

2016

Annual Report

Goulburn Murray Credit Union Co-operative Ltd
ABN 87 087 651 509



**Goulburn Murray
Credit Union**

customer owned banking

Board of Directors



Geoff Cobblestick
Chair



Robert Morris
Audit Chair



Frank Mandaradoni



René Deen
General Manager / Secretary



Fiona Merrylees
Deputy Chair & Risk Chair



John Guilmartin



Fredrick West

John Lyle - resigned during the year
Appointed after end of year;
Eileen Curtis
Eugenie Stragalinos

Chairman's Report

Fellow Members, I am pleased to present the Chair's Report in my first year as Chair of the Goulburn Murray Credit Union ("GMCU"). This was a special year for the GMCU in that we celebrated our 60 year anniversary and of course much has changed over that time. What has not changed, however, is the emphasis of putting our member's interests at the forefront of all decisions made by the GMCU and this will always continue to be our focus into the future.

The Customer Owned Banking network, of which the GMCU is an integral part, provides a very special service to their members. Unlike the big Banks we don't have to focus on profits so that we can pay a dividend to shareholders but rather we direct our energy towards providing excellent, cost efficient banking and associated services to our members. Funds that we do generate go back into enhancing these services to members as well as being invested into many community based organisations and activities to enrich the communities in which we operate.

We have again achieved excellent results in the 2015/16 year and look forward to continue to build on this solid base to the benefit our members in future years. Our Financial Statements show that the GMCU has recorded;

- An increase in assets of \$6.513 million (2.13%)
- An increase in loans of \$20.283 million (8.84%)
- An increase in deposits of \$3.487 million (1.32%)
- An operating profit after tax \$2.324 million (2014/15 \$2.087 million)

These results were recorded in a period of very low interest rates which have been in place for many years together with continuing low levels of economic growth and uncertainty in a number of industries in our region. It is important for the GMCU to generate profits so that we can reinvest in the business and to provide equity for growth, a key strategy in the GMCU Strategic Plan.

The GMCU has experienced the same pressure on interest margins that have impacted on all organizations across our sector. We have, however, maintained highly competitive rates on deposits and loans without impacting unsatisfactorily on our interest margin. Additionally we have looked to maximise non-interest income as well as minimising expenditure where practicable which has enabled us to maintain a very strong liquidity position. Overall the financial health of the GMCU is sound and this position will continue into future years.

The Board continue to focus on their governance responsibilities and during the year have overhauled our 2015 – 2018 Strategic Plan which now includes the five pillars of Financial Management, Growth, Governance, Information Technology and Our People. We regularly monitor performance against this Plan and are well on track to achieving the goals and targets identified. Our Audit Committee and Risk Committee continue to provide sound support to the Board and during the year we have established a Corporate Governance Committee to provide a catalyst for many governance issues the Board are required to consider. It is through this mechanism that Board were able to appoint two new Directors, Eileen Curtis and Eugenie Stragalinos, who will consequently be seeking election at this Annual General Meeting.

Mr Fred West, who has been a Director for 36 years, will not be seeking re-election at this meeting. Fred has made an invaluable contribution to the GMCU during this time and many of the successes that we have had over this period can be attributed to him. We thank Fred and wish him all the best in his future endeavours.

During the year the Board approved the relocation of the Echuca Branch which was successfully undertaken by management and staff. We believe the investment into the growing region of Echuca

to be a sound business decision and look forward to increased patronage as a result of this investment. We have also invested in new products and services for members including new ATMs at many Branches, the Amigo Credit Card and The Pays, a banking app that allows Android mobile phones to be used as a “tap and go” device in the retail shopping space. All of these investments have been well received by members.

It should be noted by members that the Australian Prudential Regulation Authority, (APRA), undertook a detailed prudential review of the GMCU during the year which included an onsite visit. These reviews are undertaken periodically by APRA and the Board was most pleased at the result of this audit.

A major strength of the GMCU is its management and staff and I congratulate them on an excellent year. We are indeed fortunate to have such a dedicated and talented team working to enhance the banking experience of our members, thank you.

The Board, Management and Staff are excited by the future and we look forward to continuing to provide high quality and cost efficient products and services to our members. The GMCU is an excellent organization and I am very proud to be a part of it.

A handwritten signature in black ink, appearing to read 'G. Cobbledick', written in a cursive style.

Geoff Cobbledick

Chair

Directors' report

The Directors present their report together with the financial statements of Goulburn Murray Credit Union Co-operative Limited (the "Company") for the year ended 30 June 2016 and the auditor's report thereon.

Directors

The names and details of the Directors of the Company in office at any time during or since the end of the financial year are:

John B Lyle B Bus FCA

Board Chair – resigned Nov 2015
Occupation: Consultant
Director since: 1992

John W Guilmartin

Occupation: Finance Manager
Director since: 1994

Frank Mandaradoni CPA

Occupation: Accountant
Director since: 1996

Robert Morris CPA

Chair – Audit Committee
Occupation: Accountant
Director since: 2007

Geoff Cobbledick

Board Chair – appointed Jan 2016
Occupation: Business Manager
Director since: 2008

Frederick J West

Occupation: Self-employed
Director since: 1980

Fiona Merrylees BA.LL.B

Deputy Chair
Chair – Risk Committee
Occupation: Solicitor
Director since: 2005

Eileen Curtis Bus MPA CPA MAICD

Occupation: Corporate Program Manager
Director since: 2016

Eugenie Stragalinos B Com CPA

Occupation: General Manager – Corporate Strategy and Planning
Director since: 2016

All Directors are considered to be independent, non-executive Directors.

Directors' meetings

The number of meetings of Directors (including meetings of committees) held during the year and the number of meetings attended by each Director were as follows:

Director	Board of Directors' Meetings		Audit		Governance		Salary & Structure		Risk	
	A	B	A	B	A	B	A	B	A	B
J Lyle	5	4	5	4	1	0	-	-	5	4
J Guilmartin	12	12	12	12	6	6	-	-	-	-
F Mandaradoni	12	12	12	11	6	6	1	1	6	5
R Morris	12	11	12	11	6	6	-	-	12	11
F West	12	9	-	-	-	-	1	1	12	9
F Merrylees	12	12	6	6	-	-	1	1	12	12
G Cobbledick	12	10	12	9	6	5	1	1	12	9

A – reflects the number of meetings the Director was eligible to attend during the year

B – number of meetings attended

Directors' report (continued)

Company secretary

Mr René Deen, the Company's General Manager, was appointed to the position of Company Secretary on 1 June 2002 and continues to act in this capacity as at and post the end of the financial year.

Mr Peter Thomas, the Company's Operations Manager, and Mrs Rebecca Hearn, the Company's Finance Manager, were appointed to the positions of alternate Company Secretaries on 20 June 2002, and continue to act in this capacity as at and post the end of the financial year.

Principal activities

The principal activity of the Company is to raise funds from the Company's members for the purpose of making loans to members. No significant change in the nature of the activity has occurred during the year.

Operating & Financial Review

The profit for the financial year before income tax was \$3,225,162 (2015: \$2,954,186). Income tax was \$900,209 (2015: \$866,984) Profit after tax for 2016 was \$2,324,953 (2015: \$2,087,202).

Review of operations

Net loans for the year have increased by \$20,283,683 to \$249,800,658.

Member deposits increased during the year by \$3,487,155 to \$267,746,913.

Members' equity during the year has increased by \$2,490,359 to \$39,216,497.

State of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company during the financial year under review.

Dividends

The Company does not have permanent share capital and has therefore not paid or declared any dividends for the financial year.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Directors' report (continued)

Directors' benefits

During or since the end of the financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration paid or payable to the Directors as shown in the general purpose financial statements) by reason of a contract entered into by the Company with:

- a Director,
- a firm of which a Director is a member, or
- an entity in which a Director has a substantial financial interest except those outlined in Note 23 to the financial statements.

Likely developments

No material likely developments are foreseen at this time that may affect the Company's operations.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Indemnification and insurance of Officers and auditors

The Company has not given any indemnities to Directors, Officers or Auditors.

The Company has arranged Directors' and Officers' Liability insurance coverage, against legal costs imposed on Directors and Officers, in a manner that complies with the *Corporations Act 2001*.

Public Prudential Disclosure

In accordance with the APS330 Public Disclosure requirements, the Credit Union is to publicly disclose certain information in respect of:

- Details on the composition and features of capital and risk weighted assets; and
- Both qualitative disclosure and quantitative disclosures for Senior Managers and material risk-takers.

These disclosures can be viewed on the Credit Union's website:

<http://www.gmccu.com.au/about-us/public-disclosure.html>

Directors' report (continued)

Lead auditor's independence declaration

The Lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 7 of the financial report.

Dated at Shepparton this 28th day of September 2016.

Signed in accordance with a resolution of the Directors.



G Cobbledick – Chair



F Merrylees – Deputy Chair

Auditor Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Goulburn Murray Credit Union Co-operative Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been no contraventions of:

- (1) The auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (2) Any applicable code of professional conduct in relation to the audit.

