

Annual Report

For the Year Ended 30 June 2024



Northern Inland
CREDIT UNION

ABN 36 087 650 422

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Financial Statements

For the Year Ended 30 June 2024

Northern Inland Credit Union Limited

ABN: 36 087 650 422

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Chair & Chief Executive Officer's Report

30 June 2024

NICU has finished the 2024 financial year in a strong position with robust key ratios. We strengthened our financial position, with Total assets increasing by \$19.3 million, Total deposits increasing by \$16.2 million and Total loans increasing by \$22.3 million. Net profit after tax of \$706,403 was achieved for the year with net interest margin stable at 2.64%.

To provide new and existing Members seeking a degree of financial security in a rising rate market with the potential for savings, we introduced a capped-rate home loan, which was highly successful. We improved our lending rates and continued to streamline our loan processes, increasing operational performance and Member satisfaction. This effort and focus saw NICU achieve exceptional lending levels for the year with loan growth in the lending portfolio of 8%, and loan balances surpassing the \$300 million milestone for the first time. Our commitment to responsible lending was reflected in our low level of bad and doubtful debts provisions (0.05%).

A key focus this year was making large investments in IT upgrades and cybersecurity defences. In an ever-evolving financial landscape, the risks associated with scams and fraud are significant, and we are dedicated to proactively managing these risks to ensure the integrity and security of our operations. We provide regular updates and resources to Members to help them recognise and avoid common scams across multiple communication channels, including SMS, emails, web updates, social media posts and printed material located in our branches. We also continue to invest in cybersecurity training for all our employees, increasing our staff's ability to recognise, act on and escalate concerns about potential fraud and scam activity.

During the year, we also implemented a new and improved website to enhance user experience and increase engagement. The new website incorporates new functionalities, improved navigation and structural changes to optimise performance, which has resulted in an increase in the number of users and number of views.

In alignment with our commitment to continuous improvement and long-term success, during the year, NICU held a Strategic Planning Day. This pivotal event provided a platform for our Board of Directors and Senior Management team to collaborate, review our current strategies, and chart the course for the future. The outcomes of the Strategic Planning Day have been instrumental in refining our strategic priorities and setting a clear direction for the future, focusing on digital capability, resourcing and business growth. Looking ahead, we are excited about the opportunities on the horizon and the potential to create even more value through our customer-centric approach and sustainable business practices.

This coming year we will continue to update our suite of products as well as review our fee structure. An internet banking upgrade is planned, as are some additional features to our App to help Members understand their spending and saving habits, which we envisage will result in an improvement in financial wellbeing.

As COVID disappears in the rear-view, Members have been faced with new challenges including increasing housing prices and cost of living issues. There is no doubt that some Members will experience challenges in the coming year and our staff will be on hand to assist our Members navigate these challenges. With many regional bank branch closures, NICU continues its commitment to face-to-face services for its Members banking needs across Tamworth, Narrabri and Gunnedah.

At NICU, we believe our success is intertwined with the well-being of the communities we serve. Our commitment to social responsibility extends beyond our core business activities, reflecting our dedication to making a positive impact through community involvement and sponsorship. Our sponsorship strategy is designed to support events and initiatives that align with our values and our belief in the importance of giving back. This year, we have continued to sponsor a range of activities including art events, sports, health and well-being initiatives and educational awards to local organisations in Tamworth, Narrabri and Gunnedah. As part of our commitment to supporting local families, NICU selected SIDS (Sudden Infant Death Syndrome) as a major cause to sponsor during the year. We assisted in the organisation of a charity event for SIDS hosted by the Tamworth Football Club. The event was a huge success, with funds going to Red Nose Australia, to provide advisory services to families, as well as bereavement support for anyone affected by the loss of a baby or child. The impact of our community involvement and sponsorship efforts is evident in the positive feedback we receive.

This year has presented its share of challenges and opportunities, and our success is a direct result of the dedication and commitment demonstrated by every member of our team. From achieving more streamlined processes and products for our Members, to navigating ongoing regulatory changes, our staff has been the driving force behind our progress, with 8 new staff joining the NICU team throughout the year. Results from our annual Staff Survey indicated that 98% of staff rate NICU as a truly great place to work. Looking ahead, we remain focused on enhancing our staff engagement strategies and ensuring that every team member feels empowered to continue to build on our accomplishments and work towards our shared vision for the future.

NICU's success is also supported by an experienced Board, who maintain not only a focus on corporate governance, but also NICU's future and the local communities within which we serve. As we reflect on the achievements and progress of NICU over the past year, we take a moment to acknowledge and express our sincere gratitude to our Deputy Chair, Barry Pratten, who resigned after many years of service as a Director (including Chair). During Barry Pratten's tenure with NICU, he played a pivotal role in shaping our strategic direction and driving key initiatives and his contributions have left a lasting impact on NICU.

Northern Inland Credit Union Limited

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We extend our gratitude to all of our dedicated staff and Directors for their efforts during the year, and particularly to our Members for their ongoing trust and support, which drives our continuous efforts to deliver excellent service and lasting value.

Derek McIntyre

Chief Executive Officer
Dated: 01 October 2024

Robert Studte

Board Chair

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Directors' Report

30 June 2024

The Directors present their report, together with the financial statements of the Group, being Northern Inland Credit Union (NICU) and its controlled entities, for the financial year ended 30 June 2024.

1. General information

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Names	Position
Robert James Studte	Director and Chair
Wayne Austin Riggien	Director and Deputy Chair
Robert John Carrington	Director
Geoffrey William Harris	Director
David Michael Winnick	Director
Graham Russell Goodman	Director
Anna Louise McMurtrie	Director
Barry Edward Pratten	Director and Deputy Chair [Resigned on 02 April 2024]

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

Information on Directors

The names of each person who has been a Director of NICU at any time during or since the end of the year including the details required under section 300 (10) of the Corporations Act are:

Robert James Studte: Director and Chair of the Board (01.07.23-current); Chair and Member of Remuneration & Executive Committee (01.07.23-current); Member of Board Nomination Committee (for meetings 05.03.24 and 02.04.24); Member of Trust Operations Committee (02.04.24-current); Ex officio member of all sub committees (01.07.23 - current).

Experience: Member of the Board since 2005; Member of Chartered Accountants Australia and New Zealand since 12.01.01; Member of the Australasian Credit Union Institute.

Qualifications: Graduate Certificate in Financial Planning (PS146 Compliant); Graduate Diploma in Financial Planning; Bachelor of Commerce (Accounting)

Occupation: Accountant

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

Wayne Austin Riggien: Director (01.07.23-current); Deputy Chair of Board (02.04.24-current); Chair of Board Risk Committee (01.07.23–02.04.24); Member of Board Risk Committee (02.04.24-current); Member of Audit Committee (01.07.23-current); Reserve Member of Remuneration & Executive Committee (05.12.23–02.04.24); Member of Remuneration & Executive Committee 02.05.24-current); Member of Board Nomination Committee (for meetings 05.03.24 and 02.04.24).

Experience: Member of the Board since 2009; Member of the NSW Law Society; Company Director, Member of the Australasian Credit Union Institute

Qualifications: Bachelor of Commerce (Economics); Bachelor of Laws

Occupation: Solicitor

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

Robert John Carrington: Director (01.07.23-current); Chair of Marketing Committee (01.07.23-current); Member of Audit Committee (01.07.23-current); Reserve Member of Remuneration & Executive Committee (02.04.24-current).

Experience: Member of the Board since 2000; Member of the Australasian Credit Union Institute.

Occupation: Retired

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

Northern Inland Credit Union Limited

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Directors' Report

30 June 2024

1. General information (cont'd)

Information on Directors (cont'd)

Geoffrey William Harris: Director (01.07.23-current); Chair of Trust Operations Committee (01.07.23-current); Member of Board Risk Committee (01.07.23-current); Member of Board Nomination Committee (for meetings 20.09.23, 05.03.24 and 02.04.24).

Experience: Member of the Board since 2004; Member of the Australasian Credit Union Institute; Manager of Northern Inland Investment Trust

Qualifications: Diploma in Financial Services

Occupation: Retired CEO of Northern Inland Credit Union Ltd

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

David Michael Winnick: Director (01.07.23-current); Member of Marketing Committee (01.07.23-current); Member of Board Risk Committee (01.07.23 – 02.04.24); Chair of Board Risk Committee (02.04.24-current).

Experience: Member of the Board since 2014; Member of the Australasian Credit Union Institute.

