requirements comprise all financial assets measured at amortised cost and investment debt securities measured at FVOCI. These include cash, receivables, loans and advances to members and investment securities.

The Credit Union considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the financial asset.

23. FAIR VALUE MEASUREMENT (Continued)

23.1 Financial instruments (Continued)

(iv) Derecognition

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

23.2 Impairment of non-financial assets

At each reporting date the Credit Union assesses whether there is any indication that individual non-financial assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount.

23.3 Measurement of fair values

A number of the Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Credit Union uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and;
- Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

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

Management have made critical accounting estimates when applying the Credit Union's accounting policies with respect to the valuation of land. In accordance with AASB 13 fair value for land should be based on highest and best use and should take into account a number of factors including: physical characteristic e.g. location or size, any legal restriction e.g. zoning and financial feasibility, recent sales evidence for comparable properties, and overall market conditions.

The fair value of the Credit Union's investment in unlisted equity securities, is based on consideration of sales in a limited market and the investee's net tangible assets.

24. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

Monetary assets and liabilities have differing maturity profiles depending on the contractual term. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. Financial assets and liabilities are at the undiscounted values (including future interest expected to be paid or received). Accordingly, these values will not agree to the Statement of Financial Position.

2024	Carrying Amount $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	5 + years $'000	No maturity $'000	Total Cash Flows $'000
Financial assets							
Cash on hand	531	-	-	-	-	531	531
Cash at bank and investments	124,644	20,692	35,975	58,099	-	25,641	140,407
Loans to members	146,113	3,948	11,283	53,964	201,570	-	270,765
FVOCI equity investments	571	-	-	-	-	571	571
Total financial assets	271,859	24,640	47,258	112,063	201,570	26,743	412,274
Financial Liabilities							
Trade payables and other liabilities	2,489	2,489	-	-	-	-	2,489
Lease liabilities	102	15	44	45	-	-	103
Deposits from members	245,764	27,206	53,384	4,106	-	161,068	245,764
Total financial liabilities	248,355	29,709	53,428	4,151	-	161068	248,356

2023	Carrying Amount $'000	0 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	5 + years $'000	No maturity $'000	Total Cash Flows $'000
Financial assets							
Cash on hand	455	-	-	-	-	455	455
Cash at bank and investments	100,742	18,813	22,413	48,333	-	21,742	111,301
Loans to members	147,734	3,814	10,790	51,034	176,580	-	242,218
FVOCI equity investments	573	-	-	-	-	573	573
Total financial assets	249,504	22,627	33,203	99,367	176,580	22,770	354,547
Financial Liabilities							
Trade payables and other liabilities	2,537	2,537	-	-	-	-	2,537
Lease liabilities	121	18	54	51	-	-	123
Deposits from members	225,637	20,817	35,060	3,313	-	167,560	226,750
Total financial liabilities	228,295	23,372	35,114	3,364	-	167,560	229,410

25. INTEREST RATE CHANGE PROFILE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities have conditions which allow interest rates to be amended either on maturity (term deposits and term investments) or after adequate notice is given (loans and savings). The table below shows the respective value of funds where interest rates are capable of being altered within the prescribed time bands, being the earlier of the contractual repricing date or maturity date.

2024	Within 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Non-interest rate sensitive $'000	Total $'000
Financial assets						
Cash and liquid assets	25,641	-	-	-	531	26,172
Receivables due from other financial institutions	20,503	54,500	16,000	8,000	-	99,003
Accrued receivables	1,097	-	-	-	-	1,097
Loans to members	53,180	13,383	35,480	44,088	11	146,142
FVOCI equity investment	-	-	-	-	571	571
Total financial assets	100,421	67,883	51,480	52,088	1,113	272,985
Financial Liabilities						
Deposits from members	168,057	20,130	53,384	4,106	87	245,764
Lease liabilities	5	10	45	42	-	102
Trade payables and other liabilities	-	-	-	-	2,489	2,489
Total financial liabilities	168,062	20,140	53,429	4,148	2,576	248,355