Crowe Horwath Albury
CROWE HORWATH ALBURY



ALISON FLAKEMORE

Partner

Hobart, 29th September 2016

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Interest revenue	2	13,730,780	14,291,545
Interest expense	2	(4,929,776)	(5,931,684)
Net interest income		8,801,004	8,359,861
Non-interest revenue	3	2,539,121	2,499,887
General and administration	3	(6,636,710)	(6,453,998)
Impairment charge	11	19,696	(89,597)
Occupancy expenses		(402,956)	(375,119)
Depreciation and amortisation expense	3	(353,285)	(320,890)
Fees and commission expense		(741,708)	(665,958)
Profit before tax		3,225,162	2,954,186
Income tax expense	5	(900,209)	(866,984)
Profit after tax		2,324,953	2,087,202
<i>Other comprehensive income</i>			
Net gain/(loss) on revaluation of property, plant and equipment		165,406	-
Other comprehensive income for the year, net of tax		165,406	-
Total comprehensive income for the year		2,490,359	2,087,202

The statement of profit or loss and comprehensive income is to be read in conjunction with the accompanying notes set out on pages 12 to 61.

Statement of Changes in Equity

Year ended 30 June 2016

	Retained Profits \$	Member Share Redemption Reserve \$	Lending Risk Reserve \$	Asset Revaluation Reserve \$	Total \$
Opening balance at 1 July 2014	32,880,215	77,559	684,868	996,294	34,638,936
Profit after tax	2,087,202	-	-	-	2,087,202
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income and expense for the period	2,087,202	-	-	-	2,087,202
Transfer to/(from) lending risk reserve	(63,656)	-	63,656	-	-
Transfer to member share redemption reserve	(2,692)	2,692	-	-	-
Closing balance at 30 June 2015	34,901,069	80,251	748,524	996,294	36,726,138
Year ended 30 June 2016					
Opening balance at 1 July 2015	34,901,069	80,251	748,524	996,294	36,726,138
Profit after tax	2,324,953	-	-	-	2,324,953
Other comprehensive income for the period	-	-	-	165,406	165,406
Total comprehensive income and expense for the period	2,324,953	-	-	165,406	2,490,359
Transfer to/(from) lending risk reserve	(28,605)	-	28,605	-	-
Transfer to member share redemption reserve	(2,418)	2,418	-	-	-
Closing balance at 30 June 2016	37,194,999	82,669	777,129	1,161,700	39,216,497

The statement of changes in equity is to be read in conjunction with the accompanying notes set out on pages 12 to 61.

Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Cash and cash equivalents	7	20,910,357	35,117,964
Receivables due from other financial institutions	8	33,896,839	33,813,489
Receivables	9	257,221	440,192
Loans and advances	10	249,800,658	229,516,975
Other financial assets	12	437,048	437,048
Investment property	15	660,000	582,000
Property, plant and equipment	14	5,241,114	4,789,223
Deferred tax asset	6	301,925	273,574
Intangible assets	13	102,347	167,348
Other assets	16	295,359	251,425
TOTAL ASSETS		311,902,868	305,389,238
LIABILITIES			
Deposits	17	267,746,913	264,259,758
Bank Overdraft	7	152,168	-
Payables	18	3,616,117	3,345,225
Employee benefits	19	828,801	770,049
Current tax payable	6	330,882	238,801
Deferred tax liability	6	11,490	49,267
TOTAL LIABILITIES		272,686,371	268,663,100
NET ASSETS		39,216,497	36,726,138
EQUITY			
Reserves		2,021,498	1,825,069
Retained profits		37,194,999	34,901,069
TOTAL EQUITY		39,216,497	36,726,138

The statement of financial position is to be read in conjunction with the accompanying notes set out on pages 12 to 61.

Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Interest received		13,913,751	14,065,459
Interest paid		(5,241,178)	(6,016,844)
Cash paid to suppliers and employees		(7,252,364)	(7,325,254)
Receipts from other services		2,495,186	2,636,942
Income tax paid		(808,129)	(838,170)
		3,107,266	2,522,133
Net movement in loans		(20,263,987)	552,311
Net movement in deposits and short-term borrowings		3,487,155	21,998,444
Net cash from operating activities	20	(13,669,566)	25,072,888
Cash flows from investing activities			
Proceeds from sale of other financial assets		-	-
Net movement in receivables due from other financial institutions		(83,350)	(31,845,420)
Payments for property, plant and equipment		(674,636)	(578,054)
Payments for intangible assets		(7,674)	(21,492)
Proceeds from sale of property, plant and equipment		75,451	67,136
Net cash from/(used in) investing activities		(690,209)	(32,377,830)
Net increase/(decrease) in cash and cash equivalents		(14,359,775)	(7,304,942)
Cash and cash equivalents at 1 July		35,117,964	42,422,906
Cash and cash equivalents at 30 June	7	20,758,189	35,117,964

The statement of cash flows is to be read in conjunction with the accompanying notes set out on pages 12 to 61.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES

Goulburn Murray Credit Union Co-operative Limited (the “Company”) is a company domiciled in Australia.

The financial statements were authorised for issuance by the Directors on 28th September 2016.

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*.

Not-for-profit status

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The Company has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently where appropriate the Company has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

(b) Basis of preparation

The financial statements are presented in Australian dollars.

The financial statements have been prepared on the basis of historical costs except that the following assets and liabilities (if applicable) are stated at their fair value: land and buildings, derivative financial instruments, financial instruments classified as available-for-sale and investment property.

Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment and investment property

The fair value of land and buildings and investment property are based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Company’s land and buildings and investment property.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

The preparation of financial statements are in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 1 (r).

The accounting policies set out below have been applied consistently to all periods presented in the financial statements by the Company.

(c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash balances with less than three months remaining to maturity and includes cash and balances with Cuscal Limited and other Authorised Deposit-taking Institutions (including banks) including the minimum reserve requirements that the Company is obligated to place for liquidity purposes.

(d) Receivables due from other financial institutions

Receivables due from other financial institutions are held-to-maturity investments which the Company has a positive intention and ability to hold to maturity. The accrual for interest receivable is calculated on a proportional basis and the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the statement of financial position.

(e) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income tax (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

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

(f) Loans and advances

Loans and advances are stated at their amortised cost less impairment losses (see Note 1(g)).

All loans and advances are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described below:

Non-accrual loans - are loans and advances where the recovery of all interest and principal is considered to be reasonably doubtful, and hence impairment losses are recognised.

Restructured loans - arise when the borrower is granted a concession due to continuing difficulties in meeting the original terms, and the revised terms are not comparable to new facilities. Loans with revised terms are included in non-accrual loans when impairment provisions are required.

Assets acquired through the enforcement of security - are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

Past-due loans - are loans where payments of principal and/or interest are at least 90 days in arrears. Full recovery of both principal and interest is expected. If a provision for impairment is required, the loan is included in non-accrual loans.

Loan impairment – specific provision

Losses for impaired loans are recognised where there is objective evidence that the impairment of a loan has occurred. Impairment losses are calculated on individual loans in arrears. The amount provided for impaired loans is determined by management and the Board to recognise the probability of loan amounts not being collected in accordance with the terms of the loan agreement.

Loan impairment – collective provision

APRA Prudential Standards require a collective provision to be maintained, based on specific percentages of the loan balance which are contingent upon the length of time the repayments are in arrears.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Company's investments in held to maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held to maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at fair value or at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1(g)).

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

When the construction or development of a self-constructed investment property is completed and will be carried at fair value, any difference between the fair value of the property at the date and its previous carrying amount is recognised in profit or loss.

Where parts of an item property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy 1(g)). The property held under finance leases and leased out under operating lease is classified as investment property and stated at the fair value model. Lease payments are accounted for as described in accounting policy 1(l). Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

Subsequent recognition

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- Buildings 40 years
- Furniture & fittings 5 to 15 years
- Leasehold improvements The lease term
- Motor vehicles 5 to 15 years
- Office equipment 3 to 15 years

The residual value, if not insignificant, is reassessed annually.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets

Items of computer software which are not integral to the computer hardware owned by the Company are classified as intangible assets.

Computer software is amortised over the expected useful life of the software. The estimated useful lives in the current and comparative periods are as follows:

- Computer software 4 years

(j) Investment properties

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Fair value is assessed annually.

Rental income from investment property is accounted for as described in accounting policy (n).

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, fixtures and fittings and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

(k) Business combinations

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Contingent rentals are recognised as an expense in the financial year they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other payables

Trade and other payables are stated at their amortised cost.

Trade payables are non-interest bearing and are normally settled on 30 day terms.

(n) Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Loan interest

Loan interest is calculated on the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Non accrual loan interest

While still legally recoverable, interest is not brought to account as income where the Company is informed that the member has deceased, or where a loan is impaired. A loan is classified as impaired where recovery of the debt is considered unlikely as determined by the Board of Directors. APRA has made it mandatory that interest is not recognised as revenue after the irregularity exceeds 90 days for a loan facility, or 15 days for an overlimit overdraft facility.

Fees and commissions

Fees and commissions are recognised as revenues on an accrual basis.

Interest

Interest income is recognised as it accrues, using the effective interest method.

Dividend income

Dividend income is taken into revenue as received.

Income from property

Income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total income from property.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee entitlements

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs such as workers compensation insurance and payroll tax. Annual leave expected to be taken after 12 months is discounted back to present value using the rates attached to high quality corporate bond rates at the balance date.