Qualifications: Bachelor of Business.

Occupation: Business Manager

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

Graham Russell Goodman: Director (01.07.23-current); Chair of Audit Committee (01.07.23-current); Member of Marketing Committee (01.07.23-current); Member of Board Risk Committee (01.07.23-current); Member of Board Nomination Committee (for meetings 05.03.24 and 02.04.24).

Experience: Member of the Board since 2016; Fellow Member of the Australasian Credit Union Institute.

Qualifications: Bachelor of Arts (Economics)

Occupation: Retired

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

Anna Louise McMurtrie: Director (01.07.23-current); Member of Audit Committee (01.07.23-current); Member of Marketing Committee (06.12.23-current); Member of Remuneration & Executive Committee (05.12.23-current).

Experience: Member of the Board since April 2021.

Qualifications: Graduate Diploma in Financial Management, Bachelor of Agricultural Economics, Graduate Australian Institute of Company Directors.

Occupation: Consultant

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

Now Retired

Barry Edward Pratten: Director (01.07.23–02.04.24); Deputy Chair of Board (01.07.23–02.04.24); Member of Trust Operations Committee (01.07.23–02.04.24); Member of Marketing Committee (01.07.23–02.04.24); Member of Remuneration & Executive Committee (01.07.23 – 02.04.24).

Experience: Member of the Board since 1993; Member of the Australasian Credit Union Institute.

Occupation: Grazier

Interest in Shares: 1 Ordinary Share in Northern Inland Credit Union Ltd

No other person has acted as Director of Northern Inland Credit Union Limited during or since the end of the financial year.

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Directors' Report

30 June 2024

1. General information (cont'd)

Company Secretary

The following persons held the position of Company Secretary during the financial year:

Richard John Greyling Park has been the Company Secretary since 02 April 2024. Prior to this date, Anna Lise Clark was Company Secretary.

Richard John Greyling Park - Company Secretary (02.04.24 – current)

Qualifications: Master of Business Administration (University of Oxford); Master of Information Technology (University of South Australia); Institute of Chartered Accountants England and Wales; Chartered Accountants Australia and New Zealand.

Experience: Group Financial Controller, KYR Group Pty Ltd (April 2008 - February 2010); Chief Financial Officer and Chief Executive Officer, Post PNG Ltd (July 2011 - July 2016); Chief Financial Officer, KYR Group Pty Ltd (November 2016 - September 2022); Director of Finance and Support Services, Ramsay Health Care – Tamara Private Hospital (April 2023 - March 2024).

Anna Lise Clark - Company Secretary (01.07.23 - 02.04.24)

Qualifications: Bachelor of Arts with Bachelor of Laws (Macquarie University); Admitted to practice as a Solicitor in NSW in 1997; Completion of the Company Directors Course; Certificate IV Financial Services; Certificate IV Frontline Management, Diploma of Management.

Experience: In house solicitor for Northern Inland Credit Union Ltd 2002-2011; Compliance Manager, Northern Inland Credit Union Ltd 2002-2003; Executive Manager Compliance, Northern Inland Credit Union Ltd 2003-2014; Head of Compliance & Risk (2014-2017); Head of Compliance (2018-02.04.24); Chief Risk Officer (05.08.14-06.03.18; 01.07.20–02.04.24)

Principal activities

The principal activities of the Group during the financial year were:

- To accept funds on deposit from Members;
- To apply these funds to make loans to Members; and
- To provide other required services to Members.

Activity of the entities within the consolidated entity during the year was the provision of a complete range of financial products and services to Members.

No significant change in the nature of these activities occurred during the year.

2. Operating results and review of operations for the year

Operating results

The consolidated profit of the Group amounted to \$706,403 (2023: loss of \$2,015,956).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Directors' Report

30 June 2024

2. Operating results and review of operations for the year (cont'd)

Review of operations

A review of the operations of the Group during the financial year and the results of those operations is contained within the Chair and Chief Executive Officer's joint report.

3. Other items

Significant changes in state of affairs

There were no significant changes in the state of NICU's affairs during the year.

Significant revenue and expenses

There were no significant expense during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Directors' benefits

No Director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by NICU, controlled credit union, or a related body corporate with a Director, a firm of which a Director is a member or a credit union in which a Director has a substantial financial interest, other than that disclosed in Note 25 of the financial report.

Directors' Report

30 June 2024

3. Other items (cont'd)

Meetings of the Board of Directors and Board Committees

During the financial year, 27 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Board Meetings		Audit Committee		Marketing Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Barry Pratten	10	7	-	-	1	1
Robert Carrington	12	10	5	4	1	-
Geoffrey Harris	12	12	-	-	-	-
Robert Studte	12	11	5	5	1	1
Wayne Riggien	12	11	5	5	-	-
David Winnick	12	12	-	-	1	1
Graham Goodman	12	12	5	5	1	1
Anna McMurtrie	12	11	5	5	1	1

	Remuneration & Executive Committee		Board Nomination Committee		Board Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Barry Pratten	1	1	-	-	-	-
Robert Carrington	-	-	-	-	-	-
Geoffrey Harris	-	-	3	3	5	4
Robert Studte	1	1	2	2	5	4
Wayne Riggien	-	-	2	2	5	4
David Winnick	1	1	1	1	5	4
Graham Goodman	-	-	2	2	5	4
Anna McMurtrie	-	-	1	1	-	-

Directors' Report

30 June 2024

3. Other items (cont'd)

Indemnification and insurance of officers and auditors

Insurance premiums have been paid to insure each of the Directors and officers of NICU, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of NICU. In accordance with normal commercial practice disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of NICU.

Proceedings on behalf of company

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2024 has been received and can be found on page 9 of the financial report.

Remuneration report (audited)

Signed in accordance with a resolution of the Board of Directors:

Chair:

Robert James Studte

Deputy Chair:

Wayne Austin Riggien

Dated this day of 2024

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

Chartered Accountants

PAUL PEARMAN

Partner

Sydney, NSW

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2024

	Note	Consolidated Group		Northern Inland Credit Union Limited	
		2024	2023	2024	2023
		\$	\$	\$	\$
Interest income	3(a)	21,043,822	16,403,993	21,006,935	16,386,615
Interest expense	3(c)	(9,827,689)	(4,761,345)	(9,827,078)	(4,761,345)
Net interest income		11,216,133	11,642,648	11,179,857	11,625,270
Fee commission and other income	3(b)	1,986,528	1,817,438	1,381,085	1,278,205
		13,202,661	13,460,086	12,560,942	12,903,475
Non interest expenses					
Impairment losses on loans to Members	3(d)	(32,688)	36,565	(32,688)	36,565
General administration					
Employees compensation and benefits	3(g)	(4,727,236)	(4,734,694)	(4,436,463)	(4,392,577)
Depreciation and amortisation expense	3(e)	(763,056)	(652,356)	(742,244)	(628,110)
Occupancy expense	3(f)	(236,725)	(210,768)	(191,523)	(178,392)
Other operating expenses	3(f)	(6,531,108)	(10,612,097)	(6,388,875)	(10,450,957)
Total non interest expenses		(12,290,813)	(16,173,350)	(11,791,793)	(15,613,471)
Profit/(loss) before income tax		911,848	(2,713,264)	769,149	(2,709,996)
Income tax expense	4	(205,445)	697,308	(146,802)	696,490
Profit/(loss) for the year after income tax		706,403	(2,015,956)	622,347	(2,013,506)
Other comprehensive income					
Total comprehensive income/(loss) for the year		706,403	(2,015,956)	622,347	(2,013,506)
Profit/(loss) attributable to:					
Members of the parent entity		706,403	(2,015,956)	622,347	(2,013,506)
		706,403	(2,015,956)	622,347	(2,013,506)

The accompanying notes form part of these financial statements.

