Annual Report
2024

Banking with purpose.

gmcu.

Board of Directors

Eugenie Stragalinos
Chair, Non-executive Director

John Calleja
Deputy Chair, Non-executive Director

Steven Shaw
Non-executive Director

Antoinette Truda
Non-executive Director

Adam Woods
Non-executive Director

Yvonne Wrigglesworth
Non-executive Director

Chair's Report

On behalf of the Board, the Executive Team, and our hardworking team at GMCU, I am proud to present the Annual Report for the financial year ended 30 June 2024.

As we look forward to celebrating 70 years of providing local banking and community support next year, I'm proud to reflect on GMCU's history and its contribution to the Goulburn Valley's transformation into a thriving, dynamic economy.

We remain committed to providing "Banking with Purpose" and have refined our focus to be the first choice for financial services in our regions, enabling members, staff, and their communities to thrive.

The last 12 months has also been marked by significant progress in the uplift of our products and digital services, with the team continuing to deliver on our Digital Transformation Strategy set 12 months ago.

Strong Financial Performance

We ended the financial year with strong growth and financial performance, leaving us well placed to continue delivering value to our members. Some key outcomes from the year include:

- Total assets of $558 million, up $25 million from the previous year
- A profit before income tax of $3.1 million
- Lending growth of 11%, with a $36 million uplift for the period
- Deposit growth of 5%, up $23 million in total, due to supporting our members with competitive deposit interest rates.

These results demonstrate our resilience and ability to navigate and respond to the ever-challenging economic landscape without losing focus on what's important, meeting member needs. Solid foundations against an uncertain economic backdrop provides confidence we have what it takes to be a successful and sustainable banking alternative.

Ongoing Investment in Our Region

In the past year, we invested more than $110,000 into community initiatives benefiting local Goulburn Valley interest groups, sports clubs, and industry and educational endeavours. These investments underpin our commitment to enhancing the wellbeing of the regions we serve and reinforcing our role as a member owned, purpose driven organisation.

Bolstering our Technology Stack

In a rapidly evolving financial landscape, we understand the importance of technology in providing exceptional service that meets the expectations of our growing member base. This year, we launched a new mobile app, upgraded our internet banking platform and unveiled a refreshed website, all aimed at enhancing our members' experience and keeping our members' money safe. Additionally, our investment in new technology platforms has equipped our team with the tools they need to perform at their best, ensuring that we can meet the evolving needs of our members efficiently.

Enhancing our Products and Services

We are excited to share that we have launched our new Standard Variable Plus Home Loan, designed to meet the market expectation of a great value home loan product. Furthermore, the introduction of our Broker channel provides our members with more choices and greater convenience in how they bank with us. These innovations reflect our ongoing commitment to delivering high-quality products and services tailored to members' needs.

A Strong Team Delivering Strong Results

In 2023 we farewelled Director Steven Crisp, who departed to pursue exciting new personal and professional ventures. During the year we also welcomed Director Yvonne Wrigglesworth following her election at the 2023 Annual General Meeting. Her extensive experience in strategy and transformation in Regional Victoria has been a great addition to the depth of experience in the GMCU Board.

As we continue to grow our membership, our focus on building strong member relationships and resilient communities remains paramount.

Our talented and dedicated team have contributed wholeheartedly to help GMCU achieve these significant milestones over the past 12 months. I'm incredibly grateful for their relentless dedication and hard work throughout the year. Their efforts have laid a solid foundation for our continued success.

Looking forward, GMCU remains in a strong financial position and is well placed for growth. However, we acknowledge we will continue to face into a challenging environment with lower interest rates, and lower net interest margins for the business. This will require the organisation to be prudent and closely manage its operating and capital expenditures.

Notwithstanding these challenges, I am excited about what the future holds for GMCU.

Eugenie Stragalinos
Chair

Goulburn Murray Credit Union Co-operative Limited

ABN 87 087 651 509

Statutory financial statements for the year ended 30 June 2024

This report contains 65 pages

Contents

Consolidated Entity Disclosure Statement

GMCU does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3)(a) of the Corporations Act 2001 does not apply to GMCU.

Directors' Report

The Directors present their report together with the financial statements of Goulburn Murray Credit Union Co-operative Limited (the "Company" or "GMCU") for the year ended 30 June 2024 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:

Eugenie Stragalinos BCom CPA MAICD
Board Chair
Chair: Governance Committee
Occupation: Director & Principal, EMS Consulting
Appointed: 31 August 2016

Antoinette Truda MBA (Uni. Melb), PostGrad Dip. Management, BCom, BArts, GAICD
Chair: Member Experience & Culture
Occupation: Executive Director Commercial Services
Appointed: 30 November 2020

Adam Woods BApSci CA
Occupation: Executive Manager Corporate Services
Appointed: 1 November 2021

Yvonne Wrigglesworth GAICD, BSc(Hons), Grad Dip Fin Mgmt & Health Policy, Prof Cert Health Systems Mgmt
Occupation: Primary Care Transformation Lead
Appointed: 22 November 2023

John Calleja CA, MApFin, BCom, GAICD
Deputy Board Chair
Chair: Audit Committee
Occupation: Chief Executive Officer
Appointed: 1 December 2017

Steven Shaw BBus
Chair: Risk Committee
Occupation: Consultant and Advisor
Appointed: 1 June 2020

Steven Crisp BBus MAppFin
Occupation: Executive Director and CEO
Appointed: 1 July 2023

Steven Crisp was appointed on 1 July 2023. Yvonne Wrigglesworth was appointed on 22 November 2023. Steven Crisp resigned on 14 July 2024.

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		Member Experience & Culture		Risk	
	A	B	A	B	A	B	A	B	A	B
E Stragalinos	11	11	5	5	4	4	4	2	4	3
J Calleja	11	11	5	5	0	0	0	0	0	0
S Shaw	11	10	0	0	4	4	0	0	4	4
A Truda	11	10	5	4	0	0	4	4	0	0
A Woods	11	11	5	5	4	4	4	4	4	4
S Crisp	11	8	5	4	0	0	4	3	4	4
Y Wrigglesworth	6	6	0	0	1	1	2	2	2	2

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

Company secretary

Ms Hayley Collins, the Company's Chief Risk Officer was appointed to the position of Company Secretary on 23 March 2022 and continues 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 $3,064,194 (2023: $5,528,284). Income tax was $838,790 (2023: $1,427,776). Profit after tax for 2024 was $2,225,404 (2023: $4,100,508).

Review of operations

Net loans for the year have increased by $36.2 million to $374.7 million.
Member deposits increased during the year by $22.9 million to $489.7 million.
Members' equity during the year has increased by $2.3 million to $60.7 million.

There were no significant changes in the operations of GMCU.

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' 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 24 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*.

Auditor independence declaration

The auditor independence declaration for the year ended 30 June 2024 has been received and can be found on page 4 of the financial report.

Dated at Shepparton this 25th day of September 2024.

Signed in accordance with a resolution of the Directors.

E Stragalinos – Chair

John CC Calleja

J Calleja – Deputy Chair

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Auditor Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Goulburn Murray Credit Union

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

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

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

This declaration is in respect of Goulburn Murray Credit Union for the financial year ended 30 June 2024.

Crowe

CROWE ALBURY

Jason Gilbert

JASON GILBERT
Partner

25 September 2024
Albury

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $	2023 $
Interest revenue	2	28,740,130	20,563,372
Interest expense	2	(11,661,865)	(4,632,530)
Net interest income		17,078,265	15,930,842
Non-interest revenue	3	1,735,821	1,660,135
General and administration	3	(13,549,114)	(10,113,559)
Net impairment (loss)/gain on financial assets		(65,713)	(93,323)
Occupancy expenses		(401,497)	(299,925)
Depreciation and amortisation expense	3	(396,295)	(295,689)
Fees and commission expense		(1,337,273)	(1,260,197)
Profit before tax		3,064,194	5,528,284
Income tax expense	5	(838,790)	(1,427,776)
Profit after tax		2,225,404	4,100,508
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		3,479	1,684
Other comprehensive income for the year, net of tax		3,479	1,684
Total comprehensive income for the year		2,228,883	4,102,192

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes set out on pages 9 to 61.

Statement of Financial Position

As at 30 June 2024

	Note	2024 $	2023 $
ASSETS			
Cash and cash equivalents	7	79,896,510	53,988,603
Receivables due from other financial institutions	8	92,443,021	129,363,019
Receivables	9	1,323,064	1,406,615
Loans and advances	10	374,691,223	338,554,777
Other financial assets	12	134,928	130,226
Other assets	16	972,401	999,201
Investment property	15	880,000	880,000
Property, plant and equipment	14	6,395,574	6,484,313
Right-of-use assets	20	1,002,641	964,999
Deferred tax asset	6	395,446	360,990
Intangible assets	13	-	39,324
Current tax asset	6	49,411	-
TOTAL ASSETS		558,184,219	533,172,067
LIABILITIES			
Deposits	17	489,677,603	466,758,970
Accounts payables and other liabilities	18	5,468,289	5,017,121
Employee benefits	19	967,289	665,982
Lease liabilities	20	1,143,235	1,076,755
Deferred tax liability	6	261,555	225,655
Current tax liability	6	-	990,219
TOTAL LIABILITIES		497,517,971	474,734,702
NET ASSETS		60,666,248	58,437,365
EQUITY			
Reserves		3,354,156	4,354,699
Retained profits		57,312,092	54,082,666
TOTAL EQUITY		60,666,248	58,437,365

The statement of financial position is to be read in conjunction with the accompanying notes set out on pages 9 to 61.