Long service leave

The Company's obligation in respect of long service leave is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to high quality corporate bond rates at the balance date which have maturity dates approximating to the terms of the Company's obligations.

Superannuation plans

Contributions to the employee's superannuation funds are recognised as an expense as they are incurred.

(p) Goods and services tax

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

Revenues, expenses and assets are recognised net of the goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of accounting of the asset or as part of the expense.

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

Cashflows are included on the statement of cash flows on a gross basis. The GST components of cashflows from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flow.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(r) Accounting estimates and judgements

Management has been involved in the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. In particular, 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:

- Notes 10 and 11 – Impairment of loans and advances.
- Note 25 – Fair value of Financial Instruments
- Note 14 and 15 – Land, buildings and investment property valuation assumptions and estimation of useful life
- Note 6 – the company's ability to realise deferred tax assets and deferred tax liability balances

(s) Reserves

Lending risk reserve

AIFRS precludes the Company from holding a general provision for doubtful debts in its Statement of Financial Position. Under AIFRS the balance of the general provision must now be carried in a suitably styled reserve account in equity as an allocation from retained profits.

The Company has transferred the amount of \$28,605 to a lending risk reserve account as at 30 June 2016. This reserve is calculated at the rate of between 0.5% and 1.25% of risk weighted assets.

Member share redemption reserve

The Company has, in accordance with Compliance Note 2001.84, complied with Section 254(k) of the *Corporations Act 2001* via the creation of a Member Share Redemption Reserve. At the conclusion of each quarter during the financial year, the Company establishes the number of members that resigned during the quarter and transfers the equivalent monetary amount to a Member Share Redemption Reserve from retained profits.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Reserves (continued)

The balance represents the amount of redeemable preference shares redeemed by the Company since 1 July 1999. The law requires that the redemption of the shares be made out of profits. Since the value of the shares has been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

The Member Share Redemption Reserve has been separately disclosed.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of land and buildings.

(t) Member deposits

Basis for determination

Member deposits and term investments are quoted at the aggregate amount of money owing to depositors.

Interest payable

Interest on deposits is calculated on the daily balance and posted to the accounts periodically, or on maturity of the term deposit. Interest on deposits is brought to account on an accrual basis in accordance with the interest rate terms and conditions of each deposit and term deposit account as varied from time to time. The amount of the accrual is shown as part of accrued interest payable.

(u) Short term borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

(v) Financial Instruments

Recognition & initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Financial Instruments (continued)

continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

Classification & subsequent measurement

(i) *Financial assets at fair value through profit & loss*

Financial assets are classified at fair value through the profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) *Loans & receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) New standards and interpretations not yet adopted

The following standards have been identified as ones which may impact the Company in the period of initial application. They are available for early adoption, but have not been applied by the Company in these financial statements:

- *AASB 9 Financial Instruments* - replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The company does not expect the changes to have a material effect on the financial statements, other than the move to an expected loss model for impairment which may result in increases to provisions, when AASB 9 is first adopted.
- *AASB 15 Revenue from Contracts with Customers* - establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces most of the existing standards and interpretations relating to revenue recognition, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the Company of the amount expected to be entitled for performing under the contract. It is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The company does not expect the changes to revenue recognition to have a material effect on the financial statements when AASB 15 is first adopted.
- *AASB 16 'Leases'* - replaces AASB 117 *'Leases'* and some lease related interpretations. AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short term and low value asset leases, provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases. AASB 16 is effective for annual reporting periods commencing 1 January 2019. The Company is yet to undertake a detailed assessment of AASB 16 however, based on preliminary assessments, the standard is likely to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted, as the Company has and will continue to have a number of operating leases. The Company's preliminary assessment does indicate that the likely impact on the transactions and balances recognised will be an increase in property, plant and equipment, an increase in liabilities and an increase in assets.

Notes to the Financial Statements

For the year ended 30 June 2016

2. INTEREST REVENUE AND INTEREST EXPENSE

	2016 \$	2015 \$
Interest revenue		
Deposits with other financial institutions	1,558,673	1,601,512
Loans and advances	12,172,107	12,690,033
	<hr/>	<hr/>
	13,730,780	14,291,545
Interest expense		
Member deposits	4,919,798	5,931,568
Short-term borrowings	9,978	116
	<hr/>	<hr/>
	4,929,776	5,931,684

Notes to the Financial Statements

For the year ended 30 June 2016

3. OPERATING REVENUE AND EXPENSES

	2016 \$	2015 \$
Depreciation and amortisation expense		
Depreciation of property, plant and equipment:		
Plant and equipment	230,509	199,518
Buildings	50,101	44,685
Amortisation of intangible assets	72,675	76,687
Total depreciation and amortisation expense	353,285	320,890
General and administration expense		
Personnel costs:		
- Wages and salaries	3,592,534	3,470,736
- Employee entitlements	69,292	60,725
- Superannuation contributions	431,877	397,469
EDP costs	656,677	677,690
Marketing and promotion	566,137	515,988
General administration	874,259	867,716
Other	445,934	463,674
Total general and administration expense	6,636,710	6,453,998
Non interest revenue		
Loan fees	289,472	286,400
Electronic transaction fees	611,116	563,951
Other fees	685,869	723,964
Commissions	732,270	690,454
Bad debts recovered	8,271	14,102
Rent	51,859	29,223
Dividends	69,878	69,252
Gain on revaluation of investment property	78,000	-
Other	12,386	122,541
Total non interest revenue	2,539,121	2,499,887

Notes to the Financial Statements

For the year ended 30 June 2016

4. AUDITOR'S REMUNERATION

	2016 \$	2015 \$
Amounts received or due and receivable by the External Auditor of the Company (including GST) for:		
– Audit of the financial statements of the Company	72,567	67,540
– Other regulatory assurance service	16,093	18,222
– Other services in relation to the Company	5,198	5,198
	93,858	90,960

5. INCOME TAX

Profit before tax	3,225,162	2,954,186
Prima facie income tax expense calculated at 30% on net profit	967,549	886,256
Increase/(decrease) in income tax due to:		
Non-deductible expenses	788	403
Imputation credits	(20,964)	(20,775)
Under/(over) provision for income tax in prior year	-	-
Other items	(47,164)	1,100
Income tax expense	900,209	866,984
Current tax expense		
Current year	966,337	897,666
Adjustments for prior year		
Deferred tax expense	(66,128)	(30,682)
Income tax expense	900,209	866,984

Notes to the Financial Statements

For the year ended 30 June 2016

6. RECOGNISED DEFERRED TAX ASSETS & LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Cash & Cash Equivalents	-	-	(1,355)	-	(1,355)	-
Investments in Other Istituitons	-	-	(6,529)	-	(6,529)	-
Loans & advances	19,846	28,108	-	-	19,846	28,108
Prepayments	-	-	(800)	(537)	(800)	(537)
Property, Plant and Equipment	-	-	(2,806)	(48,730)	(2,806)	(48,730)
Accrued Expenses	36,973	21,148	-	-	36,973	21,148
Employee Benefits	245,106	224,318	-	-	-	-
	<u>301,925</u>	<u>273,574</u>	<u>(11,490)</u>	<u>(49,267)</u>	<u>290,435</u>	<u>224,307</u>

The current tax payable for the Company of \$330,882 (2015: \$238,801) represents the amount of income tax payable in respect of current and prior periods.

7. CASH AND CASH EQUIVALENTS

	2016 \$	2015 \$
Cash on hand and at bank	2,058,269	4,507,414
Interest earning deposits	18,852,088	30,610,550
	<u>20,910,357</u>	<u>35,117,964</u>
Bank Overdraft	(152,168)	-
	<u>20,758,189</u>	<u>35,117,964</u>
<i>Maturity analysis</i>		
At call	4,906,101	7,507,414
Not longer than 3 months	15,852,088	27,610,550
	<u>20,758,189</u>	<u>35,117,964</u>
<i>Credit rating of cash & cash equivalents</i>		
CUSCAL – rated A+	4,823,159	12,975,581
Banks – rated AA and above	986,473	-
Banks – rated below AA	10,890,288	19,764,238
Unrated Authorised Deposit Taking Institutions	2,000,000	-
Cash on hand	2,058,269	2,378,145
	<u>20,758,189</u>	<u>35,117,964</u>

Notes to the Financial Statements

For the year ended 30 June 2016

8. RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS

	2016 \$	2015 \$
Interest Earning Deposits	33,896,839	33,813,489
	33,896,839	33,813,489
<i>Maturity analysis</i>		
At call	-	-
Not longer than 3 months	-	-
Longer than 3 months and not longer than 12 months	13,872,068	16,776,044
Longer than 12 months	20,024,771	17,037,445
	33,896,839	33,813,489
<i>Credit rating of receivables due from other financial institutions</i>		
CUSCAL – rated A-1	2,966,441	-
Banks – rated AA and above	7,024,440	2,006,060
Banks – rated below AA	23,905,958	31,807,429
	33,896,839	33,813,489
9. RECEIVABLES		
Interest receivable	257,221	440,192
10. LOANS AND ADVANCES		
Overdrafts	3,772,104	3,544,519
Term loans	246,068,425	226,054,275
Gross loans and advances	249,840,529	229,598,794
Provision for impairment	(39,871)	(81,819)
Net loans and advances	249,800,658	229,516,975
<i>Maturity analysis</i>		
Overdrafts	3,772,104	3,544,519
Remaining maturity not longer than 3 months	5,664,443	5,380,244
Remaining maturity longer than 3 and not longer than 12 months	16,065,951	15,316,810
Remaining maturity longer than 1 and not longer than 5 years	76,964,141	73,138,950
Remaining maturity longer than 5 years	147,373,890	132,218,271
	249,840,529	229,598,794