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Statement of Financial Position

As At 30 June 2024

	Note	Consolidated Group		Northern Inland Credit Union Limited	
		2024	2023	2024	2023
		\$	\$	\$	\$
ASSETS					
Cash assets	5	11,411,625	10,796,946	11,411,625	10,796,946
Liquid investments	6	107,065,251	111,638,259	107,065,251	110,638,259
Receivables	7	1,083,465	958,308	1,064,813	923,608
Current tax assets	18	63,493	1,040,509	63,493	1,039,110
Loans to Members	8	302,002,664	279,658,654	302,002,664	279,658,654
Investments	10	1,885,059	2,385,236	1,885,060	1,885,060
Property, plant and equipment	11	3,652,717	3,663,138	3,649,191	3,656,569
Investment property	12	3,096,444	848,266	-	-
Deferred tax assets	13	760,859	755,738	739,043	722,054
Intangible assets	14	1,629,093	1,476,803	578,698	426,408
Other assets	15	750,601	853,558	721,547	724,991
TOTAL ASSETS		433,401,271	414,075,415	429,181,385	410,471,659
LIABILITIES					
Deposits from Members	16	382,814,813	366,607,313	383,297,192	367,633,964
Creditor accrual & settlement accounts	17	5,851,465	3,563,885	5,828,218	3,534,137
Deferred tax liabilities	18	981,819	968,095	977,228	964,523
Provisions	19	2,240,640	2,129,991	2,177,610	2,060,245
TOTAL LIABILITIES		391,888,737	373,269,284	392,280,248	374,192,869
NET ASSETS		41,512,534	40,806,131	36,901,137	36,278,790
MEMBERS' EQUITY					
Reserves	20	41,512,534	40,806,131	36,901,137	36,278,790
Total equity attributable to equity holders of NICU		41,512,534	40,806,131	36,901,137	36,278,790
TOTAL MEMBER'S EQUITY		41,512,534	40,806,131	36,901,137	36,278,790

The accompanying notes form part of these financial statements.

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Statement of Changes in Equity

For the Year Ended 30 June 2024

	Consolidated Group					Total
	Retained Earnings	General Reserve	Member's Shares Reserve	Shares Revaluation Reserve	Asset Realisation Reserve	
	\$	\$	\$	\$	\$	
Balance at 1 July 2023	-	37,732,036	355,186	978,781	1,740,128	40,806,131
Profit for the year	706,403	-	-	-	-	706,403
Transfers to/(from) reserves	(706,403)	702,981	3,422	-	-	-
Balance at 30 June 2024	-	38,435,017	358,608	978,781	1,740,128	41,512,534
Balance at 1 July 2022	-	39,722,030	350,044	978,781	1,740,128	42,790,983
Loss for the year	(2,015,956)	-	-	-	-	(2,015,956)
Transfers to/(from) reserves	2,015,956	(1,989,994)	5,142	-	-	31,104
Balance at 30 June 2023	-	37,732,036	355,186	978,781	1,740,128	40,806,131

	Northern Inland Credit Union Ltd					Total
	Retained Earnings	General Reserve	Member's Shares Reserve	Shares Revaluation Reserve	Asset Realisation Reserve	
	\$	\$	\$	\$	\$	
Balance at 1 July 2023	-	33,204,695	355,186	978,781	1,740,128	36,278,790
Profit for the year	622,347	-	-	-	-	622,347
Transfers to/(from) reserves	(622,347)	618,925	3,422	-	-	-
Balance at 30 June 2024	-	33,823,620	358,608	978,781	1,740,128	36,901,137
Balance at 1 July 2022	-	35,223,343	350,044	978,781	1,740,128	38,292,296
Loss for the year	(2,013,506)	-	-	-	-	(2,013,506)
Transfers to/(from) reserves	2,013,506	(2,018,648)	5,142	-	-	-
Balance at 30 June 2023	-	33,204,695	355,186	978,781	1,740,128	36,278,790

The accompanying notes form part of these financial statements.

Northern Inland Credit Union Limited

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Statement of Cash Flows For the Year Ended 30 June 2024

	Note	Consolidated Group		Northern Inland Credit Union Limited	
		2024	2023	2024	2023
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Interest received		20,728,441	15,583,523	20,674,372	15,583,330
Fees and commissions		2,227,554	1,968,276	1,563,081	1,370,996
Dividends		72,502	62,835	72,502	62,835
Interest paid		(9,061,964)	(3,347,823)	(9,061,351)	(3,347,823)
Payment to suppliers and employees		(10,090,215)	(10,115,922)	(9,432,038)	(9,500,601)
Income taxes (refunded)/paid		780,172	(425,842)	824,531	(432,082)
Net cash from revenue activities	30(a)	4,656,490	3,725,047	4,641,097	3,736,655
Net (decrease)/increase in Member deposits and shares		16,354,370	(9,535,506)	15,707,645	(11,115,919)
Net decrease/(increase) in deposits to other financial institutions		4,517,844	2,782,579	3,517,844	3,782,579
Net decrease/(increase) in Member loans		(22,400,822)	3,687,628	(22,400,822)	3,687,628
Net cash provided by/(used in) operating activities		3,127,882	659,748	1,465,764	90,943
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds on sale of property, plant and equipment		1,233	-	1,049	-
Purchase of intangible assets		(542,917)	(663,513)	(542,917)	(663,513)
Purchase of property, plant and equipment, and investment property		(2,471,696)	(169,988)	(205,633)	(169,988)
Purchase of investments		-	(500,177)	-	-
Proceeds from sale of investments		500,177	31,106	-	-
Net cash used in activities		(2,513,203)	(1,302,572)	(747,501)	(833,501)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from related parties		-	-	(103,584)	99,734
Payment of borrowings		-	(6,168,851)	-	(6,168,851)
Net cash used in financing activities		-	(6,168,851)	(103,584)	(6,069,117)
Net increase/(decrease) in cash and cash equivalents held		614,679	(6,811,675)	614,679	(6,811,675)
Cash at beginning of year		10,796,946	17,608,621	10,796,946	17,608,621
Cash at end of financial year	5,30(b)	11,411,625	10,796,946	11,411,625	10,796,946

The accompanying notes form part of these financial statements.

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Notes to the Financial Statements

For the Year Ended 30 June 2024

The financial report includes the consolidated financial statements and notes of Northern Inland Credit Union Limited and controlled entities (the Group) and the separate financial statements and notes of Northern Inland Credit Union Limited as an individual entity (NICU). The report was authorised for issue on 1 October 2024 in accordance with a resolution of the Board of Directors. Northern Inland Credit Union Limited is a for profit entity for the purpose of preparing the financial statements.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1 Summary of Material Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The material accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements have been prepared on an accruals basis, and are based on historical costs, which do not take into account changing money values or current values of non current assets except for real property and investments which are stated at fair value. The accounting policies are consistent with the prior year unless otherwise stated.

(b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 26 to the financial statements.

(c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Tax Office (ATO). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Non-current Assets

Revenue from the disposal of assets is recognised when title passes from NICU to the purchaser. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(c) Revenue Recognition (cont'd)

Dividends

Dividend income is recognised on the date NICU's right to receive payment is established.

Interest Income

Interest income is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, NICU estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

Loan Origination Fees

Loan origination fees are initially deferred as part of the loan balance, and are brought to account as income over the expected life of the loan. The amounts brought to account are included as part of interest revenue.

Rental Income

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

Other Revenue

Fee, commission and other revenue is recognised when the service is completed, or when the fee in respect of services provided is receivable.

(d) Transaction Costs

Transaction costs are expenses which are direct and incremental to the establishment of the loan. These costs are initially deferred as part of the loan balance, and are brought to account as a reduction to income over the expected life of the loan.

(e) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(e) Income Tax (cont'd)

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Northern Inland Credit Union Limited and its wholly-owned Australian subsidiary and unit trust have been consolidated for tax purposes under the Tax Consolidation System. NICU is responsible for recognising the current tax assets and liabilities for the consolidated group. The tax consolidated group has a tax sharing agreement whereby each entity in the group contributes to the income tax payable in proportion to their contribution to the taxable profit of the tax consolidated group.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Loans and Advances to Members

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees on the date that they are originated. Loans are subsequently measured at amortised cost less impairment losses. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the loan using the effective interest method.

Loans are derecognised if NICU's contractual rights to the cash flows from the loans expire or if NICU transfers the loan to another party without retaining control or substantially all risks and rewards of the loan.

(h) Loan Impairment

Impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit loss model' (ECL). Instruments within the scope of these requirements include loans and advances and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

A broader range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, three distinct stages of impairment are made:

- Stage 1 - Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (performing loans);
- Stage 2 - Financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event (underperforming loans); and
- Stage 3 - Includes financial instruments that have objective evidence of impairment (loans in default/non-performing) at the reporting date.

Measurement of ECL

12 month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category. Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows expected to be received);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(h) Loan Impairment (cont'd)

Measurement of ECL (cont'd)

- Undrawn loan commitments, being the present value of the difference between the contractual cash flows that are due if the commitment is drawn down and the cash flows expected to be received; and
- Financial guarantee contracts, being the expected payments to reimburse the holder less any amounts expected to be recovered.