2023	Within 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Non-interest rate sensitive $'000	Total $'000
Financial assets						
Cash and liquid assets	21,742	-	-	-	455	22,197
Receivables due from other financial institutions	8,000	10,000	21,000	40,000	-	79,000
Accrued receivables	1,056	-	-	-	-	1,056
Loans to members	58,514	11,300	54,066	23,846	13	147,739
FVOCI equity investment	-	-	-	-	573	573
Total financial assets	89,312	21,300	75,066	63,846	1,041	250,565
Financial Liabilities						
Deposits from members	172,537	15,654	34,197	3,163	86	225,637
Lease liabilities	6	12	54	49	-	121
Trade payables and other liabilities	-	-	-	-	2,537	2,537
Total financial liabilities	172,543	15,666	34,251	3,212	2,623	228,295

26. FINANCIAL COMMITMENTS

	2024 $'000	2023 $'000
Loans approved, but not funded	4,118	2,244
Loan redraw facilities available	15,283	14,768
Loan facilities available to members for overdrafts and line of credit loans, as follows:		
- Total value of approved facilities	4,577	4,589
- At term	(1,233)	(1,179)
- Net undrawn value	3,344	3,410

27. EXPENDITURE COMMITMENTS

27.1 Other expenditure commitments

	2024 $'000	2023 $'000
The costs committed under contracts with Ultradata and Experteq are as follows:		
Within 1 year	892	683
1 to 5 years	531	1,807
Over 5 years	-	-
	1,423	2,490

27.2 Other

In the normal course of business, the Credit Union enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of the members. The Credit Union applies the same credit policies and assessment criteria in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet loan assets. The Credit Union holds collateral supporting these commitments where it is deemed necessary.

28. STANDBY BORROWING FACILITIES

The Credit Union has the following credit facilities with CUSCAL:

	2024 $'000	2023 $'000
Overdraft facility		
Gross	1,000	1,000
Current borrowings	-	-
Net available	1,000	1,000

There are no restrictions as to withdrawal of these funds subject to the availability of funds to CUSCAL at the time of draw down.

The borrowing facilities are secured by a fixed and floating charge over the assets and undertakings of the Credit Union.

29. CONTINGENT LIABILITIES

The Credit Union is a member of CUFSS Ltd, a company established to provide financial support to member Mutual ADIs in the event of a liquidity or capital problem arising. As a member, the Credit Union is committed to maintaining an amount equivalent to 3% of total assets as deposits in a nominated account. The maximum call for each member ADI would be 3% of the Credit Union's total assets. The Credit Union has the opportunity under certain circumstances to draw on this scheme.

At 30 June 2023, the Credit Union had $60,000 (2023: $30,000) in performance guarantees outstanding, secured by first mortgage over residential property or fixed term deposits.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

30.1 Remuneration of key management personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly including any Director. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

KMP have been taken to comprise of the Directors and the four members (four 2023) of the executive management team during the financial year, responsible for the day-to-day financial and operational management of the Credit Union.

	Year ended 30 June 2024			**Year ended 30 June 2023**		
	Directors	**Other KMP**	**Total**	**Directors**	**Other KMP**	**Total**
Short-term benefits	142	568	710	138	538	676
Post-employment benefits	22	75	97	45	70	115
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Total	164	643	807	183	608	791

Compensation includes all employee benefits as defined in AASB 119 *Employee Benefits*. Employee benefits are all forms of consideration paid, payable or provided by the Credit Union, or on behalf of the Credit Union, in exchange for services rendered to the Credit Union.