Notes to the Financial Statements

For the year ended 30 June 2016

10 LOANS AND ADVANCES (continued)

	2016 \$	2015 \$
Security held against loans		
Secured by mortgage over residential property	234,824,493	213,222,958
Secured by mortgage over other property	6,993,097	7,633,264
<i>Total loans secured by real estate</i>	<u>241,817,590</u>	<u>220,856,222</u>
Secured by funds	2,436,487	2,566,852
Partly secured by goods mortgage	4,695,589	5,192,213
Wholly unsecured	890,863	983,508
	<u>249,840,529</u>	<u>229,598,795</u>

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

Loan to value ratio of 80% or less	189,359,467	167,196,255
Loan to value ratio of more than 80% but mortgage insured	28,282,395	31,722,916
Loan to value ratio of more than 80% not mortgage insured	17,182,631	14,303,787
	<u>234,824,493</u>	<u>213,222,958</u>

Concentration of risk

Significant individual exposures

The loan portfolio of the Company does not include any loans or advances which represents 10% or more of capital.

Geographical concentrations

The Company has an exposure to groupings of individual loans which concentrate risk and create exposure to the geographical areas of Shire of Campaspe, Shire of Moira, Shire of Strathbogie, Shire of Mitchell, Benalla Rural City and The Greater Shepparton City.

- Victoria	240,868,857	220,988,920
- New South Wales	6,817,578	6,753,490
- Other	2,154,094	1,856,385
	<u>249,840,529</u>	<u>229,598,795</u>

Notes to the Financial Statements

For the year ended 30 June 2016

11. IMPAIRMENT OF LOANS AND ADVANCES

	2016 \$	2015 \$
Total provision comprises of		
Collective provisions	39,871	81,819
Specific provisions	-	-
Total provision	39,871	81,819
Movement in the collective provision for impairment		
Balance at beginning of year	81,819	46,498
Bad and doubtful debts transferred (to)/from profit or loss	(27,913)	78,017
Bad debts previously provided for and written off during the year	(14,035)	(42,696)
Balance at end of year	39,871	81,819
Movement in the specific provision for impairment		
Balance at beginning of year	-	-
Bad and doubtful debts transferred (to)/from profit or loss	-	-
Bad debts previously provided for and written off during the year	-	-
Balance at end of year	-	-
Impairment charge comprises of		
Collective provision increase/(decrease)	(27,913)	78,017
Specific provision increase/(decrease)	-	-
Bad debts recognised directly to profit or loss	8,217	11,580
Total bad debts expense	(19,696)	89,597
Ageing analysis of loans and advances past due		
Loans and advances past due and not impaired		
Up to 30 days	4,767,930	3,896,920
More than 30 days, but less than 90 days	335,494	509,452
More than 90 days, but less than 180 days	-	-
More than 180 days, but less than 270 days	-	-
More than 270 days, but less than 365 days	-	-
More than 365 days	-	-
Over limit facilities less than 14 days	12,094	24,234
	5,115,518	4,430,606

Notes to the Financial Statements

For the year ended 30 June 2016

11. IMPAIRMENT OF LOANS AND ADVANCES (continued)

	2016 \$	2015 \$
Loans and advances past due and impaired		
Up to 30 days	-	-
More than 30 days, but less than 90 days	-	-
More than 90 days, but less than 180 days	54,548	153,280
More than 180 days, but less than 270 days	20,864	5,080
More than 270 days, but less than 365 days	-	-
More than 365 days	214	1,510
Over limit facilities more than 14 days	7,334	30,609
	<u>82,960</u>	<u>190,479</u>
 Security analysis of loans and advances past due		
Loans and advances past due and not impaired		
Secured by mortgage over real estate	5,033,793	4,236,255
Secured by funds	-	-
Partly secured by goods mortgage	66,072	161,179
Wholly unsecured	15,654	33,172
	<u>5,115,519</u>	<u>4,430,606</u>
 Loans and advances past due and impaired		
Secured by mortgage over real estate	-	113,712
Secured by funds	90	-
Partly secured by goods mortgage	71,483	33,318
Wholly unsecured	11,387	43,449
	<u>82,960</u>	<u>190,479</u>
 Loans renegotiated		
Some loans that were previously past due or impaired, have been renegotiated by the Company and are no longer regarded as impaired.		
Loans renegotiated during the financial year	1,371,844	1,127,233
Specific provision for impairment	-	-
Balance at the end of the financial year	<u>1,371,844</u>	<u>1,127,233</u>

Assets acquired through enforcement of security

There were no assets acquired by the Company via enforcement of security during the year (2015: nil).

Notes to the Financial Statements

For the year ended 30 June 2016

12 OTHER FINANCIAL ASSETS

	2016 \$	2015 \$
Shares in special service providers (a)	437,048	437,048

(a) Shares in special service providers

The shareholding in special service providers relates to a shareholding in Cuscal Limited and Transaction Solutions Pty Limited ("TAS"). The shareholdings are measured at cost as their fair value could not be measured reliably.

Cuscal Limited was created to supply services to the member credit unions and does not have an independent business focus. These shares, accounting for \$421,466 (2015: \$421,466) of the balance, are held to enable the Company to receive essential banking services. The shares are not able to be traded and are not redeemable.

The Financial Statements of Cuscal Limited record net tangible asset backing of these shares exceeding their cost value. Based on the net assets of the providers, any fair value determination on these shares is likely to be greater than their cost value. Due to the absence of a ready market and restrictions on the ability to transfer the shares, a market value is not able to be determined readily.

The remaining \$15,582 shares (2015: \$15,582) are held in TAS. As disclosed in Note 22, TAS provides the Company with electronic data processing services.

The Company is not intending, nor able to dispose of these shares, without a majority of shareholder approval.

Notes to the Financial Statements

For the year ended 30 June 2016

13. INTANGIBLE ASSETS

	2016 \$	2015 \$
At cost	794,679	787,004
Provision for amortisation	(692,332)	(619,656)
	102,347	167,348

Reconciliations

Reconciliations of the carrying amounts for each class of intangible assets are set out below:

Computer software & licences

Balance at beginning of the year	167,348	222,543
Acquisitions	7,674	21,492
Disposals	-	-
Less amortisation	(72,675)	(76,687)
Balance at end of the year	102,347	167,348

14. PROPERTY, PLANT AND EQUIPMENT

Freehold land - at fair value	2,079,000	1,846,950
Buildings on freehold land – at fair value	1,801,000	2,004,030
Accumulated depreciation	-	(86,286)
Total buildings on freehold land	1,801,000	1,917,744
Plant and equipment- at cost	2,986,459	2,896,569
Accumulated depreciation	(1,883,314)	(1,878,815)
Total plant and equipment	1,103,145	1,017,754
Capital Works in Progress – at Cost	257,969	6,775
Carrying amount of total property, plant & equipment	5,241,114	4,789,223

Notes to the Financial Statements

For the year ended 30 June 2016

14 PROPERTY, PLANT & EQUIPMENT (continued)

(a) Reconciliations

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

	Land	Buildings	Plant and equipment	Capital work in progress	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2014	1,846,950	1,745,782	970,137	-	4,562,869
Additions	-	216,647	354,630	6,775	578,052
Revaluations	-	-	-	-	-
Internal transfers	-	-	-	-	-
Disposals	-	-	(107,495)	-	(107,495)
Depreciation	-	(44,685)	(199,518)	-	(244,203)
Balance at 30 June 2015	1,846,950	1,917,744	1,017,754	6,775	4,789,223
Balance at 1 July 2015	1,846,950	1,917,744	1,017,754	6,775	4,789,223
Additions	-	-	423,444	257,969	681,413
Revaluations	232,050	(66,644)	-	-	165,406
Internal transfers	-	-	6,775	(6,775)	-
Disposals	-	-	(114,318)	-	(114,318)
Depreciation	-	(50,101)	(230,509)	-	(280,610)
Balance at 30 June 2016	2,079,000	1,800,999	1,103,146	257,969	5,241,114

Notes to the Financial Statements

For the year ended 30 June 2016

14 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Valuations

Land and buildings owned by the Company were independently valued during the 2016 financial year based on current market values.

The land and buildings at Shepparton, Benalla, Seymour, Kyabram and Numurkah were valued by Erin York AAPI, Andrew Joyce AAPI, David McKenzie AAPI and David Elford AAPI, Certified Practising Valuers of Opteons for a market value of \$3,880,000.

The Directors believe that the valuations obtained are a reasonable approximation of fair value and have been recognised on this basis as at 30 June 2016.