Credit impaired financial assets

At each reporting date, NICU assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 on terms that would otherwise not be considered;
- 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.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and undrawn component, and ECL cannot be identified on the loan commitment component separately from those on the drawn component, a combined loss allowance from both components is presented. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(h) Loan Impairment (cont'd)

Write-off

Loans and debt securities are written off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when it is determined the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(i) Impairment

At the end of each reporting period, NICU determines whether there is evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(j) Equity Investments and Other Securities

Investments in shares are classified as fair value through other comprehensive income assets where they do not qualify for classification as loans and receivables, or investments held for trading.

Investments in shares which do not have a ready market and are not capable of being reliably valued are recorded at the lower of cost or recoverable amount.

All investments are in Australian currency.

(k) Intangible Assets

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

Computer software under development is amortised over the expected useful life of the software on a straight-line basis. These lives range from 3 to 5 years.

The finance portfolio acquired is stated at cost and are considered to have indefinite useful lives and are not amortised. The useful life is assessed annually to determine whether events or circumstances continue to support an indefinite useful life assessment. The carrying value of the finance portfolio is reviewed annually for impairment, at the same time every year.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(l) Bad debts written off

Bad debts are written off from time to time as determined by management and the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provisions for impairment, if a provision for impairment had previously been recognised. If no provision had been recognised, the write offs are recognised as expenses in profit or loss.

(m) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	10 to 40 years
Leasehold improvements	5 to 10 years
Plant and Equipment	3 to 40 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(n) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The investment properties are depreciated on a straight line basis over 40 years.

(o) Members' Deposits

Member savings and term investments are recognised at the aggregate amount of money owing to depositors. The amount of interest accrued at balance date is shown as part of payables.

(p) Interest Expense

Interest expense is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective interest rate, NICU estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(q) Redeemable Shares

NICU issues redeemable shares to each Member upon joining in accordance with the Constitution of NICU. Member shares are issued at a face value of \$10.00 each. A Member share must confer the right to 1 vote, and only 1 vote, at meetings of NICU's Members. No dividend is payable in respect of any Member share.

On 22 November 2013, NICU amended its constitution in respect of the subscription of Member shares.

(a) Member shares issued up to the date of the amendment are redeemed for their face value of \$10.00 each on leaving NICU. On a winding up of NICU the holder of this Member share is entitled:

- i. to payment of the subscription price for the member share where the Member subscribed for the Member share; and
- ii. if any assets remain after the payments in paragraph (a)(i) to any surplus assets of NICU, on par with (b).

(b) On a winding up of NICU the holder of a Member share issued subsequent to the amendment is entitled to a share of the surplus assets of NICU (if any) after making the payments mentioned in (a)(i), on par with (a)(ii), less the subscription price of \$10.00 for the Member share.

(r) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received.

(s) Employee benefits

Provision is made for NICU's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Provision for long service leave is on a pro-rata basis from commencement of employment with NICU based on the present value of its estimated future cash flows.

Annual leave is accrued in respect of all employees on pro-rata entitlement for part years of service and leave entitlement due but not taken at balance date. Annual leave is reflected as part of the sundry creditors and accruals.

Contributions are made by NICU to an employee's superannuation fund and are charged to profit or loss as incurred.

(t) Borrowings

All borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(u) Goods and Services Tax (GST)

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

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST). To the extent that the full amount of the GST incurred is not recoverable from the Australian Tax Office (ATO), the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated 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 current liability in the balance sheet. Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(v) Leases

NICU recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, NICU's incremental borrowing rate. Generally, NICU uses its incremental borrowing rate as the discount rate.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in NICU, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(w) Financial instruments

Impairment of financial assets

Financial assets carried at amortised cost and those carried at fair value through other comprehensive income (FVOCI) are subject to a three-stage expected credit loss model. Loss allowances are measured at an amount equal to lifetime expected credit losses (ECL), except for the following, which are measured as 12 months ECL:

- debt investment securities that are determined to have a low credit risk at the reporting date; and
- other financial instruments on which credit risk has not significantly increased since initial recognition.

Financial assets and liabilities

Financial assets and liabilities are recognised when NICU becomes a party to the contractual provisions of the financial instrument and are measured initially at cost adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial liabilities

Financial liabilities include borrowings, Member deposits and other payables. They are initially measured at fair value, and where applicable, adjusted for transaction costs unless NICU designated a financial liability at fair value through the profit and loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except financial liabilities designated at fair value through profit and loss, which are carried subsequently at fair value with gains or losses recognised in the profit and loss.

All interest related charges and if applicable, changes in an instrument's fair value that are reported in the profit and loss are included within interest or non-interest expenses.

Classification of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(w) Financial instruments (cont'd)

Classification of financial assets (cont'd)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within net interest income, fees commissions and other income or non-interest expenses.

Classifications are determined both by:

- NICU's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash, cash equivalents and trade receivables fall into this category of financial instruments.

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

Financial assets that are within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Summary of Material Accounting Policies (cont'd)

(w) Financial instruments (cont'd)

Fair Value through Other Comprehensive Income (FVOCI)

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

Loans to Members

Loans and advances captions in the statement of financial position include loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Loans and advances were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that NICU did not intend to sell immediately or in the near term.

(x) Accounting standards issued but not yet effective

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. NICU does not expect the adoption of these standards to have any impact on the reporting position or performance of the Credit Union.

(y) Critical accounting estimates and judgments

The Board evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Balances which include critical accounting estimates and judgements have been disclosed in the following notes:

- Note 9 - Impairment of Loans and Advances
- Note 10 - Investments
- Note 14 - Intangible Assets.

2 Financial Risk Management

The Board has adopted a policy of compliance and risk management to suit the risk profile of NICU. NICU's risk management focuses on the major areas of market risk, credit risk and operational risk.

The Board has ultimate responsibility to ensure that an appropriate risk profile and appetite is set and complied with. It approves the level of risk which NICU is willing to operate within and builds the framework for reporting and mitigating those risks. The scope of the risk is determined in light of the size, complexity, risk appetite, prudential framework and economic environment within which NICU is operating.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

The Board has developed a committee structure to assist in the overseeing and management of the risk management system. The key committees include:

Board Risk Committee: comprising of Directors, this second line of defence body acts to review and challenge decisions. This is a key body in the control of risk and has representatives from both management and staff. The committee does not form a view on the acceptability of risks but instead reviews risks and the controls that are used to mitigate those risks. This includes identification, assessment and reporting. Regular monitoring is carried out by the Committee through monthly review of operational reports acquired using TriLine software.

The Committee carries out a regular review of risk areas to ensure that risks are being properly controlled and reported. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations. Key reports are presented to the board in the monthly board pack. Monitoring and reviewing of the TriLine system is included in the internal audit scope.

Audit Committee: its key role in risk management is the assessment of the controls that are in place to mitigate risks. The Audit Committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The Audit Committee receives the internal audit reports on assessment and compliance with the controls, and provides feedback to management for their consideration.

Asset and Liability Committee (ALCO): this committee of executive management meets at least quarterly and has responsibility for managing NICU's market risk, liquidity risk and credit risk. The ALCO scrutinises operational reports, monitors exposures against limits determined by the Board and ensures compliance with policies and procedures implemented by NICU. In addition, it monitors the changing environment and the effect that these factors may have on NICU's operations.

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

Cyber Security Committee: consists of Directors, Executive managers, IT and Operations department managers and staff. Operating as a sub committee of the Board Risk Committee, this committee: identifies and sets out processes to manage NICU's cyber risks and vulnerabilities; identifies potential threats; assesses and reviews information management protocols; oversees cyber security related training delivered to NICU employees and oversees cyber security related information for Member communications. The Committee provides strategic advice to the Board on proposals for improvements in NICU's information systems and cyber security controls.

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

- Interest rate risk
- Liquidity management
- Credit risk management
- Operations risk management.

NICU has undertaken the following strategies to minimise the risks arising from financial instruments.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(a) Market risk

The objective of NICU's market risk management is to manage and control market risk exposures in order to optimise risk and return.

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

The management of market risk is the responsibility of the ALCO, which reports directly to the Risk Management Committee and the Board Risk Committee.