Statement of Changes in Members Equity

Year ended 30 June 2023	Retained Profits $	Member Share Redemption Reserve $	Lending Risk Reserve $	Asset Revaluation Reserve $	Financial Asset Reserve $	Total $
Opening balance at 1 July 2022	49,842,618	94,799	1,144,898	3,168,582	84,276	54,335,173
Profit after tax	4,100,508	-	-	-	-	4,100,508
Other comprehensive income for the period	-	-	-	-	1,684	1,684
Transfer to/(from) lending risk reserve	140,876	-	(140,876)	-	-	-
Transfer to member share redemption reserve	(1,336)	1,336	-	-	-	-
Closing balance at 30 June 2023	54,082,666	96,135	1,004,022	3,168,582	85,960	58,437,365
Year ended 30 June 2024						
Opening balance at 1 July 2023	54,082,666	96,135	1,004,022	3,168,582	85,960	58,437,365
Profit after tax	2,225,404	-	-	-	-	2,225,404
Other comprehensive income for the period	-	-	-	-	3,479	3,479
Transfer to/(from) lending risk reserve	1,004,022	-	(1,004,022)	-	-	-
Transfer to member share redemption reserve	-	-	-	-	-	-
Closing balance at 30 June 2024	57,312,092	96,135	-	3,168,582	89,439	60,666,248

The statement of changes in members equity is to be read in conjunction with the accompanying notes set out on pages 9 to 61.

Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Interest received		28,823,681	19,621,666
Interest paid		(9,586,980)	(2,866,737)
Cash paid to suppliers and employees		(16,583,675)	(10,942,070)
Receipts from other services		1,757,251	1,256,490
Income tax paid		(1,878,421)	(369,388)
		2,531,856	6,699,961
Net movement in loans		(36,202,159)	(15,587,489)
Net movement in deposits and short-term borrowings		22,918,633	(9,903,974)
Net cash used in operating activities	21	(10,751,670)	(18,791,502)
Cash flows from investing activities			
Net movement in receivables due from other financial institutions		36,919,998	13,727,148
Payments for property, plant and equipment		(197,572)	(291,919)
Payments for intangible assets		-	(6,123)
Proceeds from sale of property, plant and equipment		18,182	33,000
Net cash from/ (used in) investing activities		36,740,608	13,462,106
Cash flows from financing activities			
Repayment of the lease liabilities		(81,031)	(99,797)
Net cash used in financing activities		(81,031)	(99,797)
Net increase/(decrease) in cash and cash equivalents		25,907,907	(5,429,193)
Cash and cash equivalents at 1 July		53,988,603	59,417,796
Cash and cash equivalents at 30 June	7	79,896,510	53,988,603

The statement of cash flows is to be read in conjunction with the accompanying notes set out on pages 9 to 61.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES

Goulburn Murray Credit Union Co-operative Limited (the "Company" or "GMCU") is a company domiciled in Australia.

The financial statements were authorised for issuance by the Directors on 25 September 2024.

(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 Australian International Financial Reporting Standards (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, other financial assets 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.

Land and buildings and investment property
Land, buildings and investment properties are measured at fair value as described in Note 1(s)

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 on a three-year valuation cycle.

Equity and investment securities
The fair value of the investments held in TransAction Solutions Limited trading as Experteq have been determined by calculating the net asset per share using the last published financial statements.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

The preparation of financial statements 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 (t).

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

Cash and cash equivalents comprise cash balances, deposits at call and other short-term deposits with Approved Deposit-taking Institutions that can be readily converted into cash. This includes term deposits (with an original maturity of less than 3 months), negotiable certificates of deposits (NCD) and floating rate note securities (FRNS). Negotiable certificates of deposits and floating rate note securities are held via the Austraclear system with the Reserve Bank of Australia, to enable conversion to cash. Cash and cash equivalents are recognised at the gross value of the outstanding balance. Bank overdrafts that are repayable on demand and form an integral part of GMCU's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

(d) Receivables due from other financial institutions

Receivables due from other financial institutions are financial assets with fixed or determinable payments that are held within a business model whose objective is to hold assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognised initially at cost plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less any expected credit losses / impairment losses.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(e) Loans and advances

Loans and advances are financial assets with fixed or determinable payments that are held within a business model whose objective is to hold assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognised initially at cost plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less any expected credit losses/impairment losses.

(f) Provision for impairment / expected credit losses of financial assets

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the "expected credit loss model" (ECL).

GMCU considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the financial asset. In applying this forward-looking approach, a distinction is made between:

- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans) ('Stage 1'); and
- Financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- Financial assets that have objective evidence of impairment (loans in default) at the reporting date ('Stage 3').

Measurement of ECL
GMCU applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets that are not measured at fair value through profit or loss.

- 12-months ECL (Stage 1) - The portion of lifetime ECL associated with the probability of default events occurring within the next 12 months.
- Lifetime ECL – not impaired (Stage 2) - ECL associated with the probability of default events occurring throughout the life of an instrument.
- Lifetime ECL – impaired (Stage 3) - Lifetime ECL, but interest revenue is measured based on the carrying amount of the instrument net of the associated ECL.

Exposures are assessed on a collective basis in Stage 1, and on individual basis in Stage 2 and Stage 3.

At each reporting date, GMCU assesses the credit risk of exposures in comparison to the risk at initial recognition, to determine the stage that applies to the associated ECL measurement. If the credit risk of an exposure has increased significantly since initial recognition, the asset will migrate to Stage 2. If no significant increase in credit risk is observed, the asset will remain in Stage 1. Should an asset become credit-impaired it will be transferred to Stage 3.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(f) Provision for impairment / expected credit losses of financial assets (continued)

Measurement of ECL (continued)
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by GMCU on terms that GMCU would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost of effort at the reporting rate about past events, current conditions and forecasts of future economic conditions.

Critical accounting estimates and judgements in the ECL
A number of significant judgements are required in applying the accounting requirements for measuring ECL, which are detailed below:

Assumptions used for estimating impairment
In assessing the impairment of financial assets under the expected credit loss model, GMCU defines default as occurring when a loan obligation is past 90 days due. The definition of default aligns with that applied by APRA for regulatory reporting purposes, and the criteria used for internal credit risk management purposes.

Assessment of significant increase in credit risk
In determining whether the risk of default has increased significantly since recognition, GMCU considers both quantitative and qualitative factors. These include:

- When a loan reaches 30 days past due;
- Loans with approved hardship or modified terms.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(f) Provision for impairment / expected credit losses of financial assets (continued)

Calculation of expected credit losses
Expected credit losses (ECLs) are calculated using three main parameters i.e. a probability of default (PD), a loss given default (LGD) and an exposure at default (EAD). These parameters are derived from industry standards and historical loss models.

For accounting purposes, the 12-months and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance date.

The LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral and its expected value when realised.

The EAD represents the expected exposure at default.

The 12-months ECL is equal to the sum over the next 12-month PD multiplied by LGD and EAD. Lifetime ECL is calculated using the sum of PD over the full remaining life multiplied by LGD and EAD.

Incorporation of forward looking information
GMCU has taken into consideration several macro-economic factors including unemployment rate, gross domestic product, housing price index and interest rates. The affects these data points have on ECL are reviewed regularly.

GMCU considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by GMCU for other purposes, such as strategic planning and budgeting. Periodically, GMCU carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

Grouping of loans for losses measured on a collective basis
For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous. GMCU has elected to use the following segments when assessing credit risk for Stage 1 of the ECL model:

- Mortgage loans – over 80% loan-to-valuation ratio, and no lenders mortgage insurance
- Mortgage loans – under 80% loan-to-valuation ratio or lenders mortgage insurance
- Personal loans – secured and unsecured
- Secured by funds
- Overdrafts / overdrawn

(g) Other financial assets

AASB 9 requires GMCU's equity investments in other financial assets to be held at fair value. GMCU has elected for these to be held at fair value through other comprehensive income (FVOCI).

Subsequent movements in fair value are recognised in other comprehensive income and never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss, unless the dividend clearly represents return of capital.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment & intangible assets

Land and buildings
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Land is not depreciated.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Leasehold improvements
Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Depreciation/amortisation
Depreciation/amortisation 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. The maximum 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 values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Disposals
An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any Asset Revaluation Reserve surplus relating to the item disposed of is transferred directly to retained profits.