15 INVESTMENT PROPERTY

	2016 \$	2015 \$
At fair value	660,000	582,000
Accumulated impairment	-	-
Balance at end of the year	660,000	582,000

Reconciliation

Reconciliation of investment property is set out below:

Balance at beginning of the year	582,000	582,000
Acquisitions	-	-
Revaluation	78,000	-
Disposals	-	-
Impairment	-	-
Balance at end of the year	660,000	582,000

Investment property comprises a number of commercial properties at Shepparton and Kyabram that are leased or available for lease to third parties. Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. See Note 28 for further information.

The investment properties were valued during the 2016 year by Erin York AAPI, Certified Practising Valuer of Opteon with the fair value of \$660,000.

The Directors believe that the valuations obtained are a reasonable approximation of fair value and have been recognised on this basis as at 30 June 2016.

Notes to the Financial Statements

For the year ended 30 June 2016

16. OTHER ASSETS

	2016 \$	2015 \$
Prepayments	157,684	143,661
Sundry debtors	137,675	107,764
	295,359	251,425

17. DEPOSITS

On call deposits	182,080,664	171,272,034
Term deposits	85,666,249	92,987,724
	267,746,913	264,259,758

Maturity analysis

On call	182,080,664	171,272,034
Not longer than 3 months	35,245,436	43,666,779
Longer than 3 and not longer than 12 months	44,970,716	45,028,720
Longer than 1 and not longer than 5 years	5,450,097	4,292,225
	267,746,913	264,259,758

Concentration of deposits

The Company operates in the bond areas set out in the Company's rules. This area generally covers the Shire of Campaspe, Shire of Moira, Shire of Strathbogie, Shire of Mitchell, Benalla Rural City and the Greater Shepparton City.

Victoria	260,492,796	257,442,503
Other States	7,254,117	6,817,255
	267,746,913	264,259,758

The Company's deposit portfolio does not include any deposits which represent 10% or more of total liabilities (2015: Nil).

18. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Trade creditors	452,314	344,149
Accrued interest payable	946,034	1,257,435
Accrued expenses	2,217,769	1,743,641
	3,616,117	3,345,225

Notes to the Financial Statements

For the year ended 30 June 2016

19. EMPLOYEE BENEFITS

	2016 \$	2015 \$
Current		
Accrued salaries and wages	11,781	22,320
Liability for long service leave	394,157	298,910
Liability for annual leave	374,794	370,137
Non-current		
Liability for long service leave	48,069	78,682
	828,801	770,049

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

(a) Reconciliation of cash

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:

Cash and cash equivalents	20,910,357	35,117,964
Bank Overdraft	(152,168)	-
	20,758,189	35,117,964

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$	2015 \$
20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)		
(b) Cash flow from operating activities		
Profit after income tax	2,324,953	2,087,202
<i>Non cash flows in operating surplus/(deficit):</i>		
Charge for bad and doubtful debts	(19,696)	89,597
Depreciation of property, plant & equipment	280,610	244,203
Amortisation on intangible assets	72,675	76,687
Loss on sale of asset	32,088	40,361
Gain on revaluation of investment property and equipment	(78,000)	-
<i>Changes in assets and liabilities:</i>		
Increase/(Decrease) in employee entitlements	58,753	71,884
(Increase)/Decrease in accrued receivables	182,971	(226,092)
(Increase)/Decrease in deferred tax asset	(28,350)	(25,206)
(Increase)/Decrease in other assets	(43,934)	137,056
Increase/(Decrease) in payables and accruals	270,892	3,103
Increase/(Decrease) in income tax payable	92,081	28,814
Increase/(Decrease) in deferred tax liability	(37,777)	(5,476)
Net cash from revenue activities	3,107,266	2,522,133
Add/(deduct) non revenue operations:		
Increase in loan balance	(20,263,987)	552,311
Increase in deposits and short term borrowings	3,487,155	21,998,444
Cash flow from operating activities	(13,669,566)	25,072,888

(c) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the statement of cash flows:

- (i) member deposits to and withdrawals from deposit accounts;
- (ii) borrowings and repayments on loans, advances and other receivables; and
- (iii) investment securities including shares in special service providers and unlisted shares.

(d) Bank overdraft facility

The Company has an overdraft facility available to the extent of \$5,000,000 (2015: \$5,000,000). This facility is provided by Cuscal Limited and is subject to funds being available from Cuscal Limited at the time of drawdown. This facility is secured by a fixed and floating charge over the assets and undertakings of the Company and incurs interest at 4.25% (2015: 4.50%). As at 30 June 2016 the utilised portion of the facility was \$152,168 (2015: \$Nil).

Notes to the Financial Statements

For the year ended 30 June 2016

21. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

In the normal course of business the Company enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of members. The Company uses 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. For financial guarantees the Company's interest has been fully secured by either a fixed savings authority over frozen fixed deposits or by a mortgage over real estate.

Credit commitments and contingent liabilities existing as at 30 June 2016 are inclusive of Goods and Services Tax.

	2016	2015
	\$	\$
Credit related commitments		
Approved but undrawn loans and credit limits	7,680,582	8,238,688
Security analysis of credit-related commitments		
Secured by mortgage over real estate	5,915,448	6,628,187
Secured by funds	429,186	361,806
Partly secured by goods mortgage	154,517	130,520
Wholly unsecured	1,181,431	1,118,175
	<u>7,680,582</u>	<u>8,238,688</u>
Financial guarantees		
Guarantees	611,566	282,550
Security analysis of financial guarantees		
Secured by mortgage over real estate	43,657	18,182
Secured by funds	567,909	264,368
Partly secured by goods mortgage	-	-
Wholly unsecured	-	-
	<u>611,566</u>	<u>282,550</u>

Notes to the Financial Statements

For the year ended 30 June 2016

21. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS (continued)

Credit Union Financial Support System Limited

With effect from 1 July 1999, Goulburn Murray Credit Union Co-operative Limited is a party to the Credit Union Financial Support System (CUFSS). CUFSS is a voluntary scheme that all credit unions who are affiliated with Cuscal Limited have agreed to participate in.

CUFSS is a company limited by guarantee with each credit union's guarantee being \$100.

As a member of CUFSS, the Company:

- May be required to advance funds of up to 3% (excluding permanent loans) of total assets to another credit union requiring financial support;
- May be required to advance permanent loans of up to 0.1% of total assets per financial year to another credit union requiring financial support; and
- Agrees, in conjunction with other members, to fund the operating costs of CUFSS.

The Company has given a floating charge over all the assets and undertakings of the Company to Credit Union Financial Services (Australia) Limited in return for emergency liquidity support from CUFSS, the settlement with banks for member cheques, VISA cards, Redicards, and to secure the Company's overdraft facility and standby facility.

22. OUTSOURCING ARRANGEMENT

The Company has outsourcing arrangements with on the following suppliers of services:

- Cuscal Limited for the rights to VISA cards and Redicards, for the transfer of electronic funds, for the settlement with the banks for member cheques, VISA cards, Redicards and access to the direct entry system.
- Transaction Solutions Pty Ltd for electronic data processing.
- Ultradata Australia Pty Ltd that provides and maintains the application software utilised by the Company.
- Bendigo and Adelaide Bank for liquidity contingency by way of a Receivables Acquisition and Servicing Agreement.
- Laminar Capital Pty Ltd for liquidity management services and to act as a proxy for Austraclear.

Notes to the Financial Statements

For the year ended 30 June 2016

23. KEY MANAGEMENT PERSONNEL

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

Non-executive directors

Geoff Cobbledick	Chair – appointed January 2016
John Lyle	Chair – resigned November 2015
Fiona Merrylees	Deputy Chair
Frank Mandaradoni	
Frederick West	
John Guilmartin	
Geoff Cobbledick	
Robert Morris	

Executives

René Deen	General Manager
Peter Thomas	Operations Manager
Rebecca Hearn	Finance Manager
Brett Elgar	Compliance Manager
Ken Kilsby	Loans Manager
Paul Cross	IT Manager

Transactions with key management personnel

In addition to their salaries, the Company also provides banking services and products to key management personnel as outlined below.

Key management personnel compensation

The key management personnel compensation included in “personnel costs” (see Note 3) are as follows:

	2016 \$	2015 \$
Short-term employee benefits	921,221	886,296
Other long term benefits	17,189	15,224
Post employment benefits	83,538	80,217
	<hr/> 1,021,948	<hr/> 981,737

The above excludes out of pocket reimbursements. All remuneration to Directors was approved by members at the previous Annual General Meeting of the Company.

Public disclosure of remuneration

In accordance with the APS 330 *Public Disclosure* requirements, the company is required to include both qualitative disclosure and quantitative disclosures for senior managers and material risk-takers in the Regulatory Disclosure section on their website.

Notes to the Financial Statements

For the year ended 30 June 2016

23. KEY MANAGEMENT PERSONNEL (continued)

Loans to key management personnel and other related parties

Details regarding the aggregate of loans made, guaranteed or secured by the Company to key management personnel and their related parties are as follows:

	2016 \$	2015 \$
Loans to key management personnel	978,775	1,175,497
Loans to other related parties	-	-
	<u>978,775</u>	<u>1,175,497</u>

All loans to Directors and key management personnel by the Company have been made in the normal course of business and on the normal commercial terms and conditions. A concessional loan rate facility is available to qualifying staff. During the course of the year, two concessional loan rate fundings (2015: two) were made available to qualifying key management personnel. Three key management personnel were advanced funds on existing concessional loan rate facilities during 2016 (2015: two).