(i) Interest rate risk

Interest rate risk is the risk of variability of the fair value of future cash flows arising from financial instruments due to the changes in interest rates. NICU does not have treasury operations and does not trade in financial instruments and is therefore not exposed to interest rate risk arising from those activities.

NICU however is exposed to interest rate risk in its banking book due to mismatches between the repricing dates of assets and liabilities. The interest rate risk on the banking book is measured quarterly and reported to ALCO. NICU utilises GTreasury and APRA reporting to assist in measuring and managing interest rate risk.

In the banking book, the most common risk NICU faces arises from fixed rate assets and liabilities. This exposes NICU to the risk of sensitivity should interest rates change. The level of mismatch in the banking book is set out in Note 21. The table set out in Note 21 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.

Method of managing risk

NICU manages its interest rate risk by the use of Value at Risk (VaR model). NICU's exposure to market risk is measured and monitored using the VaR methodology of estimating potential losses. Each quarter, a report is generated using GTreasury which calculates the VaR. VaR is a technique that estimates a potential loss that occurs on risk positions taken due to movements in market rates and prices over specified time period to a given level of confidence. VaR, as set out in the table below, has been calculated using historical simulations and using movements in market rates and prices over a period of 1 year, with a 99% confidence level, taking into consideration historical correlations between different markets and rates.

The VaR on the non-trading book was as follows:

VaR	2024	2023
\$ value	1,178,741	975,613
% of Capital	3.42	2.87

NICU is therefore 99% confident that, given the risks as at 30 June 2024, it will not incur a one day loss on its non-trading book of more than the amount shown above, based on the VaR model used.

Although the use of VaR models calculates the interest rate sensitivity on the banking book, this is not reflected in the Pillar 1 capital requirement. NICU's exposure to banking book interest rate risk is not expected to change materially in the next year, so existing capital requirements are considered to be an accurate measurement of capital needed to mitigate interest rate risk.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that NICU may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments or member withdrawal demands. It is the policy of the Board of Directors that adequate cash reserves and committed credit facilities are maintained so as to meet the Member withdrawal demands when requested.

NICU manages liquidity risk by:

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

NICU 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, NICU can access emergency liquidity funding via CUFSS drawing upon its available member-contributed funding pool, 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.

NICU is classified as an ADI subject to the Minimum Liquidity Holdings ("MLH") regime under Prudential Standard APS 210 Liquidity. Under the MLH regime, NICU is required to maintain at least 9% of total adjusted liabilities as liquid assets eligible for repurchase by the RBA and capable of being converted to cash within two business days. NICU policy is to apply a minimum 12% of funds as liquid assets to maintain adequate funds for meeting Member withdrawal requests, with at least 80% of total liquid assets being held with institutions holding a credit grading of 2 or higher (in accordance with the credit gradings prescribed by APS 112, Attachment F). The liquidity ratio is checked daily. Should the liquidity ratio fall below this level the management and Board are to address the matter and ensure that the liquid funds are obtained from new deposits, or borrowing facilities available. Note 23 describes the borrowing facilities as at the balance date. These facilities are in addition to the support from CUFSS.

The maturity profile of the financial assets and financial liabilities, based on the contractual repayment terms are set out in Note 21(c). The ratio of liquid funds over the past year is set out below:

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	%	%	%	%
APRA				
MLH Ratio – 30 June	15.30	15.18	15.29	15.15
Minimum during the year	14.44	14.63	14.43	14.55

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(c) Credit risk

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

(i) Credit risk – Loans

The analysis of NICU's loans by class, is as follows:

	Carrying value	Off balance sheet	Max exposure
	\$	\$	\$
2024			
Mortgages	279,516,352	15,106,335	294,622,687
Personal	13,410,773	849,479	14,260,252
Overdrafts	2,128,905	3,790,768	5,919,673
Total to natural persons	<u>295,056,030</u>	<u>19,746,582</u>	<u>314,802,612</u>
Corporate borrowers	7,512,607	1,083,810	8,596,417
Total	<u>302,568,637</u>	<u>20,830,392</u>	<u>323,399,029</u>
2023			
Mortgages	260,787,286	15,060,387	275,847,673
Personal	9,956,265	719,180	10,675,445
Overdrafts	1,745,496	3,856,927	5,602,423
Total to natural persons	<u>272,489,047</u>	<u>19,636,494</u>	<u>292,125,541</u>
Corporate borrowers	7,679,134	1,088,554	8,767,688
Total	<u>280,168,181</u>	<u>20,725,048</u>	<u>300,893,229</u>

Carrying value is the value on the Statement of Financial Position. Maximum exposure is the value on the Statement of Financial Position plus the undrawn facilities (loans approved not advanced, redraw facilities and overdraft facilities). The details are shown in Note 22.

All loans and facilities are within Australia. The geographic distribution is not analysed into significant areas within Australia as the exposure classes are not considered material. Concentrations are described in Note 8.

The composition of the lending book is monitored from month to month and over time to identify any substantial change between mortgage, personal loan and commercial exposures that might warrant variance of exposure limits or provisioning.

The method of managing credit risk is by way of strict adherence to the credit assessment policies before loans are approved and regular close monitoring of defaults in the repayment of loans thereafter. The credit policy has been endorsed by the Board to ensure that loans are only made to Members that are creditworthy (capable of meeting loan repayments). A hindsight review process is employed by the lending team to review approved loan applications to ensure the applicable policies and procedures have been followed in establishing the exposure.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(c) Credit risk (cont'd)

NICU has established policies over the following:

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

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

Past due and impaired

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

NICU is required to determine a likely impairment loss on loans that have not maintained the loan repayments in accordance with their loan contract and have consequently fallen into arrears, or for some other reason are deemed to be at risk of suffering impairment.

In identifying the likely loss due to impairment, each loan that falls into this category is reviewed for the likelihood of full or partial recovery and the extent of possible loss. Depending on the loan's characteristics, the recoverability of the debt and any special arrangements put in place for repayment, a percentage is then applied to the balance outstanding to ascertain that portion of the loan that is deemed to be at risk of non-recovery.

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

Statement of financial position provisions are maintained at a level that management deems sufficient to absorb probably incurred losses in NICU's portfolio from homogenous portfolios of assets and individually identified loans.

A provision for impaired 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. Specific loans and portfolios of assets are provided against depending on a number of factors including deterioration in country risk, changes in a counterparty's industry, and technological developments, as well as identified structural weaknesses or deterioration in cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(c) Credit risk (cont'd)

The provisions for impaired and past due exposures relate to loans to Members. Past due value is the 'on statement of financial position' loan balances which are past due by 90 days or more. Details are as set out in Note 9.

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 movement of both past due and impaired exposure provision is provided in Note 9(a).

Collateral securing loans

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

The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. Note 8(b) describes the nature and extent of the security held against the loans held as at the balance date.

Concentration risk – individuals

Concentration risk is a measurement of NICU's exposure to an individual counterparty (or group of related parties). If prudential limits are exceeded as a proportion of NICU's regulatory capital (10% of Tier 1), 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.

Concentration exposures to counterparties are closely monitored and are reported to the Board on a monthly basis and to APRA on a quarterly basis.

Concentration risk – industry

There is no concentration of credit risk with respect to loans and receivables as NICU's borrowing Members are dispersed across a wide cross-section of industries which is typical of a community based credit union.

(ii) Credit risk - Liquid investments

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

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(c) Credit risk (cont'd)

There is a concentration of credit risk with respect to investment receivables with the placement of investments in CUSCAL. The Board policy is that investments are only made to institutions that are credit worthy and this is determined through a due diligence process performed prior to an investment being placed. The Board has established policies to ensure that a maximum of 25% of Tier 1 capital can be invested with any one financial institution at a time, with the exception of CUSCAL where up to 100% of Tier 1 capital can be invested, and the Big 4 banks, where up to 50% of Tier 1 capital can be invested.

The risk of losses from the liquid investments placed is reduced by applying portfolio diversification and ensuring a large number of counterparties are invested with across a range of investment horizons.

Under the liquidity support scheme, minimum deposit requirements apply.

External Credit Assessment for Institution Investments

NICU uses the ratings assigned by ratings agencies such as Moody's Investor Services and Standard and Poor's to assess the credit quality of all investment exposures, and where applicable, using the credit rating grades in Australian Prudential Standard APS 112, Attachment F.