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

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

• Computer software and licences	5 years

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 properties is accounted for as described in accounting policy Note 1(n).

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(i) Investment properties

When an item of property, plant and equipment is transferred to investment properties 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 profits. Any loss arising in this manner is recognised immediately in the statement of 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.

(j) Impairment of non-financial assets

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

(k) Employee entitlements

Long term service benefits
GMCU's net obligation in respect of long term service benefits 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 bonds at the balance date which have maturity dates approximating to the terms of GMCU's obligations.

Short term benefits
Liabilities for employee benefits for wages, salaries and annual leave expected to be taken within 12 months represent present obligations resulting from employees services provided to reporting date, calculated at undiscounted amounts based on remuneration wages and salary rates that GMCU 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 balance date.

(l) Deposits

Member deposits are held at amortised cost.

Interest payable
Interest on deposits is calculated on the daily balance and posted to the accounts periodically, or on maturity or redemption 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 accounts payable and other liabilities.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(m) Accounts payable and other liabilities

These amounts represent liabilities for goods and services provided to GMCU prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Revenue recognition

Interest revenue
Interest income arising from financial assets held at amortised cost is recognised using the effective interest rate method. Fees and transaction costs that are integral to the lending arrangement are recognised in the profit and loss over the expected life of the instrument in accordance with the effective interest rate method.

The calculation of effective interest rate does not include expected credit loss. Interest income that is classified as impaired is recognised by applying the effective interest rate to the amortised cost carrying value, being the gross carrying amount after deducting the impairment loss.

Fee income
Loan, account and transaction fee income relate to fees that are not deemed to be an integral part of the effective interest rate.

Fee income relating to deposit or loan accounts is either:
- Transaction based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- Related to performance obligations carried out over a period of time, therefore recognised on a systemic basis over the life of the agreement as the services are provided.

Transaction fees and provision of services are defined within product terms and conditions.

Refer to Note 3 for further details of the revenue recognition for fees income.

Commissions
Commission income which includes insurance and financial planning advice is recognised when the performance obligation is satisfied.

Refer to Note 3 for further details of the revenue recognition for commission income.

Dividend income
Dividend income is recognised when the right to receive income is established.

Income from property
Rental income from leases is recognised on a straight-line basis over the term of the lease.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(o) Leases

Credit Union as a lessee
At inception of a contract, GMCU assesses whether a lease exists – i.e. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GMCU has elected not to separate non-lease components from lease components and has accounted for payments as a single component.

At the lease commencement, GMCU recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where GMCU believes it is reasonably certain that the option will be exercised.

The right-of-use asset using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then GMCU's incremental borrowing rate is used. Typically, GMCU uses its incremental borrowing rate as the discount rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured whether there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

GMCU has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets (defined by GMCU as $10,000). GMCU recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets such as software licences continue to be accounted for under AASB 138 *Intangible Assets*, regardless of whether the arrangement would otherwise meet the AASB 16 Leases definition.

For all asset classes, arrangements containing both lease components and non-lease components will be accounted for separately. GMCU has elected not to apply the practical expedient to treat the whole contract as a lease.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(o) Leases (continued)

Credit Union as a Lessor
The lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When GMCU has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. The lease income is recognised on a straight-line basis over the lease term.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating leases
Operating lease payments, net of any incentives received from the lessor, are recognised as income on a straight-line basis over the term of the lease.

(p) Income Tax

Income tax for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of 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 date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position 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 that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates that have been 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.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(q) Goods and Services Tax

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 Cashflows 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 flows.

As a financial institution, GMCU is input taxed on all income except for income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on related or apportioned purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis, using the safe harbour apportionment rate of 18% adopted per Practical Compliance Guide 2018/15 from 1 July 2018. In addition, certain prescribed purchases are subject to reduced input tax credits (RITC), of which 75% of the GST paid is recoverable.

(r) Reserves

Lending risk reserve
In past years, in addition to the expected credit loss provision referred to in Note 11, GMCU maintained a reserve to further ensure adequate protection of members against the prospect of some borrowers experiencing loan repayment difficulties in the future. The balance of this reserve was carried in equity as an allocation from retained profits.

APRAs revised Prudential Standard (APS 220) requires a more forward looking approach and for provisions to be raised as credit quality deteriorates. This consequently removed the need for a Lending Risk Reserve.

In response, GMCU has transferred this reserve back to retained profits as at 30 June 2024. This reserve was calculated at the rate of 0.50% of risk weighted credit assets until its removal (2023: 0.50%).

Member share redemption reserve
The Company has 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.

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.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(r) Reserves (continued)

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

Financial asset reserve
The financial asset reserve relates to the revaluation of equity investments (other financial assets) classified as fair value through other comprehensive income.

(s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Fair value measurement hierarchy
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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as Level 3 is determined using valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant judgement based on unobservable inputs.

Notes to the Financial Statements
For the year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(t) Accounting estimates and judgements

Management has been involved in the development, selection, and disclosure of GMCU'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:

- Note 1(f) and Note 11 – Impairment of loans and advances with regards to the expected credit loss modelling and judgements, including:
    - Determining criteria for significant increase in credit risk: An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased GMCU takes into account qualitative and quantitative reasonable and supportable forward-looking information;
    - Choosing appropriate models and assumptions tor the measurement of expected credit loss; and
    - Establishing groups of similar financial assets for the purposes of measuring expected credit loss: When expected credit loss is measured on a collective basis, the financial instruments are grouped based on shared risk characteristics.
- Note 14 and Note 15 - Fair value assumptions used for land, buildings and investment properties;
- Note 12 – Fair value assumptions used for other financial assets;
- Note 20 – Estimation of the lease term and determination of the appropriate rate to discount the lease payments.

(u) New or amended accounting standards adopted

GMCU has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the adopted Accounting Standards and Interpretations had a material impact on the financial statements of the Company.

(v) New or amended accounting standards not yet mandatory

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

Notes to the Financial Statements
For the year ended 30 June 2024

2. INTEREST REVENUE AND INTEREST EXPENSE

	2024 $	2023 $
Interest revenue		
Deposits with other financial institutions	8,367,703	6,080,721
Loans and advances	20,372,427	14,482,651
	28,740,130	20,563,372
Interest expense		
Member deposits	11,574,132	4,560,817
Lease liabilities	87,733	71,713
	11,661,865	4,632,530

3. OPERATING REVENUE AND EXPENSES

	2024 $	2023 $
Revenue from contracts with customers		
Loan fees	328,878	285,131
Electronic transaction fees	439,389	447,443
Visa card fees	180	620
Other fees	184,681	179,158
Commissions – insurance	527,116	491,180
Commissions – card based/BPAY	174,148	182,053
Commissions – other	16,769	11,885
	1,671,161	1,597,470
Other sources of income		
Rent	42,661	59,658
Dividends	15,333	1,695
Bad debts recovered	484	755
Other income	6,182	557
	64,660	62,665
Total non-interest revenue	1,735,821	1,660,135

Notes to the Financial Statements
For the year ended 30 June 2024

3. OPERATING REVENUE AND EXPENSES (continued)

	2024 $	2023 $
Depreciation and amortisation expense		
Depreciation of property, plant and equipment:		
Plant and equipment	189,167	99,663
Buildings	79,750	93,250
Depreciation of right-of-use assets	108,645	81,744
Amortisation of intangible assets	18,733	21,032
Total depreciation and amortisation expense	396,295	295,689
General and administration expense		
Personnel costs:		
- Wages and salaries	7,168,509	5,310,398
- Employee entitlements	173,632	(15,482)
- Superannuation contributions	705,448	493,076
Technology costs	1,587,521	1,194,677
Marketing and promotion	532,139	534,535
General administration	2,465,456	1,641,045
Other	916,409	955,310
Total general and administration expense	13,549,114	10,113,559

Revenue recognition is summarised in the accounting policy at Note 1(n).