Revolving credit facilities \$45,000 (2015: \$80,000) were made available to Directors and key management personnel during the year. The aggregate amount receivable at 30 June 2016 was \$2,410 (2015: \$64,153).

Loans and redraws totalling \$320,853 (2015: \$470,565) were made to key management personnel, Mr R Deen, Mr P Thomas, Mr P Cross and Mrs R Hearn, during the year. (2015: Mr R Deen, Mr P Thomas and Mrs R Hearn).

During the year Mr P Cross, Mr R Deen, Mr P Thomas, Mrs R Hearn and Mrs F Merrylees (2015: Mr J Guilmartin, Mr F Mandaradoni, Mr P Cross, Mr R Deen, Mr P Thomas, Mrs R Hearn and Mrs F Merrylees) repaid \$500,027 (2015: \$586,938) of the balances outstanding on their loans.

For all loans to non-executive directors and their related parties, interest is payable at prevailing market rates. Interest rates on loans to executive staff may be discounted by a maximum of 0.5% for housing loans and 2% for other loans. The principal amounts are repayable at any time. Interest is charged monthly. All housing loans are secured by registered first mortgage over the borrowers residences.

Interest received on the loans to key management personnel totalled \$44,577 (2015: \$79,482) and on loans to other related parties totalled \$Nil (2015: \$Nil). No amounts have been written down or recorded as allowances, as all balances outstanding are considered fully collectable.

There were no other amounts receivable at 30 June 2016 (2015: \$Nil) nor were any other loans advanced during the period.

Notes to the Financial Statements

For the year ended 30 June 2016

23. KEY MANAGEMENT PERSONNEL (continued)

Deposits from key management personnel and other related parties

	2016 \$	2015 \$
Total value Term and Saving Deposits from key management personnel	506,073	1,385,705
Total interest paid on deposits to key management personnel	10,670	15,391

The Company's policy for receiving deposits from key management personnel is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit.

Other key management personnel transactions with the Company

From time to time the key management personnel of the Company and their related parties may conduct banking related transactions with the Company. These transactions are on the same terms and conditions as those entered into by other members, with the exception of transactions which incur a fee.

No members of key management persons of the Company, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

During the 2016 financial year, GMCU maintained a commercial arrangement with SMR Legal to provide conveyancing and other legal services. Fiona Merrylees is a director of SMR Legal as well as being a director of GMCU.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has approved a policy of compliance and risk management to suit the risk profile of the Company.

The Company's risk management focuses on the major areas of market risk, credit risk and operation risk. Authority flows from the Board of Directors to the Risk Committee which are integral to the management of risk.

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

The main elements of risk governance are as follows:

Board: This is the primary governing body. It approves the level of risk which the Company is exposed to and the framework for identifying, monitoring, managing, mitigating and reporting those risks. The Board has a developed a Risk Appetite framework that provides the facilitation of the Risk Profile of the Company.

Risk Committee: This is the key body in the control of risk within the Company. It consists of representatives from the Board of Directors. The Risk Committee is responsible for oversight of implementation and operation of risk systems.

Audit Committee: This is the key body to oversee and control the management and presentation of financial information of the Company. It consists of representatives from the Board of Directors. The Audit Committee also facilitates the External and Internal Auditor arrangements, and reviews the effectiveness of risk systems.

Asset & Liability Committee ('ALCO'): This is a committee of Senior Management that meets weekly on the overall identification, monitoring, management, mitigation and reporting of operational issues, and ensures that policies and procedures adopted by the Board are implemented.

Chief Risk Officer: This role has responsibility for the development and implementation of the risk management framework and policies, and providing assistance to board, management and staff in all aspects of risk management. The Chief Risk Officer reports directly to the Chief Executive Officer; attends the Audit Committee and Risk Management Committee meetings; and has access to the Board of Directors.

Internal Audit: Internal audit has responsibility for implementing the controls testing and assessment in line with the Board's Compliance Plan / Audit Calendar.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Introduction (continued)

The following diagram gives an overview of the structure.



The diagram shows the risk management structure. The main elements of risk governance are as follows.

Key risk management policies encompassed within the overall risk management framework include:-

- Board Policy – Credit Risk
- Board Policy – Loans
- Board Policy – Large Exposures
- Board Policy – Operational Risk
- Board Policy – Compliance
- Board Policy – HR & Training Compliance
- Board Policy – Business Continuity
- Board Policy – Outsourcing
- Board Policy – Risk Management
- Board Policy – Market Risk
- Board Policy – Governance
- Board Policy – Liquidity
- Board Policy – Securitisation
- Board Policy – Loans
- Board Policy – Large Exposures
- Board Policy – Capital Plan

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Introduction (continued)

The Company has undertaken the following strategies to minimise the risks arising from financial instruments:

Market risk

The objective of the Company's market risk management is to monitor and understand the organisation's market risk exposures so that appropriate action can be taken on a timely basis in order to optimise risk and return for the benefit of members.

Market risk is the risk that changes in interest rates, or other prices and volatilities will have an adverse effect on the Company's financial condition or results. The Company does not trade in the financial instruments it holds on its books. The Company is primarily exposed to interest rate risk arising from changes in market interest rates.

Interest rate risk

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

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

In the banking book the most common risk the Company faces arises from its net open position on its portfolio of fixed rate assets and liabilities. This exposes the Company to the risk of adverse interest rate changes.

The level of mismatch on the banking book is set out in Note 25 below. 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.

The Company manages its interest rate risk by the regular monitoring of its net open position. The Company has created an Interest Rate Committee to undertake this monitoring. Executives meet periodically to review both the Company's rate and those of its competitors. From this group adjustments are made as considered necessary.

Responsibility for interest rate pricing is delegated to senior management and communicated to the Board as part of standard periodic reporting. The executive group monitor margins and positions and respond to assessed exposures through either sourcing facilities or through targeted product marketing and promotions to rectify the imbalance to within acceptable levels.

The Company has a relatively small proportion of long term fixed rate facilities within its total loan book. If deemed necessary, the Company prefers to source offsetting fixed rate funding in order to have certainty regarding the margin to be realised.

The Company has obtained more sophisticated interest rate monitoring tools through Cuscal to allow it to analyse its position and address the periodic regulatory reporting to APRA. Based on the calculations as at 30 June 2016, the net profit impact (after tax) for a 2% movement in interest rates would be \$1,761,460 (2015: \$1,356,064). A decrease of 2% in interest rates would have an equal but opposite effect.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

There has been no change in the way the Company manages and measures market risk in the reporting period.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or member withdrawal demands. Both APRA and the Board of Directors have a policy that the Company maintains adequate cash reserves and committed credit facilities to meet the member withdrawal demands when requested.

The Company manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted 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 Company has a longstanding arrangement with the Credit Union industry liquidity support scheme, Credit Union Financial Support Services (CUFSS) which can access industry funds to provide support for the Company should it be necessary at short notice.

The Company 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 Company policy is to apply 12% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level management and the Board are to address the matter and ensure that liquid funds are obtained from new deposits, or borrowing and overdraft facilities available. Note 20 (c) describes the overdraft facilities as at the balance date, while Note 1(u) describes the short term borrowings as at balance date. These facilities are in addition to the support from CUFSS.

The maturity profile of the financial assets and financial liabilities, based on the contractual repayment terms are set out in the notes.

As at 30 June 2016, the Company held 17.64% of total adjusted liabilities (Minimum Liquidity Holdings) as liquid assets (2015: 22.22%). The average during the financial year was 18.80% (2015: 20.73%), with the minimum reaching 16.46% during the year (2015: 15.80%).

The ratio of liquid funds over the past 5 year is as follows:

2016	2015	2014	2013	2012
17.64%	22.22%	16.06%	19.14%	19.33%

Credit risk

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

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk – loans and advances

All loans and facilities are within Australia. The geographic distribution is not analysed into specific areas within Australia as the exposure classes are not considered material. Concentrations are described in Note 10.

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 and have the capacity of meeting loan repayment commitments.

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. Past due does not mean a counterparty will never pay, but it can trigger various actions such as a 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.

For financial assets recognised on balance sheet, the maximum exposure to credit risk equals their carrying amount. Credit risk also includes off balance sheet exposures, such as approved but undrawn loans and credit limits, which are disclosed in Note 21 Contingent Liabilities and Credit Commitments.

Daily reports monitor the loan repayments to identify delays in repayments and ensure recovery action is undertaken after 9 days. For loans where repayments are doubtful, external consultants are engaged to conduct recovery action once the loan is over 90 days in arrears. The exposures to losses arise predominately in personal loans and facilities not secured by registered mortgagors over real estate.

If such evidence exists, the estimated recoverable amount of that asset is determined in any impairment loss, based on the net present value of future anticipated cash flows, is recognised in Profit or Loss. In estimating these cash flows, management makes judgement about a counterparty's financial situation and the net realisable value of any underlying collateral.

Provisions are maintained in the statement of financial position at a level that management deems sufficient to absorb probable incurred losses in the Company'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.

Past due value is the 'on balance sheet' loan balances which are past due by 90 days or more.

Details are set out in Note 11.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk – Loans and Advances (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, taking account of the exposure at the date of the write off.