Compensation includes:

(i) short-term employee benefits, such as wages, salaries, paid annual leave, paid sick leave, and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as salary packaged) for current employees;

(ii) post-employment benefits such as pensions, and other retirement benefits;

(iii) other long-term employee benefits, including long-service leave or other long-service benefits, and, if they are not payable wholly within twelve months after the end of the period, bonuses; and

(iv) termination benefits.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

30.2 Loans to key management personnel and their close members of family (Continued)

	Year ended 30 June 2024			Year ended 30 June 2023		
	Directors	Other KMP	Total	Directors	Other KMP	Total
Opening balance	3,397	742	4,139	3,001	780	3,781
Interest charged	135	22	157	56	22	78
Write-off	-	-	-	-	-	-
Closing Balance	3,723	659	4,382	3,397	742	4,139
Amount of impairment loss expense recognised	-	-	-	-	-	-

Loans provided to staff / spouse jointly for any purpose are provided at the lower of the current FBT Benchmark rate as advised by the ATO or the rate of interest on offer to members for a similar loan / overdraft facility. Loans provided to Directors and KMP's close members of family are on conditions no more favourable than those extended to members generally. Security has been obtained for these loans in accordance with the Credit Union's lending policy.

There is no provision for impairment in relation to any loan extended to KMP or their close members of family. No loan impairment expense in relation to these loans has been recognised during the period.

30.3 Other transactions

There were no other transactions during the financial year between the Credit Union and members of the Board.

30.4 KMP and their close members of family saving, term deposit and revolving credit facility accounts

	Year ended 30 June 2024			Year ended 30 June 2023		
	Directors	Other KMP	Total	Directors	Other KMP	Total
Opening balance	420	484	904	4,572	310	4,882
Interest paid	3	3	6	5	1	6
Closing Balance	814	512	1,326	420	484	904

Directors and related parties have received interest on deposits with the Credit Union during the financial year. Interest has been paid on terms and conditions no more favourable to those available on similar transactions to members of the Credit Union.

31. ECONOMIC DEPENDENCY

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

(i) CUSCAL Limited – This entity supplies the Credit Union rights to members' cheques and Visa Cards in Australia and provides services in the form of settlement with bankers for member chequeing, Visa Card transactions and the production of members' cheque books and Visa Cards for use by members. It also provides central banking facilities. In addition, CUSCAL operates the switching computer used to link Visa Cards operated through approved ATM suppliers and merchants, to the Credit Union EDP systems.

(ii) Experteq – this company operates the computer facility on behalf of the Credit Union, in conjunction with other Credit Unions. The Credit Union has a management contract with the bureau to supply computer support staff and services to meet the day to day needs of the Credit Union and compliance with relevant prudential standards.

(iii) Credit Union Financial Support System (CUFSS) – this entity provides emergency liquidity support to the Credit Union.

(iv) Ultradata Australia Pty Ltd – this company supplies and maintains the application software utilised by the Credit Union.

32. SEGMENTAL REPORTING

The Credit Union operates exclusively in the retail financial services industry within Australia.

33. STATEMENT OF CASH FLOWS

33.1 Cash flows presented on a net basis

Cash arising from the following activities are presented on a net basis in the Statement of Cash Flows:

(i) member deposits to and withdrawals from savings, money market and other deposit accounts;
(ii) sales and purchases of maturing certificates of deposit.

33.2 Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call with other financial institutions. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2024 $'000	2023 $'000
Cash balance comprises:		
- Cash on hand	531	455
- Imprest accounts	25,641	21,742
- Deposits at call less than 90 days	-	-
	26,172	22,197

33. STATEMENT OF CASH FLOWS (CONTINUED)

33.3 Reconciliation of cash flows from revenue activities to profit for the year after income tax

	2024 $'000	2023 $'000
Profit for the year after income tax	2,101	1,594
Non-cash items		
Provision for loan impairment	25	(8)
Depreciation and amortisation	503	463
(Gain) / loss on disposal of property, plant and equipment	(15)	-
Movements in assets and liabilities		
Deferred taxes	(19)	(8)
Provision for income tax	108	79
Provision for employee entitlements	63	12
Provision for make-good	(8)	-
Interest and other receivables	(418)	(361)
Prepayments	62	-
Accrued interest payable	546	429
Creditors and accruals	9	19
Net cash flows from revenue activities	2,957	2,219

34. CORPORATE GOVERNANCE DISCLOSURES

Board

The Credit Union Board has responsibility for the overall management and strategic direction of the Credit Union.