Further details with regards to the revenue from contract with customers under AASB 15 is disclosed below:

	Nature and timing of satisfaction of performance obligations	Revenue recognition under AASB 15
Fee income		
Loan fees	Loan fees and charges includes fees for ongoing loan account management, as well as late repayment fees and other penalty charges. These fees and charges are charged to the customer's account as incurred.	Loan fees and charges are recognised at the point in time when the transaction takes place.
Electronic transaction fees / Visa card fees / Other fees	GMCU provides financial services to members. Fees for ongoing account management are charged to the customer's account on a monthly basis. Transaction-based fees are charged to the customer's account when the transaction takes place.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

Notes to the Financial Statements
For the year ended 30 June 2024

3. OPERATING REVENUE AND EXPENSES (continued)

	Nature and timing of satisfaction of performance obligations	**Revenue recognition under AASB 15**
Commission income		
Insurance	Commission income is generated via the issuing of 3rd party insurance policies to members. A financial contribution is also available to help cover the direct costs of projects and/or campaigns.	Commission income is recognised when the insurance policy is issued. Commission income for renewals is recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of renewal commission income is outside the control of GMCU and is a key judgement area. Financial contributions are recognised in the year the campaign occurs.
Card/Bpay/payment	Commission is paid based on the volume of member generated BPAY transactions and card transactions.	Revenue is recognised at the point in time when it is received as that is when the service has occurred.
Financial planning	An upfront fee is generated on referral of a Credit Union member to the financial planner. An ongoing (trail) fee is paid to GMCU dependent on the amount of client fees charged to members. A productivity payment is made dependent on new investment monies into approved platforms.	The upfront fee is recognised when the member is referred to the financial planner. Ongoing trail and productivity payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of a significant reversal in a subsequent period. The receipt of ongoing commission income is outside the control of GMCU and is a key judgement area.
Other	Other commission includes Travelex.	Revenue is recognised at the point in time when it is received as that is when the service has occurred.

Notes to the Financial Statements
For the year ended 30 June 2024

3. OPERATING REVENUE AND EXPENSES (continued)

	2024 $	2023 $
Revenue recognised at a point in time	1,046,911	970,249
Revenue recognised over time	624,250	627,221
	1,671,161	1,597,470

4. AUDITOR'S REMUNERATION

	2024 $	2023 $
Amounts received or due and receivable by the External Auditor of the Company (including GST) for:		
Audit of the financial statements of the Company	103,290	93,170
Other regulatory assurance service	28,930	25,520
Other services in relation to the Company	10,362	6,500
	142,582	125,190

5. INCOME TAX

	2024 $	2023 $
Profit before tax	3,064,194	5,528,284
Prima facie income tax expense calculated at effective rate of 25% on net profit	766,049	1,382,071
Increase/(decrease) in income tax due to:		
Non-assessable income	(10,183)	(21,496)
Imputation credits	(4,217)	-
Under/(over) provision for income tax in prior year	(268)	27,417
Non-deductible expenses	-	-
Other Items	87,409	39,784
Income tax expense	838,790	1,427,776
Current tax expense		
Current year	838,788	1,308,215
Adjustments for prior year	(268)	24,568
Deferred tax expense	270	94,993
Income tax expense	838,790	1,427,776

Notes to the Financial Statements
For the year ended 30 June 2024

6. RECOGNISED DEFERRED TAX ASSETS & LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2024 $	**2023 $**	**2024 $**	**2023 $**
Other Financial Assets	-	-	29,836	28,661
Loans & advances	121,085	108,358	-	-
Prepayments	-	-	-	436
Property, Plant and Equipment (1)	-	-	231,719	196,558
Accrued Expenses	29,309	58,198	-	-
Employee Benefits	209,904	166,495	-	-
Leases (net of ROU assets)	35,148	27,939	-	-
	395,446	360,990	261,555	225,655

(1) GMCU's land and buildings includes some property that is exempt from Capital Gains Tax ('CGT'). As such, a deferred tax liability in relation to the revaluation has only been recognised on the properties that are subject to CGT.

The current tax refundable for GMCU represents the amount of income tax refundable in respect of current and prior periods.

	2024 $	**2023 $**
Income tax payable / (receivable)	(49,411)	990,219
Movement in taxation provision		
Balance at beginning of year	990,219	(68,169)
Current year's income tax expense on profit before tax	838,788	1,308,215
Income tax paid – current year	(877,199)	(149,324)
Income tax paid – prior year	(1,001,219)	(100,503)
Balance at end of year	(49,411)	990,219

7. CASH AND CASH EQUIVALENTS

	2024 $	**2023 $**
Cash on hand and at bank	6,381,196	5,734,354
Interest earning deposits	73,515,314	48,254,249
	79,896,510	53,988,603

Notes to the Financial Statements
For the year ended 30 June 2024

7. CASH AND CASH EQUIVALENTS (continued)

	2024 $	2023 $
Maturity analysis		
At call	12,381,196	10,234,308
Not longer than 3 months	67,515,314	43,754,295
	79,896,510	53,988,603
Credit rating of cash & cash equivalents		
CUSCAL – rated A+	16,286,707	14,131,595
Banks – rated AA and above	10,014,941	5,944,318
Banks – rated below AA	52,500,373	30,809,977
Unrated Authorised Deposit-taking Institutions	-	2,000,000
Cash on hand	1,094,489	1,102,713
	79,896,510	53,988,603

8. RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS

	2024 $	2023 $
Interest earning deposits	92,443,021	129,363,019
	92,443,021	129,363,019
Maturity analysis		
At call	-	-
Not longer than 3 months	-	-
Longer than 3 months and not longer than 12 months	38,114,077	30,507,702
Longer than 12 months	54,328,944	98,855,317
	92,443,021	129,363,019
Credit rating of receivables due from other financial institutions		
CUSCAL – rated A+	6,710,000	6,710,000
Banks – rated AA and above	29,400,755	47,444,878
Banks – rated below AA	56,332,266	75,208,141
	92,443,021	129,363,019

9. RECEIVABLES

	2024 $	2023 $
Interest receivable	1,323,064	1,406,615

Notes to the Financial Statements
For the year ended 30 June 2024

10. LOANS AND ADVANCES

	2024 $	2023 $
Overdrafts	2,240,858	2,164,934
Term loans	372,934,706	336,823,274
Gross loans and advances	375,175,564	338,988,208
Provision for impairment	(484,341)	(433,431)
Net loans and advances	374,691,223	338,554,777

Maturity analysis

	2024 $	2023 $
Overdrafts	2,240,858	2,164,934
Remaining maturity not longer than 3 months	9,182,003	8,014,403
Remaining maturity longer than 3 and not longer than 12 months	26,412,754	23,184,605
Remaining maturity longer than 1 and not longer than 5 years	134,636,606	117,318,705
Remaining maturity longer than 5 years	202,703,343	188,305,561
	375,175,564	338,988,208

Security held against loans

	2024 $	2023 $
Secured by mortgage over residential property	338,563,449	306,835,623
Secured by mortgage over other property	32,158,854	27,432,905
Total loans secured by real estate	370,722,303	334,268,528
Secured by funds or Guarantee	421,871	848,936
Partly secured by goods mortgage	3,236,707	2,992,171
Wholly unsecured	794,683	878,573
	375,175,564	338,988,208

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:

	2024 $	2023 $
Loan to value ratio of 80% or less	316,570,771	287,579,784
Loan to value ratio of more than 80% but mortgage insured	10,841,092	8,798,381
Loan to value ratio of more than 80% not mortgage insured	11,151,586	10,457,458
	338,563,449	306,835,623

Concentration of risk

Significant individual exposures
The loan portfolio of GMCU included one loan greater than 10% of capital as at 30th June 2024. The loan total was $7,051,869 which was 11.69% of capital.

Notes to the Financial Statements
For the year ended 30 June 2024

10. LOANS AND ADVANCES (continued)

Geographical concentrations
GMCU 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.

	2024 $	2023 $
- Victoria	355,644,103	321,272,246
- New South Wales	12,409,086	11,745,647
- Other	7,122,375	5,970,315
	375,175,564	338,988,208

11. IMPAIRMENT OF LOANS AND ADVANCES

Total provision comprises of	2024 $	2023 $
Expected credit loss allowance	484,341	433,431
Total provision	484,341	433,431

Amounts arising from expected credit loss:
An analysis of GMCU's credit risk exposure per class of financial asset and "stage" without reflecting the effects of any collateral or other credit enhancements is demonstrated in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Notes to the Financial Statements
For the year ended 30 June 2024

11. IMPAIRMENT OF LOANS AND ADVANCES (continued)

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

Credit risk exposure under expected credit loss - 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan category	**2024**	**2024**	**2024**	**2024**
	$	**$**	**$**	**$**
Mortgages loans – secured by property (residential and commercial)				
Up to 30 days	367,252,850	271,012	-	367,523,862
More than 30 days, but less than 90 days	-	685,679	-	685,679
More than 90 days, but less than 180 days	-	-	417,436	417,436
More than 180 days, but less than 270 days	-	-	886,686	886,686
More than 270 days, but less than 365 days	-	-	361,798	361,798
More than 365 days	-	-	846,843	846,843
Personal loans – secured & under secured (including overdrafts/overdrawn)				
Up to 30 days	4,205,513	10,715	-	4,216,228
More than 30 days, but less than 90 days	-	-	1,906	1,906
More than 90 days, but less than 180 days	-	-	3,408	3,408
More than 180 days, but less than 270 days	-	-	82,693	82,693
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	149,025	149,025
Secured by funds	-	-	-	-
Total carrying amount – gross	371,458,363	967,406	2,749,795	375,175,564
Less expected credit loss allowance	(115,001)	(2,662)	(366,678)	(484,341)
Total carrying amount – net	371,343,362	964,744	2,383,117	374,691,223
Security analysis -Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	1,837,500	3,678,500	N/A