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

A reconciliation in 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 Company is exposed to risks in a reduction of the Loan to Value (LTV) 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.

Board policy is to maintain a large percentage of the Company's loans in well secured residential mortgages. Note 10 describes the nature and extent of the security held against the loan held as at the balance date.

Concentration risk – Individuals

Concentration risk is a measurement of the Company's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of the Company's regulatory capital (10 per cent) a large exposure is considered to exist. No capital is required to be held against these 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 large exposure loans are set out in Note 10. The Company holds no significant concentrations of exposures to members. Concentration exposures to counterparts are closely monitored with reviews on a sample basis being prepared for exposures over 2.5 per cent of the capital base by both Internal Audit and the Audit Committee.

The Company's policy on exposures of this size is to insist on compliance with all lending policies and procedures and a possible review of the loans application by a more senior officer within the organisation.

Concentration risk - Industry

There is no undue concentration of credit risk by way of geographical area or account holder groupings as the Company has a large number of members dispersed across various industries.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquid investments

There is a concentration of credit risk with respect to investment receivables with the placement of investments in Cuscal. The credit policy is that investments are only made to institutions that are credit worthy.

The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investment body and the limits to concentration on any one ADI. Also the relative size of the Company as compared to the industry is relatively low such that the risk of loss is reduced.

Under the liquidity support scheme at least 3.1% of the assets must be invested with approved Authorised Deposit Institutions under APS210, to allow the scheme to have adequate resources to meet its obligations if needed.

The Company has a liquidity management arrangement with Laminar Capital who adhere to the matrix outlined in the Company's liquidity policy and any specified investment guidelines. Through Laminar Capital, the Company has in place repurchase arrangements with the Reserve Bank of Australia for the conversion of a qualifying investment to cash should the need arise.

External credit assessment for Institution investments

The Company uses the ratings of Standards and Poors or other reputable ratings agencies to assess the credit quality of all investment exposure, where applicable, using the credit quality assessment scale in APRA prudential guidance AGN 112. The credit quality assessment scale within this standard has been complied with.

The exposure values associated with each credit quality step are detailed in Note 7.

Operational risk

Operational risk is the risk of loss to the Company resulting from deficiencies in processes, personal technology and infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in the Company relate mainly from those risks arising from a number of sources including legal compliance, business continuity, data infrastructure, outsourced services failures, fraud, and employee errors.

The Company's objective is to manage operational risk so as to balance the evidence of financial losses through implementation of controls, whilst avoiding procedures which inhibit innovation and creativity. These risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact. Systems of internal control are enhanced through:

- the segregation of duties between employee duties and functions, including approval of processing duties;
- documentation of the policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of errors and inappropriate behaviour;
- implementation of the whistleblowing policies to promote a compliant culture and an awareness of the duty to report exceptions by staff;

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational risk (continued)

- education of members to review their account, statement and report exceptions to the Company promptly;
- effective dispute resolution procedures to respond to member complaints;
- effective insurance arrangements to reduce the impact of losses; and
- contingency plans for dealing with loss of functionality of systems or premises or staff.

Fraud

Fraud can arise from member card PIN'S, and internet passwords being compromised where not protected adequately by the member. It can also arise from other system failures. The Company 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 Company. Fraud losses have arisen from card skimming, internet password theft, and false loan applications.

IT systems

The worst case scenario would be the failure of the Company's core banking and IT network suppliers to meet customer obligations and service requirements. The Company has outsourced the IT systems management to an Independent Data Processing Centre (IDPC) which is owned by a collection of Credit Unions. The organisation has the experience 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 Company by the industry body Cuscal to service the settlement with other financial institutions for direct entry, ATM and Visa cards and BPay etc.

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 to any further capital to be allocated.

Capital Management

The capital levels are prescribed by Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards capital is determined in three components:

- Credit risk
- Market risk (trading book)
- Operations risk

The market risk component is not required as the Company is not engaged in a trading book for financial instruments.

The Company reports to APRA under Basel III capital requirements effective from 1 January 2013. The Company uses the standardised approach for credit risk and operational risk. Prior to 1 January 2013, the Company reported to APRA under the prudential requirements referred to as Basel II.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management (continued)

The Company's capital contains Common Equity Tier 1 Capital, Tier 1 Capital and Tier 2 Capital, in accordance with APRA requirements. For the Company, Common Equity Tier 1 capital consists of retained earnings, property revaluation reserves and general reserves less adjustments for software technology purchases and equity exposures with associated financial institutions or companies. The Company currently holds no other Tier 1 Capital Instruments. The Company's Tier 2 Capital contains General Reserve for Credit Losses.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital adequacy ratio calculation

	2016 \$	2015 \$
Tier 1		
Common Equity Tier 1		
Retained profits	37,194,999	34,901,069
General reserve	82,669	80,251
Property Revaluation Reserve	1,161,700	996,294
Regulatory adjustments to Tier 1 Capital	(829,829)	(828,703)
Net Tier 1 capital	37,609,539	35,148,911
Tier 2		
Lending risk reserve	777,128	748,524
Less prescribed deductions	-	-
Net Tier 2 capital	777,128	748,524
Total Capital	38,386,667	35,897,435

The Company is required to maintain a minimum capital level of 8% or an APRA advised Prudential Capital Ratio (PCR), whichever is higher, as compared to the risk weighted assets at any given time.

The risk weights attached to each asset are based on the weights prescribed by APRA in its guidance AGN 112-1.

The capital adequacy ratio as at the end of financial year over the past 5 years is as follows:

2016	2015	2014	2013	2012*
24.36%	23.83%	24.64%	23.84%	23.56%

*Calculated under Basel II requirements

The level of capital ratio can be affected by growth in asset relative to growth in reserves and by changes in the mix of assets.

To manage the Company's capital the Company reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the Board if the capital ratio falls below 12% and additionally to the regulator if the capital ratio falls below 12%. Further a 5 year capital budget projection of the capital levels is maintained annually to address how strategic decisions or trends may impact on the capital level.

Notes to the Financial Statements

For the year ended 30 June 2016

24. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Pillar 2 Capital on Operational Risk

The capital component was introduced as from 1 January 2009 and coincided with changes in the asset risk weightings for specified loans and liquid investments. Previously no operational change was prescribed.

The Company uses the Standardised approach which is considered to be most suitable for its business given the small number of distinct transaction streams. The Operational Risk Capital Requirement is calculated by mapping the Company's three year average net interest income and net non interest income to the Company's various business lines.

Based on this approach, the Company's operational risk requirement at 30 June 2016 is as follows:

Operational risk capital	\$17,639,949 (2015: \$16,871,842)
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It is considered that the Standardised approach accurately reflects the Company's operational risk other than the specific items set out below.

Internal capital adequacy management

The Company manages its internal capital levels for both current and future activities through the Board and Audit Committee. The outputs of the individual committees are reviewed by the Board in its capacity as the primary governing body. The capital required for any change in the Company's forecasts for asset growth, or unforeseen circumstances, are assessed by the Board. The finance department then update the forecast capital resources models produced and the impact upon the overall capital position of the Company is reassessed.

Public disclosure of capital

In accordance with the APS 330 *Public Disclosure* requirements, the Company is required to include details on the composition and features of capital and risk weighted assets in the Regulatory Disclosure section on their website.

Notes to the Financial Statements

For the year ended 30 June 2016

25. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Note	Accounting Policies	Terms and Conditions
(i) Financial assets			
Loans and advances	10	Loan interest is calculated on the daily balance outstanding and is charged in arrears to a customer's account on the last day of each month	All housing loans are secured by registered mortgages. Other loans are assessed on an individual basis.
Receivables	9	Amounts receivable from other entities are carried at nominal amounts due.	N/A
Cash and cash equivalents & Receivables due from other financial institutions	7 & 8	Interest earning deposits are stated at the lower of cost and net realisable value. Interest is recognised when earned.	Interest earning deposits have an average maturity of 663 days (2015: 482 days) and effective interest rates of 1.60% to 3.27% (2015: 1.85% to 3.30%).*
Other financial assets	12	Unlisted shares are carried at the lower of cost or recoverable amount. Dividend income is recognised when the dividends are received.	N/A

* Restrictions apply to the repayment of deposits held by CUSCAL and for other regulatory purposes

(ii) Financial liabilities

Payables	18	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.	Trade liabilities are normally settled on 30-day terms.
Deposits and short-term borrowings	17	Deposits and borrowings are recorded at the principal amount.	Details of maturity terms are set out in Note 17 and Note 1(t). Interest is calculated on the daily balance outstanding.
Bank overdraft	20	The bank overdraft is carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate. Details of the security over the bank overdraft is set out in Note 20.