The exposure values associated with each credit quality step are as follows (inclusive of interest receivable):

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Investments with:				
CUSCAL – rated A+	15,885,547	15,577,374	15,885,547	15,577,374
Semi-government Treasury - rated AA- and above	2,008,814	3,014,647	2,008,814	3,014,647
Financial institutions - rated from BBB- to < AA-	79,877,103	86,418,966	79,877,103	85,401,782
Unrated institutions - Credit Unions/Mutual Banks	20,698,061	17,606,585	20,698,061	17,606,585
	118,469,525	122,617,572	118,469,525	121,600,388

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(d) Operational risk

Operational risk is the risk of loss arising from deficiencies in processes, personnel, technology and infrastructure, and from external factors other than credit, market, interest rate and liquidity risks. Operational risks in NICU relate mainly to those risks from a number of sources including, but not limited to, legal compliance, business continuity, data infrastructure and security, outsourced services failures, fraud and employee errors.

NICU's objective is to manage operational risk so as to balance the avoidance of financial losses through the 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:

- Segregation of duties between employees and functions wherever practical, including approval and processing duties;
- Documentation of policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of errors and inappropriate behaviour;
- Implementation of whistle blowing policies to promote a compliant culture and awareness of the duty to report exceptions by staff;
- Education of Members to review their account statements and report exceptions to NICU promptly;
- Effective dispute resolution procedures to respond to Member complaints;
- Effective insurance arrangements to reduce the impact of losses; and
- Contingency plans to address the loss of functionality of systems, premises, utilities or staff.

Fraud

Fraud can arise from Members' cards and online banking passwords being compromised where not protected adequately by the Member. It can also arise from other systems failures. NICU has systems in place which are considered to be robust enough to prevent any material fraud. However, in common with all retail banking, fraud is potentially a real cost.

IT Systems

The worst case scenario would be the failure of NICU's core banking and IT network suppliers, to meet customer obligations and service requirements. NICU has outsourced the IT systems management to an independent data processing centre, Experteq. This organisation has the experience in-house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf of NICU by the industry body CUSCAL, to service the settlements with other financial institutions for direct entry, ATM and Visa cards etc.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(e) Capital management

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

- Credit risk;
- Market risk;
- Operational risk.

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

Capital resources

Tier 1 Capital

The vast majority of Tier 1 capital comprises:

- General reserves;
- Retained earnings.

Northern Inland Credit Union Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(e) Capital management (cont'd)

Tier 2 Capital

Tier 2 capital consists of capital instruments that combine the features of debt and equity in that they are structured as debt instruments, but exhibit some of the loss absorption and funding flexibility features of equity. There are a number of criteria that capital instruments must meet for inclusion in Tier 2 capital resources as set down by APRA. Capital in NICU and the Consolidated Group are made up as follows:

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Tier 1 Common Equity				
General reserves	40,806,131	42,822,088	36,278,792	38,292,296
Current years earnings	706,403	(2,015,956)	622,347	(2,013,506)
	41,512,534	40,806,132	36,901,139	36,278,790
Less deductions	(3,514,153)	(3,862,040)	(2,463,758)	(2,311,467)
Net Tier 1 capital	37,998,381	36,944,092	34,437,381	33,967,323
Tier 2				
Provisions	145,728	112,738	145,728	112,738
Less deductions	(508,189)	(507,577)	(508,189)	(507,577)
Net Tier 2 capital	(362,461)	(394,839)	(362,461)	(394,839)
Total capital	37,635,920	36,549,253	34,074,920	33,572,484

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(e) Capital management (cont'd)

NICU is required to maintain a minimum capital level of 8% as compared to the risk weighted assets at any given time. The risk weighting attached to each asset are based on the weights prescribed by APRA in Australian Prudential Standard APS 112.

	Consolidated Group			Northern Inland Credit Union Limited	
	Weight %	Carrying value	Risk weighted value	Carrying value	Risk weighted value
Cash and cash equivalents	0	1,017,168	-	1,017,168	-
Deposits in semi-government Treasury	0	2,008,814	-	2,008,814	-
Deposits in highly rated ADIs	20-30	60,901,837	16,283,963	60,901,837	16,283,963
Deposits in less highly rated ADIs	20-50	55,050,684	17,717,242	55,050,684	17,717,242
Standard/non-standard loans secured against eligible residential mortgages up to 80% LVR	20-100	260,131,294	77,238,626	260,131,294	77,238,626
Standard/non-standard loans secured against eligible residential mortgages over 80% LVR	40-105	19,155,243	8,670,577	19,155,243	8,670,577
Past due claims	100-120	491,089	587,807	491,089	587,807
Other assets	60-100	29,861,970	26,780,385	26,714,296	23,632,711
Total commitments undrawn		<u>428,618,099</u>	<u>147,278,600</u>	<u>425,470,425</u>	<u>144,130,926</u>

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

	2024	2023	2022	2021	2020
	%	%	%	%	%
Consolidated Group	22.66	23.24	17.09	17.61	19.83
Northern Inland Credit Union	20.95	21.58	15.56	16.00	18.07

The level of capital ratio can be affected by growth in assets relative to growth in reserves and by changes in the mix of assets. To manage NICU's capital, NICU reviews the ratio monthly and monitors major movements in asset levels. Policies require that the Board is informed monthly of the capital ratio and APRA is informed on a quarterly basis. Stress testing of the capital ratio is undertaken on a bi-annual basis.

Pillar 2 Capital on Operational Risk

This capital component was introduced as from the 1 January 2013 and coincided with changes in the asset risk weightings for specified loans and liquid investments. Previously no operational charge was prescribed.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Financial Risk Management (cont'd)

(e) Capital management (cont'd)

NICU 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 as ten percent of Total risk-weighted assets for credit risk. Based on this approach, NICU's operational risk requirement is as follows:

	Amount
	\$
Consolidated Group - Operational Risk Capital	15,098,588
Northern Inland Credit Union - Operational Risk capital	14,783,820

Internal capital adequacy management

NICU manages its internal capital levels for both current and future activities through a combination of the various committees. 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 NICU's forecasts for asset growth, or unforeseen circumstances, are assessed by the ALCO and the Board. The Deputy CEO is responsible for updating the forecast capital resources models produced and determining the impact upon the overall capital position of NICU. In relation to the operational risks, the major factors for holding additional capital are:

1. Fraud;
2. Key service provider failure; and
3. Loss of key persons.

Northern Inland Credit Union Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Statement of Profit or Loss

(a) Interest income

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Deposits with other financial institutions	6,080,388	4,340,988	6,043,542	4,323,610
Loans and advances	14,944,133	12,060,488	14,944,133	12,060,488
Other interest income	19,301	2,517	19,260	2,517
Total interest income	21,043,822	16,403,993	21,006,935	16,386,615

(b) Fees, commissions and other income

Fees and commissions

Fee income on loans - other than loan origination fees	281,671	277,370	281,671	277,370
Fee income from Member deposits	887,921	881,228	422,867	439,927
Insurance commissions	69,145	83,946	69,145	83,946
Other commissions	54,951	58,077	10,104	9,063
	1,293,688	1,300,621	783,787	810,306

Other income

Dividend received on financial assets	72,502	62,835	72,502	62,835
Bad debts recovered	1,885	3,663	1,885	3,663
Income from property (rental income)	137,153	127,076	72,884	70,187
Miscellaneous revenue	481,300	323,243	450,027	331,214
	1,986,528	1,817,438	1,381,085	1,278,205

(c) Interest expense

Short term term borrowings	10,986	22,246	10,375	22,246
Deposits from Members	9,816,703	4,739,099	9,816,703	4,739,099
	9,827,689	4,761,345	9,827,078	4,761,345

(d) Impairment losses

Loans and advances

Increase/(decrease) in provision for impairment	32,322	(47,065)	32,322	(47,065)
Bad debts written off directly against profit	366	10,500	366	10,500
	32,688	(36,565)	32,688	(36,565)

Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Statement of Profit or Loss (cont'd)