Notes to the Financial Statements
For the year ended 30 June 2024

11. IMPAIRMENT OF LOANS AND ADVANCES (continued)

Credit risk exposure under expected credit loss - 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan category	**2023**	**2023**	**2023**	**2023**
	$	**$**	**$**	**$**
Mortgages loans – secured by property (residential and commercial)				
Up to 30 days	331,045,331	981,648	-	332,026,979
More than 30 days, but less than 90 days	-	712,253	-	712,253
More than 90 days, but less than 180 days	-	-	714,497	714,497
More than 180 days, but less than 270 days	-	-	169,278	169,278
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	645,520	645,520
Personal loans – secured & under secured (including overdrafts/overdrawn)				
Up to 30 days	4,534,273	26,106	-	4,560,379
More than 30 days, but less than 90 days	-	28,838	1,036	29,874
More than 90 days, but less than 180 days	-	-	3,631	3,631
More than 180 days, but less than 270 days	-	-	-	-
More than 270 days, but less than 365 days	-	-	-	-
More than 365 days	-	-	125,797	125,797
Secured by funds	-	-	-	-
Total carrying amount – gross	335,579,604	1,748,845	1,659,759	338,988,208
Less expected credit loss allowance	(103,132)	(30,730)	(299,569)	(433,431)
Total carrying amount – net	335,476,472	1,718,115	1,360,190	338,554,777
Security analysis -Stage 2 & Stage 3				
Estimated collateral – after discount	N/A	1,661,100	1,917,650	N/A

Notes to the Financial Statements
For the year ended 30 June 2024

11. IMPAIRMENT OF LOANS AND ADVANCES (continued)

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

Movement category	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 July 2023	103,132	30,730	299,569	433,431
Transfers between stages	-	(2,527)	2,527	-
Movement due to increase in loans & advances	11,869	-	-	11,869
Movement due to change in credit risk	-	(25,541)	78,802	53,261
Bad debts written off from provision	-	-	(14,220)	(14,220)
Changes in model/risk parameters	-	-	-	-
Balance at 30 June 2024	115,001	2,662	366,678	484,341

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

Movement category	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 July 2022	70,850	5,344	266,968	343,162
Transfers between stages	(2,212)	(803)	3,015	-
Movement due to increase in loans & advances	(4,672)	-	-	(4,672)
Movement due to change in credit risk	2,530	17,078	32,641	52,249
Bad debts written off from provision	-	-	(3,055)	(3,055)
Changes in model/risk parameters	36,636	9,111	-	45,747
Balance at 30 June 2023	103,132	30,730	299,569	433,431

Notes to the Financial Statements

For the year ended 30 June 2024

11. IMPAIRMENT OF LOANS AND ADVANCES (continued)

	2024 $	2023 $
Loans restructured		
During the year, some loans that were previously past due or impaired, have been restructured by GMCU.		
Loans restructured at beginning of financial year	5,140,873	746,305
Loans restructured during the financial year	5,856,826	6,813,310
Loans restructured during the financial year – moved from Stage 2 or Stage 3, to Stage 1	-	-
Loans restructured/transferred to non-impaired status during financial year	(7,116,490)	(2,418,742)
Balance at the end of the financial year	3,881,209	5,140,873
Sale of asset acquired through enforcement of security		
Opening balance of enforcement security	-	-
Real estate acquired through enforcement of security expenses	-	-
Proceeds from sale of property & insurance claim	-	-
Balance of loan written off	-	-
Specific provision for impairment written back	-	-
Balance at the end of the financial year	-	-

12. OTHER FINANCIAL ASSETS

	2024 $	2023 $
Equity investment securities designated as fair value through other comprehensive income (FVOCI) – held at fair value		
- Shares in TransAction Solutions Limited trading as Experteq (a)	134,928	130,226
	134,928	130,226

(a) TransAction Solutions Limited trading as Experteq

TransAction Solutions Limited (TAS) trading as Experteq primary function is to provide a secure and stable platform for the Ultradata Credit Union Solution and Ultracs retail banking software used by the TAS Managed Services user group, of which GMCU is a party. TAS is an unlisted public company. The shares held by GMCU are not tradeable in an open market. GMCU is not intending to dispose of these shares.

As a level 3 asset, Management have used unobservable inputs to assess the fair value of the shares. The financial reports of TAS record net tangible asset backing of these shares exceeding their cost value. Based on the net assets of TAS, any fair value determination on these shares is likely to be greater than their cost value, but due to the absence of a deep and liquid market, a market value is not able to be determined readily. Management has determined that the net tangible asset per share (from the latest available financial statement) is a reasonable approximation of fair value based on the likely value available on a sale.

Notes to the Financial Statements

For the year ended 30 June 2024

13. INTANGIBLE ASSETS

	2024 $	2023 $
Computer software & licences		
At cost	-	483,232
Provision for amortisation	-	(443,908)
	-	39,324
Reconciliations		
Reconciliations of intangible assets is set out below:		
Computer software & licences		
Balance at beginning of the year	39,324	66,155
Acquisitions	-	6,123
Disposals	(20,591)	(11,922)
Less amortisation	(18,733)	(21,032)
Balance at end of the year	-	39,324

14. PROPERTY, PLANT & EQUIPMENT

	2024 $	2023 $
Freehold land - at fair value	2,510,000	2,510,000
Buildings on freehold land – at fair value	3,190,000	3,190,000
Accumulated depreciation	(173,000)	(93,250)
Total buildings on freehold land	3,017,000	3,096,750
Subtotal land and buildings	5,527,000	5,606,750
Plant and equipment- at cost	1,985,914	1,993,827
Accumulated depreciation	(1,117,340)	(1,116,264)
Total plant and equipment	868,574	877,563
Carrying amount of total property, plant & equipment	6,395,574	6,484,313

Notes to the Financial Statements
For the year ended 30 June 2024

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*** **$**	***Total*** **$**
Balance at 1 July 2022	2,510,000	3,190,000	806,289	6,506,289
Additions	-	-	291,919	291,919
Revaluations	-	-	-	-
Disposals	-	-	(120,982)	(120,982)
Depreciation	-	(93,250)	(99,663)	(192,913)
Balance at 30 June 2023	2,510,000	3,096,750	877,563	6,484,313
Balance at 1 July 2023	2,510,000	3,096,750	877,563	6,484,313
Additions	-	-	197,572	197,572
Revaluations	-	-	-	-
Disposals	-	-	(17,394)	(17,394)
Depreciation	-	(79,750)	(189,167)	(268,917)
Balance at 30 June 2024	2,510,000	3,017,000	868,574	6,395,574

Notes to the Financial Statements
For the year ended 30 June 2024

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Valuations

Land and buildings owned by the Company were independently valued during the 2022 financial year based on market values.

The land and buildings at Shepparton, Benalla, Seymour, Kyabram and Numurkah were valued in May 2022 by Opteon (Goulburn North East Vic) Pty Ltd accredited independent valuers for a market value of $5,700,000. The fair value was based on a capitalisation of income supported by direct comparison to comparable properties on a rate per square metre.

The Directors believe that the valuations held are a reasonable approximation of fair value and have been recognised on this basis as at 30 June 2024.

15. INVESTMENT PROPERTIES

	2024 $	2023 $
At fair value	880,000	880,000
Accumulated impairment	-	-
Balance at end of the year	880,000	880,000
Reconciliation		
Reconciliation of investment properties is set out below:		
Balance at beginning of the year	880,000	880,000
Revaluation	-	-
Balance at end of the year	880,000	880,000

Investment properties comprises 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 20 for further information.

The investment properties were valued in May 2022 by Opteon (Goulburn North East Vic) Pty Ltd accredited independent valuers with the fair value of $880,000. The fair value was based on a capitalisation of income supported by direct comparison to comparable properties on a rate per square metre.

The Directors believe that the valuations held are a reasonable approximation of fair value and have been recognised on this basis as at 30 June 2024. Lease arrangements, rental amounts and rental yields in the years following the last valuation are materially consistent with those prevailing at the time of the last valuation.

Notes to the Financial Statements
For the year ended 30 June 2024

16. OTHER ASSETS

	2024 $	2023 $
Prepayments	536,713	483,114
Sundry debtors	435,688	516,087
	972,401	999,201

17. DEPOSITS

	2024 $	2023 $
On call deposits	305,105,319	299,141,247
Term deposits	184,572,284	167,617,723
	489,677,603	466,758,970
Maturity analysis		
On call	305,105,319	299,141,247
Not longer than 3 months	52,792,110	42,457,395
Longer than 3 and not longer than 12 months	130,817,704	119,564,819
Longer than 1 and not longer than 5 years	962,470	5,595,509
	489,677,603	466,758,970

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	474,693,106	451,115,282
Other States	14,984,497	15,643,688
	489,677,603	466,758,970

18. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2024 $	2023 $
Trade creditors	709,359	1,568,850
Accrued interest payable	4,074,779	1,999,893
Accrued expenses	684,151	1,448,378
	5,468,289	5,017,121

Notes to the Financial Statements
For the year ended 30 June 2024

19. EMPLOYEE BENEFITS

	2024 $	2023 $
Salaries and wages accrued	127,675	-
Liability for long service leave	394,254	328,896
Liability for annual leave	445,360	337,086
	967,289	665,982

Included in employee benefits is a non-current amount of $84,851 (2023: $60,437) relating to long service leave.