Board members are independent of management and are either Board appointed or elected by members on a rotation of every 3 years. Currently, at 30 June 2024 there was one Board appointed Director.

Each Director must be eligible to act under the constitution as a member of the Credit Union and *Corporations Act 2001* (Cwlth) criteria. Directors need to also satisfy the fit and proper criteria set down by APRA.

The Board has established policies to govern conduct of the Board meetings, director conflicts of interest and training so as to maintain director awareness of emerging issues and to satisfy all governance requirements.

The Board:

- Monitors the matters of operational risk management and APRA reporting obligations;
- Monitors the compliance with applicable laws;
- Reviews General Manager performance and remuneration;
- Approves financial budgets and performance criteria;
- Ratifies funding that exceeds General Manager's approved delegation levels prior to funding; and
- Ratifies management approved interest rate changes.

34. CORPORATE GOVERNANCE DISCLOSURES (CONTINUED)

Board remuneration

The Board receives remuneration from the Credit Union in the form of Director fees approved by members, for elected Directors, and approved by the Board for appointed Directors. All Directors are reimbursed for out-of-pocket expenses. There are no other benefits received from the Credit Union by the Directors.

Audit Committee

An Audit Committee has been formed to assist the Board in relevant matters of financial prudence. The directors form the majority of this Committee with General Manager participation as secretary.

The Audit Committee is established to oversight the financial reporting and audit process. Its role includes:

- Monitoring audit reports received from internal and external auditors and management's responses thereto;
- Liaising with the auditors (internal and external) on the scope of their work and experience in conducting an effective audit;
- Ensuring the external auditors remain independent in the areas of work conducted;
- Monitoring the matters of operational risk management and APRA reporting obligations; and
- Monitoring the compliance with applicable laws

Risk Committee

The Risk Committee plays a key role in assisting the board of directors to fulfil its corporate governance and overseeing responsibilities in relation to the Credit Union's identification of risk, monitoring of risk and oversight of risk management systems developed to manage risk within the Board's risk appetite.

The Risk Committee has no direct decision-making power, however, will be required to provide suggestions and recommendations to the board of directors in relation to matters and issues that it has considered on behalf of the board. The responsibility for formal decisions on all board related issues remains with the board as a whole, despite the fact that the board may rely upon committee recommendations to make such decisions.

The primary objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to the following risk management and reporting practices of the Credit Union:

- Oversee and appraise the effectiveness of the Credit Union's internal risk management program and systems, including:
    - Compliance program;
    - Operational Risk Program;
    - Fraud & AML programs;
    - Due Diligence assessment process;
    - Lending & Collection process; and
    - Provisioning practices.
- Consider the adequacy of the Credit Unions Credit, Capital, Liquidity, Operational and Market Risk controls;

34. CORPORATE GOVERNANCE DISCLOSURES (CONTINUED)

Risk Committee (Continued)

- Undertake any role assigned to the committee in accordance with any Board policy including the Board's Lending & Collections policy and Provisioning Policy
- Determination of policies that ensure that the Credit Union's Risk Strategy is adhered to and monitoring adherence to those policies.

Policies

The Board has endorsed a policy of compliance and risk management to suit the risk profile of the Credit Union's ethical guidelines to staff and to reinforce the practice of providing efficient service to members with courtesy and recognition of members as owners.

The ethical principles adopted by the Credit Union are in accordance with the Customer Owned Banking Code of Practice.

Key risk management policies include:

- Capital adequacy management
- Liquidity management
- Credit risk management
- Data risk management
- Operations risk management
- Human resources
- Work health & safety
- Accounting
- Business continuity management
- Corporate governance

Compliance

The Credit Union has a Compliance Manager who is responsible for maintaining the awareness of staff for all changes in compliance legislation and responding to staff inquiries on compliance matters. The officer also monitors the Financial Services Reform (FSR) and Australian Credit license (ACL) obligations and responds to all member complaints and disputes should they arise.