(e) Depreciation and amortisation expenses

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Depreciation				
Buildings	143,837	145,569	143,837	145,569
Plant and equipment	79,921	74,820	76,994	69,005
Leasehold improvements	6,299	6,299	6,299	6,299
Leases	124,487	119,352	124,487	119,352
	354,544	346,040	351,617	340,225
Investment property	17,885	18,431	-	-
	372,429	364,471	351,617	340,225
Amortisation				
Computer software	390,627	287,885	390,627	287,885
Depreciation and amortisation	763,056	652,356	742,244	628,110
(f) Other expenses				
Occupancy costs				
Property operating lease payments	6,819	6,162	6,819	6,162
Other occupancy costs	229,906	204,606	184,704	172,230
	236,725	210,768	191,523	178,392
Other operating expenses				
Audit and review of financial statements				
Auditors of NICU - PKF	93,642	90,040	93,642	90,040
	93,642	90,040	93,642	90,040
Other services				
Taxation services - PKF	12,000	11,300	12,000	11,300
Other services - PKF	6,895	6,630	6,895	6,630
	18,895	17,930	18,895	17,930
Loss on disposal of assets	181	4,971,229	181	4,971,229
Supervision levy paid to APRA	25,159	22,850	25,159	22,850
Other operating expenses	6,393,231	5,510,048	6,250,998	5,348,908
	6,531,108	10,612,097	6,388,875	10,450,957

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Notes to the Financial Statements

For the Year Ended 30 June 2024

3 Statement of Profit or Loss (cont'd)

(g) Employee costs

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net movement in provisions for annual leave	6,652	(19,198)	3,969	3,900
Net movement in provisions for long service leave	33,670	114,796	44,564	109,676
Net movement in provisions for sick leave	68,832	405,080	68,832	405,080
Net movement in provisions for personal leave	1,495	-	-	-
Other personnel costs	4,616,587	4,234,016	4,319,098	3,873,921
	4,727,236	4,734,694	4,436,463	4,392,577

4 Income Tax Expense

Current income tax expense	239,439	(561,554)	205,126	(559,360)
Less franking credit	(31,072)	(26,929)	(31,072)	(26,929)
Decrease/(increase) in deferred tax asset	(2,922)	(108,825)	(4,284)	(110,201)
Over provision for income tax in prior year	-	-	(22,968)	-
Total income tax expense	205,445	(697,308)	146,802	(696,490)

Notes to the Financial Statements
For the Year Ended 30 June 2024

4 Income Tax Expense (cont'd)

Reconciliation of income tax to accounting profit:

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 25%				
- Consolidated Group	227,965	(583,230)	-	-
- Parent entity	-	-	192,290	(677,498)
- Other members of the income tax consolidated group	-	-	35,829	104,495
	227,965	(583,230)	228,119	(573,003)
Add:				
Tax effect of:				
- Franking credit adjustment	(23,304)	(20,197)	(23,304)	(20,197)
- Over provision for income tax in prior year	-	(95,086)	(22,967)	-
- Small business skills and training boost	(372)	-	(372)	-
- Other non-deductible expenses	1,157	1,204	1,157	1,204
Income tax attributable to operating profit	205,445	(697,308)	182,631	(591,995)
Allocation of income tax expense to wholly owned subsidiary and unit trust under tax sharing arrangement	-	-	(35,829)	(104,495)
	205,445	(697,308)	146,802	(696,490)

5 Cash and cash equivalents

Cash on hand	1,017,168	710,764	1,017,168	710,764
Deposits at call	10,394,457	10,086,182	10,394,457	10,086,182
	11,411,625	10,796,946	11,411,625	10,796,946

Notes to the Financial Statements

For the Year Ended 30 June 2024

6 Liquid investments

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Investments at fair value				
Negotiable Certificate of Deposits	8,891,673	10,861,099	8,891,673	10,861,099
Floating Rate Notes	41,253,578	39,857,160	41,253,578	39,857,160
	50,145,251	50,718,259	50,145,251	50,718,259
Investments at amortised cost				
Receivables(a)				
Term Deposits	54,920,000	57,920,000	54,920,000	56,920,000
Treasury Bonds	2,000,000	3,000,000	2,000,000	3,000,000
	56,920,000	60,920,000	56,920,000	59,920,000
Total liquid investments	107,065,251	111,638,259	107,065,251	110,638,259
(a) Dissection of receivables				
Deposits with other societies	14,420,000	20,420,000	14,420,000	20,420,000
Deposits with banks	40,500,000	37,500,000	40,500,000	36,500,000
Deposits with Government Treasury	2,000,000	3,000,000	2,000,000	3,000,000
	56,920,000	60,920,000	56,920,000	59,920,000
7 Receivables				
Interest receivable on deposits with other financial institutions	1,009,817	895,648	1,009,817	878,464
Sundry debtors and accrued income	73,648	62,660	54,996	45,144
	1,083,465	958,308	1,064,813	923,608

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Notes to the Financial Statements For the Year Ended 30 June 2024

8 Loans and advances

(a) Amounts due comprise:

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Overdrafts and revolving credit	2,200,224	1,820,019	2,200,224	1,820,019
Term loans	300,368,413	278,348,163	300,368,413	278,348,163
	302,568,637	280,168,182	302,568,637	280,168,182
Less:				
Provision for doubtful debts (note 9)	(145,728)	(113,406)	(145,728)	(113,406)
	302,422,909	280,054,776	302,422,909	280,054,776
Less:				
Unamortised loan fees	(420,245)	(396,122)	(420,245)	(396,122)
Net loans and advances	302,002,664	279,658,654	302,002,664	279,658,654

(b) Credit quality - security held against loans

Secured by mortgage over real estate	287,351,312	268,298,646	287,351,312	268,298,646
Partly secured by goods mortgage	12,125,565	9,583,016	12,125,565	9,583,016
Wholly unsecured	3,091,760	2,286,520	3,091,760	2,286,520
	302,568,637	280,168,182	302,568,637	280,168,182

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

Security held as mortgage against real estate is on the basis of:

- loan to valuation ratio of less than or equal to 80%	268,177,648	247,326,908	268,177,648	247,326,908
- loan to valuation ratio of more than 80% but mortgage insured	13,672,291	16,549,738	13,672,291	16,549,738
- loan to valuation ratio of more than 80% and not mortgage insured	5,501,373	4,422,000	5,501,373	4,422,000
	287,351,312	268,298,646	287,351,312	268,298,646

Where the loan value is less than 80% there is a 20% margin to cover the costs of any sale, or potential value reduction.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

8 Loans and advances (cont'd)

	Housing	Personal	Commercial	Overdrafts	Total
	\$	\$	\$	\$	\$
2024 Consolidated Group					
Tamworth	69,102,603	3,692,302	1,789,147	1,064,643	75,648,695
Narrabri	58,960,083	3,632,279	1,831,182	349,707	64,773,251
Gunnedah	18,085,719	1,264,951	343,412	133,244	19,827,326
Other Northern NSW	74,118,743	2,617,515	2,204,383	428,849	79,369,490
Other NSW	43,307,157	765,143	1,407,270	166,470	45,646,040
Other States	16,269,163	844,513	-	44,431	17,158,107
	<u>279,843,468</u>	<u>12,816,703</u>	<u>7,575,394</u>	<u>2,187,344</u>	<u>302,422,909</u>
2023 Consolidated Group					
Tamworth	70,140,266	2,932,159	1,306,585	1,033,336	75,412,346
Narrabri	56,176,298	2,703,491	1,922,687	315,671	61,118,147
Gunnedah	18,992,341	948,117	802,659	130,752	20,873,869
Other Northern NSW	69,405,953	2,231,360	1,735,321	246,072	73,618,706
Other NSW	38,097,065	295,296	664,459	37,136	39,093,956
Other States	9,350,973	533,874	-	52,905	9,937,752
	<u>262,162,896</u>	<u>9,644,297</u>	<u>6,431,711</u>	<u>1,815,872</u>	<u>280,054,776</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Provision on impaired loans

(a) Movement in the provision for impairment

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Balance at the beginning of the year	113,406	160,471	113,406	160,471
Transfers (to)/from Statement of Profit or Loss	32,322	(47,065)	32,322	(47,065)
	<u>145,728</u>	<u>113,406</u>	<u>145,728</u>	<u>113,406</u>

During the year ended 30 June 2024, NICU's allowance for expected credit losses increased. So far there has been limited damage to the balance sheet as a result of the current high interest rate and high cost of living environment, with borrowers meeting their repayment obligations. However, it is anticipated that the risks mentioned above will impact the credit environment into the future.

(b) Key assumptions in determining the provision for impairment of receivables

The key model inputs into the measurement of the provision for impairment includes the following variables:

- Probability of default (PD); PD estimates are calculated based on the number of accounts in arrears over 90 days, and other loans and facilities where the likelihood of future repayments is low. The definition of default is consistent with the definition of default used for internal credit risk management and regulatory reporting purposes. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full, without recourse by NICU to the realisation of the collateral; or the borrower is 90 days or more past due.
- Loss given default (LGD); LGD is the magnitude of the likely loss if there is a default. LGD is calculated based on historical losses considering relevant factors for individual exposures or portfolios.
- Exposure at default (EAD); the EAD represents the expected exposure in the event of a default.