20. LEASES

(a) GMCU as a lessee

Nature of the leasing activities
GMCU leases properties at Echuca, Euroa, Violet Town, Kilmore and Mooroopna, which are used as member service centres.

Terms and conditions of leases
Two leases are on a month by month basis, while the other three leases have initial terms of between 3 and 10 years. Some of the leases include extension options – as detailed in a below section.

The leases contain an annual pricing mechanism based on CPI movements at each anniversary of the lease inception, or a fixed rate designed to estimate a CPI movement. There are no variable lease payments associated with these property leases.

There are no leases not yet commenced to which the lessee is committed.

Right-of-use assets

	2024 $	2023 $
At cost	1,367,082	1,367,082
Addition	146,287	-
Accumulated depreciation	(510,728)	(402,083)
Balance at end of the year	1,002,641	964,999

Reconciliation of the carrying amount of Land and Building right-of-use assets is set out below:

Balance at beginning of year	964,999	1,046,743
Depreciation charge	(108,645)	(81,744)
Additions to right- of-use assets	146,287	-
Balance at end of the year	1,002,641	964,999

Notes to the Financial Statements
For the year ended 30 June 2024

20. LEASES (continued)

Lease liabilities

	2024 $	2023 $
Not later than 1 year	60,223	72,393
Later than 1 year	1,083,012	1,004,362
Total	1,143,235	1,076,755

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown below.

Not later than 1 year	146,785	150,386
Later than 1 year and not later than 5 years	598,154	500,999
Later than 5 years	992,191	1,032,168

GMCU does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within GMCU's finance function.

Extension options
A number of the building leases contain extension options which allow GMCU to extend the lease term by beyond the non-cancellable period. These option periods range from 3 years to 15 years across these leases.

GMCU includes options in the leases to provide flexibility and certainty to GMCU operations and reduce costs of moving premises, and the extension options are at GMCU's discretion.

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

All potential future lease payments are included in the lease liabilities, as GMCU has assessed that the exercise of each option is reasonably certain as a balance date.

Notes to the Financial Statements
For the year ended 30 June 2024

20. LEASES (continued)

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

	2024 $	2023 $
Interest expense on lease liabilities	87,733	71,713
Rental expense relating to variable lease payments not included in the measurement of lease liabilities	50,759	46,711
Rental expense relating to short-term leases	16,489	13,254
Rental expense relating to low-value assets	32,377	29,886
Statement of cash flows		
Total cash outflow for leases	81,031	99,797

Key assumptions used in calculations
The calculation of the right-of-use assets and lease liabilities are dependent on the following critical accounting judgements:
- **Estimation of lease term** – as discussed above, this reflects consideration of extension options on a lease by lease basis.
- **Determination of the appropriate rate to discount the lease payments** – GMCU has used its incremental borrowing rate, as the rate implicit in the leases is not known. This was determined based on consideration of reference rates for commercial lending, lease term and a lease specific adjustment considering the ‘secured borrowing’ element of the leases.

(b) GMCU as a lessor

OPERATING LEASES

Nature of the leasing activities
GMCU receives rental income from various tenants who lease a portion of the land and buildings owned by GMCU at Shepparton and Kyabram. These leases have been classified as operating leases for financial reporting purposes and the assets are included as investment properties in the Statement of Financial Position (refer Note 15).

Terms and conditions of leases
These operating lease contracts contain extension options at the right of the lessee. All contracts contain market review clauses in the event that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

GMCU manages the risk associated with the underlying investment properties via appropriate insurance coverage and use of real estate agents where appropriate.

Notes to the Financial Statements
For the year ended 30 June 2024

20. LEASES (continued)

Income statement
The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income relating to operating leases where GMCU is a lessor (i.e. investment properties) are shown below:

	2024 $	2023 $
Lease/rental income relating to variable lease payments not dependent on an index or rate	42,661	59,658
Total lease/rental income relating to investment properties	46,661	59,658
Direct operating expenses (including repairs & maintenance) arising from investment property that generated rental income during the period	-	-
Total direct operating expenses relating to investment properties	-	-

Maturity analysis of lease payments receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

	2024 $	2023 $
< 1 year	54,982	49,382
1-2 years	31,407	39,849
2-3 years	4,333	14,869
Total undiscounted lease payments receivable	90,722	104,100

FINANCE LEASES

Nature of the leasing activities
GMCU is not the lessor in any arrangements assessed as a finance lease.

Notes to the Financial Statements
For the year ended 30 June 2024

21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2024 $	2023 $
(a) Cash flow from operating activities		
Profit after income tax	2,225,404	4,100,508
Non cash flows in operating surplus/(deficit):		
Charge/(Reversal) for bad and doubtful debts	65,713	93,323
Depreciation of property, plant & equipment	268,917	192,913
Depreciation of right of use asset	108,645	81,744
Amortisation of intangible assets	18,733	21,032
Loss on sale of plant & equipment	19,803	99,903
Gain on revaluation of investment properties	-	-
Changes in assets and liabilities:		
Increase/(Decrease) in employee benefits	301,307	(15,482)
(Increase)/Decrease in receivables	83,551	(941,708)
(Increase)/Decrease in deferred tax asset	(34,456)	(30,889)
(Increase)/Decrease in current tax asset	(49,411)	68,169
(Increase)/Decrease in other assets	26,800	(403,646)
Increase/(Decrease) in accounts payable	451,168	2,317,989
Increase/(Decrease) in income tax payable	(990,219)	990,219
Increase/(Decrease) in deferred tax liability	35,901	125,886
Net cash from revenue activities	2,531,856	6,699,961
Add/Deduct non revenue operations:		
(Increase)/Decrease in loans and advances	(36,202,159)	(15,587,489)
Increase/(Decrease) in deposits and short-term borrowings	22,918,633	(9,903,974)
Cash flow from operating activities	(10,751,670)	(18,791,502)

(b) 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.

Notes to the Financial Statements

For the year ended 30 June 2024

21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES (continued)

(c) Bank overdraft facility

GMCU has an overdraft facility available to the extent of $5,000,000 (2023: $5,000,000). This facility is provided by Cuscal Limited (Cuscal) and is subject to funds being available from Cuscal at the time of drawdown and incurs interest at 6.85% (2023: 6.60%). As at 30 June 2024 the utilised portion of the facility was $Nil (2023: $Nil).

GMCU has an Overdraft Security Deposit held with Cuscal. The conditions of the Overdraft Security Deposit held with Cuscal are detailed below.

(d) CUSCAL – Settlement Security Deposit and Overdraft Security Deposit

GMCU's agreement with Cuscal includes the following security deposits:

- a Settlement Security Deposit (or "SSD")
- an Overdraft Security Deposit (or "OSD")

The Settlement Security Deposit is a security deposit held against GMCU's settlement obligations with Cuscal and is held in a standard term deposit account with Cuscal. The value of the deposit held is $6,710,000.

The Overdraft Security Deposit is security deposit held against GMCU's overdraft with Cuscal and is held in a standard term deposit account with Cuscal. The value of the deposit held is $5,000,000.

In accordance with the agreement between Cuscal and GMCU, Cuscal need not repay the SSD and OSD:

(a) until Cuscal have received all money GMCU owe them at any time or which Cuscal determine GMCU will or may owe them in the future; and
(b) until Cuscal are satisfied that they will not be asked to refund any such money (or any part of it) to a trustee in bankruptcy, a liquidator or any other person; and
(c) other than in accordance with the terms applying to each deposit.

Further, GMCU irrevocably authorised Cuscal at any time to apply all or any part of any credit balance in any other deposits that GMCU may have with them at that time by way of set-off or counterclaim in or towards payment of any liability (whether due now or later and whether actual or contingent) which GMCU may owe to Cuscal at that time.

GMCU has classified the SSD as a receivable from other financial institution and the OSD as cash and cash equivalents in the statement of financial position and Note 7 on the basis of a determination made by the prudential regulator (APRA) that the Settlement Security Deposit is for the purpose of facilitating or securing settlement obligations, deposits relating to industry support schemes are to be utilised for a prudential purpose and thus can be included as part of GMCU's prudential liquidity holding. GMCU has therefore included the SSD and OSD in its calculation of MLH disclosed in Note 25 – Risk Management Objectives and Policies.

GMCU has also treated the SSD and OSD in accordance with its accounting policy for cash and cash equivalents and receivables from other financial institutions for the purpose of interest rate risk and the maturity profile of financial assets in Note 26 - Financial Instruments notwithstanding the existence of these specific contractual encumbrances.