External audit

Audit is performed by Intentus Chartered Accountants. Whose history with auditing credit unions exceeds 35 years and who audit 5 credit unions in NSW. Intentus utilises sophisticated computer assisted audit software to supplement the compliance testing.

The work performed by the external auditors is examined by the Audit Committee to ensure that it is consistent with the current external audit reporting role and does not impair their independence.

34. CORPORATE GOVERNANCE DISCLOSURES (CONTINUED)

Internal audit

An internal audit function has been established using the services of DBP Consulting Pty Ltd (Glenn Pannam) to deal with the areas of internal control compliance and regulatory compliance.

Regulation

The Credit Union is regulated by:

- Australian Prudential Regulation Authority (APRA) for the prudential risk management of the Credit Union.
- Australian Securities and Investments Commission (ASIC) for adherence to *Corporations Act 2001* (Cwlth), Accounting Standards disclosures in the financial statements and FSR requirements. The FSR legislation requires the Credit Union to disclose details of products and services, maintain training for all staff that deal with the members and provide an effective and independent complaints handling process.

Under the FSR licensing arrangements all staff which deal with the public are required to be trained and certified to a level of skill commensurate with the services provided. Both ASIC and APRA conduct periodic inspections and the auditor's report to both regulators annually on compliance with respective requirements. The external auditors also report to both ASIC on the FSR compliance and APRA on the prudential policy compliance.

Work Health & Safety (WHS)

The nature of the finance industry is such that the risk of injury to staff and the public are less apparent than in other high-risk industries. Nevertheless, the Credit Union's two most valuable assets are staff and members and steps need to be taken to maintain their security and safety when circumstances warrant. WHS policies have been established for the protection of both members and staff and are reviewed at least annually for relevance and effectiveness.

Staff are trained in robbery procedures and offices are designed to detract from such acts by:

- Minimum cash levels being held in accessible areas
- Cameras and monitoring equipment visible throughout the office

Office premises are examined regularly to ensure that the electrical safety and physical safety measures are appropriate to the needs to the public and staff.

The Credit Union has established an independent WHS review that is completed on a bi-annual basis. The resulting Independent reports are reviewed by the Audit Committee, with any concerns raised actioned in a prompt manner. Secure cash handling policies are in place and injury from lifting heavy weights and RSI are managed by proper techniques to minimise the risk of damage.

All staff have access to trauma counsellors where required following an incident which may impair their feeling of safety in the work place.

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

Central West Credit Union Limited is not required by Australian Accounting Standards to prepare consolidated financial statements. In accordance with 295(3A) of the Corporations Act 2001, no further information is required to be disclosed in this consolidated entity disclosure statement.

G.M. Dean
Director
Chair of the Board of Directors

CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

DIRECTORS' DECLARATION

The Directors of Central West Credit Union Limited declare that:

(a) The financial statements and notes set out on pages 8 to 59:

(i) comply with Accounting Standards and the *Corporations Act 2001* (Cwlth); and

(ii) give a true and fair view of the financial position as at 30 June 2024 and performance for the year ended on that date of the Credit Union.

(b) The consolidated entity disclosure statement is true and correct.

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

This declaration is made in accordance with a resolution of the Board of Directors and is signed at Parkes on the 25th day of September 2024 for and on behalf of the Directors by:

G.M. Dean
Director
Chair of the Board of Directors

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Central West Credit Union Ltd (the Credit Union), which comprises the Statement of Financial Position as at 30 June 2024, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information, the director's declaration and the consolidated entity disclosure statement.

In our opinion:

(a) the financial report of the Central West Credit Union Limited is in accordance with the *Corporations Act 2001* (Cwlth), 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 year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (Cwlth)

(b) The financial report also complies with International Financial Reporting Standards as discussed in Note 1.

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 Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company'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.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* (Cwlth). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 Company 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.

- Obtains 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 entity's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

- Concludes on the appropriateness of those charged with governance's 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 entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluates 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.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

intentus

127 Keppel Street
Bathurst
Dated: 26 September 2024

Leanne Smith
Principal