Notes to the Financial Statements

25. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

Financial instruments	Floating interest rate		Fixed interest rate maturing in:				Non-interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	2016 \$'000	2015 \$'000	1 year or less		Over 1 to 5 years		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 %	2015 %
			2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000						
Financial assets:												
Cash and cash equivalents *	3,000	5,129	49,749	61,424	-	-	2,058	2,378	54,807	68,931	2.54	2.53
Receivables	-	-	-	-	-	-	257	440	257	440	N/A	N/A
Other investments	-	-	-	-	-	-	437	437	437	437	N/A	N/A
Loans and advances	217,418	213,338	24,807	6,084	7,576	10,095	-	-	249,801	229,517	4.91	5.18
Total financial assets	220,418	218,467	74,556	67,508	7,576	10,095	2,752	3,255	305,302	299,325		
Financial liabilities:												
Deposits	182,081	171,272	80,216	88,696	5,450	4,292	-	-	267,747	264,260	1.24	1.54
Bank Overdraft	152	-	-	-	-	-	-	-	152	-	4.25	
Short-term borrowings	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	3,616	3,345	3,616	3,345	N/A	N/A
Total financial liabilities	182,233	171,272	80,216	88,696	5,450	4,292	3,616	3,345	271,515	267,605		

N/A - not applicable for non-interest bearing financial instruments.

* For the purpose of Note 25(b) and Note 25(c), cash and cash equivalents includes receivables due from other financial institutions

Notes to the Financial Statements

For the year ended 30 June 2016

25. FINANCIAL INSTRUMENTS (continued)

(c) Maturity profile of financial assets and liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual terms, and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal and future interest will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained, and is subject to change in the event repayment conditions are varied. Financial assets and liabilities are at the undiscounted values (including future interest expected to be earned or paid). Accordingly, these values will not agree to the carrying amounts of the Statement of Financial Position.

Financial instruments	Within 3 months		From 3 to 12 months		From 1 to 5 years		More than 5 years		No maturity		Total cash flows		Total carrying amount as per the Statement of Financial Position	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets:														
Cash and cash equivalents*	16,223	28,030	14,147	17,000	22,158	18,737	-	-	5,058	7,507	57,586	71,274	54,807	68,931
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	257	440
Loans and advances	5,669	5,384	16,066	15,317	76,964	73,139	292,960	273,045	-	-	391,659	366,885	249,801	229,517
Other investments	-	-	-	-	-	-	-	-	437	437	437	437	437	437
Total financial assets	21,892	33,414	30,213	32,317	99,122	91,876	292,960	273,045	5,495	7,944	449,682	438,596	305,302	299,325
Financial liabilities:														
Deposits	38,437	46,747	43,009	43,401	5,576	4,496	-	-	182,379	171,506	269,401	266,150	267,747	264,260
Bank Overdraft	-	-	-	-	-	-	-	-	152	-	152	-	152	-
Short-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	2,670	2,088	2,670	2,088	3,616	3,345
Total financial liabilities	38,437	46,747	43,009	43,401	5,576	4,496	-	-	185,201	173,594	272,223	268,238	271,515	267,605

Notes to the Financial Statements

For the year ended 30 June 2016

25. FINANCIAL INSTRUMENTS (continued)

(d) Net fair values

The financial instruments within the statement of financial position are recognised and carried at cost or amortised cost. As outlined below in all instances the carrying amount approximates fair value.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash and cash equivalents

The carrying amounts approximate fair value because of their short-term to maturity or are receivable on demand.

Current securities and investments

Trading securities are carried at amortised cost which approximates net market/net fair value.

Other receivables

The carrying amount approximates fair value as they are short term in nature.

Loan and advances

The fair values of loans receivable excluding impaired loans are estimated using a method not materially different from discounted cash flow analysis, based on current incremental lending rates for similar types of lending arrangements. The net fair value of impaired loans was calculated by using a method not materially different from discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows. The carrying amount of loans at 30 June 2016 approximates net fair value.

Members deposits

The carrying amount approximates fair value because of their short-term to maturity.

Trade and other payables

The carrying amount approximates fair value as they are short term in nature.

Notes to the Financial Statements

For the year ended 30 June 2016

25. FINANCIAL INSTRUMENTS (continued)

(e) Categories of financial instruments

The following information classifies the financial instruments into measurement classes.

	2016 \$	2015 \$
Financial Assets		
<i>Financial assets carried at amortised cost</i>		
Cash and cash equivalents	20,910,357	35,117,964
Receivables	257,221	440,192
Receivables due from other financial institutions	33,896,839	33,813,489
Loans to members	249,800,658	229,516,975
Total loans and receivables	304,865,075	298,888,620
<i>Available for sale investments – carried at cost</i>		
Other financial assets	437,048	437,048
Total available for sale investments	437,048	437,048
TOTAL FINANCIAL ASSETS	305,302,123	299,325,662
Financial liabilities		
Bank Overdraft	152,168	-
Payables	3,616,117	3,345,225
Deposits from members	267,746,913	264,259,758
Total carried at amortised cost	271,515,198	267,604,983
TOTAL FINANCIAL LIABILITIES	271,515,198	267,604,983

26. FAIR VALUE MEASUREMENT

The following tables detail the Credit union's assets and liabilities, measured or disclosed at fair value, using a 3 levels hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Financial Statements

For the year ended 30 June 2016

26. FAIR VALUE MEASUREMENT (continued)

	2015			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Assets measured at fair value				
Land and buildings	-	3,764,694	-	3,764,694
Investment property	-	582,000	-	582,000
Total Assets	-	4,346,694	-	4,346,694

	2016			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	
Assets measured at fair value				
Land and buildings	-	3,880,000	-	3,880,000
Investment property	-	660,000	-	660,000
Total Assets	-	4,540,000	-	4,540,000

The Credit Union has assessed that at balance date, the carrying amount of all financial instruments approximates fair value. Refer to Note 25(d).

Valuation techniques for fair value measurements categorised as level 2

Land and buildings have been valued based on similar assets, location and market conditions.

Notes to the Financial Statements

For the year ended 30 June 2016

27. OPERATING LEASE COMMITMENTS

The Company leases premises at Echuca, Euroa, Violet Town, Kilmore and Mooroopna.

Non-Cancellable operating lease commitments on these premises are as follows:

	2016 \$	2015 \$
Not later than one year	115,866	118,235
Later than one year and not later than five years	286,576	196,117
Later than five years	357,692	-
	<u>760,134</u>	<u>314,352</u>

Expenditure commitments are stated inclusive of Goods and Services Tax.

28. OPERATING LEASE RECEIVABLES

The Company receives rental income from various tenants who lease a portion of the land and buildings owned by the Company at Shepparton and Kyabram.

Non-Cancellable operating lease commitments on these premises are as follows:

	2016 \$	2015 \$
Not later than one year	47,538	53,640
Later than one year and not later than five years	71,482	20,070
	<u>119,020</u>	<u>73,710</u>

29. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for:

- payable not later than one year	-	-
	<u>-</u>	<u>-</u>

Expenditure commitments existing as at balance date are inclusive of Goods and Services Tax.

The Company has a number of service agreements with external parties for the supply of operational services into the future. Due to the varying nature of these agreements they have not been quantified for disclosure purposes.

30. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, or the state of affairs of the Company in subsequent financial years.

Directors' declaration

The Directors of the Company declare that:-

1. the financial statements and notes, set out on pages 8 to 61, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Company as at 30 June 2016 and of its performance for the year ended on that date; and
 - (b) complying with the Accounting Standards and Corporations Regulations; and
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration was made in accordance with a resolution of the Board of Directors:



G Cobbledick – Chair



F Merrylees – Deputy Chair

Dated at Shepparton on this 28th day of September 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOULBURN MURRAY CREDIT UNION CO-OPERATIVE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Goulburn Murray Credit Union Co-operative Limited (the Company), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration.

Director's responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial report 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

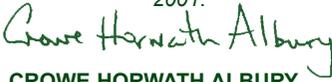
Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the financial report of Goulburn Murray Credit Union Co-operative Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



CROWE HORWATH ALBURY



ALISON FLAKEMORE

Partner

Hobart, 29th September 2016

Administration

René Deen	General Manager / Secretary
Peter Thomas	Operations Manager
Rebecca Hearn	Finance Manager
Brett Elgar	Compliance Manager
Paul Cross	IT Manager
Ken Kilsby	Loans Manager
Dallas Moore	Manager, Shepparton Branch
David Drummond	Manager, Seymour Branch
Jane Holt	Manager, Echuca Branch
Jenni Dunne	Manager, Kyabram Branch
Sharna Papoulis	Manager, Mooroopna Branch
Lonnie Roberts	Manager, Numurkah Branch
Bronwyn Fyfe	Manager, Kilmore Branch
Jennifer Cogger	Manager, Benalla Branch
John Gilbert	Manager, Euroa Branch

Auditors

Crowe Horwath, Albury	External
AFS & Associates Pty Ltd, Bendigo	Internal

Solicitors

Daniels Bengtsson Pty Ltd
SMR Legal

Bankers

CUSCAL Central Banking Scheme
National Australia Bank

Registered Office

91-95 Fryers Street, Shepparton

Benalla

32 Bridge Street, 3672
ph. 03 5762 3380
fax 03 5762 2797

Kyabram

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ph. 03 5852 2211
fax 03 5852 1329

Shepparton

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ph. 03 5821 9033
fax 03 5822 1267

Echuca

141 Hare Street, 3564
ph. 03 5482 5333
fax 03 5480 6325

Mooroopna

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ph. 03 5825 1999
fax 03 5825 4711

Violet Town

33 Cowslip Street, 3669
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fax 03 5798 1761

Euroa

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fax 03 5795 1956

Numurkah

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fax 03 5862 2680

Kilmore

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Seymour

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