Notes to the Financial Statements
For the year ended 30 June 2024

22. CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

In the normal course of business, GMCU enters into various types of contracts that give rise to contingent or future obligations. These contracts generally relate to the financing needs of customers. The total credit related commitments and the financial guarantees do not necessarily represent future cash requirements.

GMCU 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.

Credit related commitments include approved but undrawn loans, credit limits and loan redraw facilities.

Security analysis of credit related commitments	**Credit related commitments**		**Financial guarantees**	
Secured by:	**2024 $**	**2023 $**	**2024 $**	**2023 $**
Secured by mortgage over real estate	11,001,260	10,858,703	85,472	133,041
Secured by funds	104,380	116,952	57,268	34,170
Partly secured by goods mortgage	80,410	81,820	-	-
Fully unsecured	1,213,559	1,027,624	-	-
Total	12,399,609	12,085,099	142,740	167,211

Other contingent liabilities

GMCU is a party to the Credit Union Financial Support System (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, GMCU may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members. Should GMCU be required to contribute funding, any such liquidity loans would be structured and priced in accordance with normal commercial terms, as determined by CUFSS. The total amount of funding that GMCU could be required to provide to other members cannot exceed, in aggregate, 3% of GMCU's assets capped at $100 million.

23. OUTSOURCING ARRANGEMENT

GMCU has an economic dependency on Cuscal Limited for the rights to VISA cards, transfer of electronic funds, settlement with the banks for member cheques, VISA cards and access to the direct entry system, TransAction Solutions Limited trading as Experteq for electronic data processing, and Ultradata Australia Pty Ltd for the application software utilised by the Company.

Notes to the Financial Statements
For the year ended 30 June 2024

24. KEY MANAGEMENT PERSONNEL

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of GMCU, directly or indirectly and has been taken to comprise the Directors and members of the Executive Management team who are responsible for the day-to-day financial and operational management of GMCU. There were 7 Directors during the reporting period (2023: 7) and 12 members of the Executive Management team during the reporting period (2023: 16).

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:

	2024 $	**2023 $**
Short-term employee benefits	2,438,828	1,756,866
Other long term benefits	(5,462)	(7,958)
Post employment benefits	248,953	188,577
	2,682,319	1,937,485

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

Loans to key management personnel and other related parties

The table below explains GMCU’s loans to key management personnel during 2024 and 2023 financial years:

	2024 $	**2023 $**
Beginning of the year	951,323	1,125,325
Loan advanced	1,192,091	36,150
Loan repayments received	(881,530)	(251,163)
Fees Charged	-	332
Interest Received	21,907	40,679
End of Year	1,283,791	951,323

Notes to the Financial Statements
For the year ended 30 June 2024

24. KEY MANAGEMENT PERSONNEL (continued)

All loans to Directors and key management personnel by GMCU 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.

Revolving credit facilities $Nil (2023: $Nil) were made available to Directors and key management personnel during the year. The aggregate amount receivable at 30 June 2024 was $Nil (2023: $Nil).

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.

There were no other amounts receivable at 30 June 2024 (2023: $Nil) nor were any other loans advanced during the period.

Deposits from key management personnel and other related parties

	2024 $	**2023 $**
Total value Term and Saving Deposits from key management personnel	1,261,324	513,100
Total interest paid on deposits to key management personnel	1,100	1,298

GMCU'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 GMCU and their related parties may conduct banking related transactions with GMCU. 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 GMCU, 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.

Each key management personnel would hold at least one share in the Company.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

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

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

Risk management policies are established to identify and analyse the risks faced by GMCU, 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 GMCU's activities. GMCU 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 at least monthly 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.

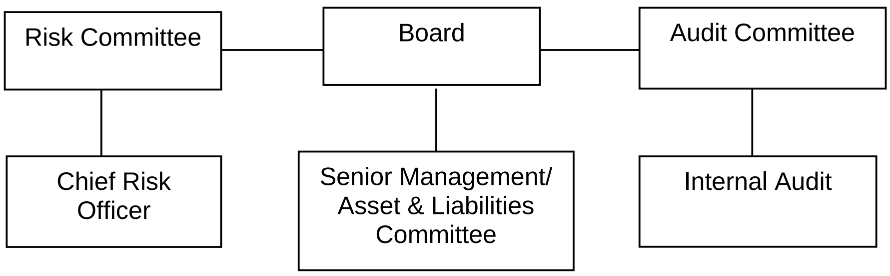
Internal Audit: Internal audit has responsibility for implementing the controls testing and assessment in line with the Board's Compliance Plan / Audit Calendar.

Notes to the Financial Statements
For the year ended 30 June 2024

25. 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 – Capital Plan
- Board Policy – Remuneration

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

Market risk

The objective of GMCU'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.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

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. GMCU does not trade in the financial instruments it holds. GMCU is primarily exposed to interest rate risk arising from changes in market interest rates.

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

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 GMCU faces arises from its net open position on its portfolio of fixed rate assets and liabilities. This exposes GMCU to the risk of adverse interest rate changes.

The level of mismatch on the banking book is set out in Note 26 below. The table set out in Note 26 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.

GMCU manages its interest rate risk by the regular monitoring of its net open position. GMCU ALCO undertakes this monitoring. Executives meet periodically to review both GMCU'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.

GMCU manages the proportion of long term fixed rate facilities within its total loan book. If deemed necessary, GMCU prefers to source offsetting fixed rate funding in order to have certainty regarding the margin to be realised.

GMCU has obtained more sophisticated interest rate monitoring tools to allow it to analyse its position and address the periodic regulatory reporting to APRA.

Based on independent VaR calculations as at 30 June 2024 using a 10-day holding period and a 99% confidence level, the VaR was $558,966 at 0.93% of capital (2023: $249,072 at 0.43% of capital).

Based on independent EaR calculations as at 30 June 2024 using a shift in interest rates of 100 basis points for one year, EaR was $1,604,919 (2023: $1,443,698).

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that GMCU 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 GMCU maintains adequate cash reserves and committed credit facilities to meet the member withdrawal demands when requested.

GMCU 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.

Credit Union Financial Support Services liquidity support scheme
GMCU is a party to the Credit Union Financial Support Scheme (CUFSS) and has executed an Industry Support Contract (ISC) with CUFSS. The purpose of the CUFSS scheme is to provide members with emergency liquidity support in accordance with the terms of the ISC, a contract which has been certified by APRA under the Banking Act.

As a member of CUFSS, GMCU can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool (currently totalling in excess of $900 million), plus additional voluntary liquidity support from members via funds from the Reserve Bank of Australia in accordance with the terms of a “Special Loan Facility”, as defined in the ISC.

CUSCAL
GMCU holds a total of $11,710,000 in Settlement Security Deposit and Overdraft Security Deposit with Cuscal which is detailed at Note 21 (c) and (d). Under this arrangement, Cuscal facilitate the settlement obligations of GMCU.

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

The liquidity ratio as at the end of the financial year was:

	2024	2023
Minimum Liquidity Holdings	27.35%	28.14%

Credit risk

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

Notes to the Financial Statements
For the year ended 30 June 2024

25. 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. A past due classification can trigger various actions such as a renegotiation, enforcement of covenants, or legal proceedings.

For loans where repayments are doubtful, external agencies are engaged to conduct recovery action. The exposure to losses arise predominately in personal loans and facilities not secured by registered mortgages over real estate.

Details on the expected credit loss provision used by GMCU for loans and advances are set out in Note 11.

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 22 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 mortgagers 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 the Statement of 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 expected losses in GMCU's loan portfolio from homogenous portfolios of assets and individually identified loans.

A provision for expected 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.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk – loans and advances (continued)

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.

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, GMCU 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 GMCU'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 GMCU's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of GMCU'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 is set out in Note 10. GMCU 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 2.50% of the capital base by both Internal Audit and the Audit Committee.

GMCU'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 GMCU has a large number of members dispersed across various industries.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquid investments

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.

There is a concentration of credit risk with respect to investment receivables with the placement of investments in Cuscal.

Notes 7 & 8 outline the various deposits held by GMCU. During the year, GMCU has had to make placement decisions that consider the appropriateness of the security offered. All placement decisions made have been consistent with policy limits set by the Board.

Under the liquidity support scheme at least 3% 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.

GMCU has a liquidity management arrangement with Laminar Capital who adhere to the matrix outlined in GMCU'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
GMCU uses the ratings of Standards and Poor's 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 summarised in Notes 7 and 8.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational risk

Operational risk is the risk of loss to GMCU resulting from deficiencies in processes, personal technology and infrastructure, and from external factors other than credit, market and liquidity risks. Operational risks in GMCU 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.

GMCU'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;
- 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 personal identification numbers (PINs), and internet passwords being compromised where not protected adequately by the member. It can also arise from other system failures. GMCU 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 GMCU. 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 GMCU'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, Visa cards, BPay and OSKO 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.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management

The capital levels are prescribed by 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 GMCU is not engaged in a trading book for financial instruments.

GMCU reports to APRA under Basel III capital requirements. GMCU uses the standardised approach for credit risk and operational risk.

GMCU's capital contains Common Equity Tier 1 Capital, Tier 1 Capital and Tier 2 Capital, in accordance with APRA requirements. GMCU's, 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. GMCU currently holds no other Tier 1 Capital Instruments. GMCU's Tier 2 Capital contains General Reserve for Credit Losses.

	2024 $	2023 $
Capital adequacy ratio calculation		
Tier 1 Capital		
Net Tier 1 capital	60,397,430	57,128,456
Tier 2 Capital		
Net Tier 2 capital (a)	-	1,004,022
Total Capital	60,397,430	58,132,478
Risk Weighted Assets	234,950,186	230,242,703
Capital adequacy ratio	25.71%	25.25%

(a) Net Tier 2 capital comprised of the lending risk reserve which GMCU transferred back to retained profits as at 30 June 2024 in accordance with its accounting policy outlined in Note 1(r).

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 GMCU's capital, management 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 a set limit.

Notes to the Financial Statements
For the year ended 30 June 2024

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Pillar 2 Capital on Operational Risk

GMCU 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 GMCU's three-year average net interest income and net non-interest income to various business lines.

Internal capital adequacy management

GMCU 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 GMCU'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 GMCU is reassessed.

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Notes to the Financial Statements

For the year ended 30 June 2024

26. FINANCIAL INSTRUMENTS

(a) Interest rate risk

Financial instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non-interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 %	2023 %
Financial assets:														
Cash and cash equivalents *	11,287	14,132	158,553	158,578	1,405	9,539	-	-	1,094	1,103	172,339	183,352	4.72	4.26
Receivables	-	-	-	-	-	-	-	-	1,323	1,407	1,323	1,407	N/A	N/A
Other investments	-	-	-	-	-	-	-	-	135	130	135	130	N/A	N/A
Loans and advances	289,715	241,756	50,123	48,553	34,097	46,316	756	1,930	-	-	374,691	338,555	6.45	5.80
Total financial assets	301,002	255,888	208,676	207,131	35,502	55,855	756	1,930	2,552	2,640	548,488	523,444		
Financial liabilities:														
Deposits	305,105	299,141	183,610	162,022	962	5,596	-	-	-	-	489,677	466,759	3.07	1.69
Payables	-	-	-	-	-	-	-	-	5,468	5,017	5,468	5,017	N/A	N/A
Total financial liabilities	305,105	299,141	183,610	162,022	962	5,596	-	-	5,468	5,017	495,145	471,776		

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

* For the purpose of Note 26(a) and Note 26(b), cash and cash equivalents includes receivables due from other financial institutions

Notes to the Financial Statements
For the year ended 30 June 2024

26. FINANCIAL INSTRUMENTS (continued)

(b) 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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Financial assets:														
Cash and cash equivalents *	70,162	46,038	44,554	34,961	54,393	105,576	-	-	12,381	10,235	181,491	196,810	172,339	183,352
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	1,323	1,407
Loans and advances	9,241	8,056	26,413	23,184	134,637	117,319	522,912	445,693	-	-	693,202	594,252	374,691	338,555
Other investments	-	-	-	-	-	-	-	-	135	130	135	130	135	130
Total financial assets	79,403	54,094	70,967	58,145	189,030	222,895	522,912	445,693	12,516	10,365	874,828	791,192	548,488	523,444
Financial liabilities:														
Deposits	54,201	42,699	137,092	124,241	997	5,838	-	-	309,180	301,141	501,470	473,919	489,677	466,759
Payables	-	-	-	-	-	-	-	-	1,394	3,017	1,394	3,017	5,468	5,017
Total financial liabilities	54,201	42,699	137,092	124,241	997	5,838	-	-	310,574	304,158	502,864	476,936	495,145	471,776

* For the purpose of Note 26(a) and Note 26(b), cash and cash equivalents includes receivables due from other financial institutions

Notes to the Financial Statements
For the year ended 30 June 2024

26. FINANCIAL INSTRUMENTS (continued)

(c) 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 except current securities and investments, 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
The fair value of investment securities that are not traded in an active market are determined using discounted cash flow analysis with terms to maturity, as closely as possible, the estimated future cash flows. The fair value of investment securities at 30 June 2024 is $93,266,557 (2023: $129,862,277). The carrying amount of investments securities per note 8 is $92,443,021 (2023: $129,363,019).

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 as at 30 June 2024 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.

Other Financial Assets
GMCU has estimated the fair value of the equity investments within other financial assets utilising the net asset of the underlying Companies from the most recent financial statements available.

Hence, the key unobservable input in regards to the fair value is the net assets/share amount. Any changes in the net assets of the underlying Company would directly impact the net asset/share amount used by GMCU, and impact on the fair value estimate of the other financial assets and the Financial Assets Reserve within equity.

Notes to the Financial Statements
For the year ended 30 June 2024

26. FINANCIAL INSTRUMENTS (continued)

(d) Categories of financial instruments

The following information classifies the financial instruments into measurement classes.

	2024 $	2023 $
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	79,896,510	53,988,603
Receivables due from other financial institutions	92,443,021	129,363,019
Other receivables	1,323,064	1,406,615
Loans and advances (gross)	375,175,564	338,988,208
	548,838,159	523,746,445
Financial assets at fair value through other comprehensive income (FVOCI)		
Other financial assets	134,928	130,226
Total financial assets	548,973,087	523,876,671
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable and other liabilities	5,468,289	5,017,122
Deposits from members	489,677,603	466,758,970
Total financial liabilities	495,145,892	471,776,092

27. FAIR VALUE MEASUREMENT

Fair value hierarchy
Refer to details of the fair value hierarchy at Note 1(s).

2024 **Assets measured at fair value**	Level 1 $	Level 2 $	Level 3 $	Total $
Land and buildings	-	5,700,000	-	5,700,000
Investment properties	-	880,000	-	880,000
Other financial assets (at FVOCI)	-	-	134,928	134,928
Total	-	6,580,000	134,928	6,714,928

2023 **Assets measured at fair value**	Level 1 $	Level 2 $	Level 3 $	Total $
Land and buildings	-	5,700,000	-	5,700,000
Investment properties	-	880,000	-	880,000
Other financial assets (at FVOCI)	-	-	130,226	130,226
Total	-	6,580,000	130,226	6,710,226

Notes to the Financial Statements
For the year ended 30 June 2024

27. FAIR VALUE MEASUREMENT (continued)

GMCU has assessed that, at balance date, the carrying amount of all financial instruments approximates fair value. Refer to Notes 26 (c).

Assets measured at fair value based categorised as Level 2
Land and buildings and investment properties have been valued based on similar assets, location and market conditions.

Assets measured at fair value based categorised as Level 3

	Other financial assets (at FVOCI) Total	
	2024	**2023**
	$	**$**
Balance at beginning of year	130,226	127,951
Revaluation through other comprehensive income	4,702	2,275
Closing balance - at 30 June	134,928	130,226

28. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided for:	**2024** **$**	**2023** **$**
- payable not later than one year	-	-
Closing balance - at 30 June	-	-

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

GMCU 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.

29. 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 of GMCU, the results of those operations, or the state of affairs of GMCU in subsequent financial years.

Directors' Declaration

The Directors of the Company declare that:-

1. the financial statements and notes, set out on pages 5 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 2024 and of its performance for the year ended on that date; and

   (b) complying with the Australian 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; and

3. the information disclosed in the consolidated entity disclosure statement is true and correct.

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

	John CC Calleja
E Stragalinos – Chair	J Calleja – Deputy Chair

Dated at Shepparton on this 25th day of September 2024

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Goulburn Murray Credit Union Co-operative Limited

Independent Auditor's Report to the Members of Goulburn Murray Credit Union Co-operative Limited

Opinion

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

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

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

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

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Credit Union's Annual Report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

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

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

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Crowe

CROWE ALBURY

Jason Gilbert

JASON GILBERT
Partner

25 September 2024
Albury

Leadership Team

Justin Bice, Interim Chief Executive Officer

Hayley Collins, Chief Risk Officer

Thomas Krause, Chief Financial Officer

Michael Leake, Chief Marketing Officer

Barnaby Ling, Chief Information Officer

Stacey Weeks, Chief People Officer

Heath Barton, Interim Chief Sales and Service Officer

Steven McAuley, Head of Credit

Auditors

Crowe, Albury (External Auditors)

AFS & Associated Pty Ltd (Internal Auditors)

Solicitors

Daniels Bengtsson Pty Ltd

SMR Legal

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Kyabram | 145 Allan Street
Mooroopna | 112c McLennan Street
Numurkah | 102 Melville Street
Seymour | 72 Station Street
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