The PD and LGD are derived from analysis of historical data over a period of no less than 10 years, with the PDs and LGDs chosen representing the average over the period.

Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Provision on impaired loans (cont'd)

(b) Key assumptions in determining the provision for impairment of receivables (cont'd)

Grouping of similar assets

Since the credit facilities are homogenous in terms of borrower type and contractual repayment terms, the lending portfolio is managed via product set or class. For the purposes of calculating expected credit losses, the lending portfolio is segmented as follows:

- home loan portfolios – home loans secured by residential mortgages;
- secured personal loan portfolios;
- unsecured personal loan portfolios;
- commercial portfolios – secured by a combination of residential, commercial or other property; and
- personal overdraft facilities.

Significant increase in credit risk (SICR)

As an extensive list of factors in defining a SICR is not required to be developed, in assessing SICR, the following principles apply:

- Stage 1 – less than 30 days past due;
- Stage 2 – 30 to less than 90 days past due, subject to financial hardship, or it is considered that there are changes in the underlying exposure's credit risk since initial recognition as a result of adverse changes in general economic and/or market conditions; and
- Stage 3 – 90 or more days past due.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, NICU considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on NICU's historical experience and expert judgment, relevant external factors and including forward-looking information.

Incorporation of forward-looking information

The approach in determining the ECL includes forward-looking information based on both the internal environment (e.g. a change in counterparties) and external environment (e.g. a change in economic conditions). The inclusion of forward-looking information in calculating ECL adjusts the PD, the determination of SICR as well as the LGD. The predicted relationships between these key indicators and the key model inputs in measuring the ECL have been developed by analysing historical data as part of the development of internal models.

NICU is responsible for the development of scenarios and the weighting applied to those scenarios. For this purpose, three possible economic scenarios have been developed, being a positive, negative and base case scenario. In calculating the ECL, each of the scenarios is probability weighted and then applied to the exposures' PDs and LGDs. The scenarios have been developed using a combination of publicly available data and internal forecasts to form the initial baseline. For the current reporting period, the positive and negative scenarios utilise the level of inflation, interest rates and unemployment as the key drivers of the macroeconomic outlook.

Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Provision on impaired loans (cont'd)

(b) Key assumptions in determining the provision for impairment of receivables (cont'd)

Forward-looking economic assumptions in the model include continuing inflationary pressures and increasing unemployment, particularly in industries heavily impacted by the high cost of living, resulting in a potential increase in the probability of default. These assumptions have been compared against the 'base case' for reasonableness. The base case scenario was modelled based on the facts and circumstances existing at 30 June 24 and forecasts of future economic conditions and supportable information that was available at that date, and includes significant management judgement. Nonetheless, given the lack of loss experienced by NICU and across the wider industry, more emphasis has been applied to the historical data available as opposed to forward looking information. Consideration has also been given to the level of undue cost and effort involved in utilising complex statistical models, which is not considered appropriate for the size and complexity of the portfolio.

NICU considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by NICU for other purposes such as strategic planning and budgeting. Periodically NICU carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios. However, in view of the continuing uncertainty regarding the implications of geopolitical events, and the path of monetary policy, ECL may ultimately vary from what has been determined, despite the best efforts of NICU.

(c) Impaired loans written off

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Bad debts written off directly	366	10,500	366	10,500
Bad debts recovered in the period	1,885	3,663	1,885	3,663

(d) Analysis of loans that are impaired by class

	2024	2024	2024	2023	2023	2023
	Gross Carrying Value	ECL Allowance	Carrying Value	Gross Carrying Value	ECL Allowance	Carrying value
	\$	\$	\$	\$	\$	\$
Loans to Members:						
- Mortgages	279,516,352	98,021	279,418,331	260,787,286	72,866	260,714,420
- Personal	13,410,773	33,982	13,376,791	9,956,265	35,533	9,920,732
- Overdrafts	2,128,905	12,765	2,116,140	1,745,496	3,937	1,741,559
	295,056,030	144,768	294,911,262	272,489,047	112,336	272,376,711
Corporate borrowers	7,512,607	960	7,511,647	7,679,134	1,070	7,678,064
	302,568,637	145,728	302,422,909	280,168,181	113,406	280,054,775

Past due value is the 'on balance sheet' loan balances which are past due by 90 days or more. It is not practicable to determine the fair value of all collateral as at the balance date due to the variety of assets and condition.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Provision on impaired loans (cont'd)

(d) Analysis of loans that are impaired by class (cont'd)

An analysis of NICU's credit risk exposure by class and by exposure of loans to Members and by "stage" without reflecting on the effects of any collateral or other credit enhancements is demonstrated in the tables below.

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	Total
	ECL	ECL	ECL	
	\$	\$	\$	\$
Northern Inland Credit Union				
Year ended 30 June 2024				
Loans to Members				
Mortgages	7,702	90,319	-	98,021
Personal	15,327	18,655	-	33,982
Overdrafts	4,436	8,329	-	12,765
Corporate borrowers	960	-	-	960
Carrying amount	28,425	117,303	-	145,728
Year ended 30 June 2023				
Loans to Members				
Mortgages	6,415	66,451	-	72,866
Personal	11,152	23,713	668	35,533
Overdrafts	3,878	59	-	3,937
Corporate borrowers	1,061	9	-	1,070
Carrying amount	22,506	90,232	668	113,406

Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Provision on impaired loans (cont'd)

(e) Reconciliation from opening to closing balance

The reconciliation below from the opening to closing balance of the provision for impairment by class of financial asset is shown in the table below:

	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Northern Inland Credit Union				
Loans to Members				
Balance at 1 July 2023	22,506	90,232	668	113,406
Change in loss allowance				
- Transfer to Stage 1	-	(82,582)	-	(82,582)
- Transfer to Stage 2	(590)	-	-	(590)
- Transfer to Stage 3	-	-	-	-
- Net movement due to change in credit risk	6,509	109,655	(668)	115,496
- Write-offs	-	(2)	-	(2)
Balance at 30 June 2024	28,425	117,303	-	145,728

(f) Analysis of loans that are impaired or potentially impaired based on age of repayments outstanding

	2024 Carrying Value \$	2024 ECL Allowance \$	2023 Carrying Value \$	2023 ECL Allowance \$
Non impaired up to 30 days	302,075,549	137,875	280,136,211	112,670
90 to 180 days in arrears	463,159	10	668	668
Overlimit facilities	29,929	7,843	31,302	68
Total	302,568,637	145,728	280,168,181	113,406

The impaired loans are generally not secured against residential property. Some impaired loans are secured by bill of sale over motor vehicles or other assets of varying value. It is not practicable to determine the fair value all collateral as at the balance date due to the variety of assets and condition.

(g) Loans with repayments past due but not regarded as impaired

There are currently no past due loans which are not considered impaired as the value of the related security over residential property is in excess of the loan due. It is not possible to determine the fair value of the collateral as at balance date due to the variety of assets and condition. Loans with repayments past due but not impaired are in arrears: 2024: \$0 (2023: \$0).

(h) Assets acquired by enforcement of security

There are no assets acquired by NICU. The policy is to arrange sale of the security at the earliest opportunity after measures to assist the Members to repay the debts have been exhausted.

Northern Inland Credit Union Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2024

9 Provision on impaired loans (cont'd)

(i) Key assumptions in determining the provision for impairment

NICU is required to determine a likely impairment loss on loans that have not maintained the loan repayments in accordance with their loan contract and have consequently fallen into arrears, or for some other reason are deemed to be at risk of suffering impairment.

In identifying the likely loss due to impairment, each loan that falls into this category is reviewed for the likelihood of full or partial recovery and the extent of possible loss. Depending on the loan's characteristics, the recoverability of the debt and any special arrangements put in place for repayment, a percentage is then applied to the balance outstanding to ascertain that portion of the loan that is deemed to be at risk of non-recovery. This is aggregated across all loans deemed to be at risk of impairment to arrive at a total likely impairment loss for NICU.

10 Investments

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Shares in subsidiaries - Note 26	-	-	1	1
Shares in unlisted companies (a)	1,885,059	1,885,059	1,885,059	1,885,059
Other investment (b)	-	500,177	-	-
Less: provision for impairment	-	-	-	-
Total investments net of provision	1,885,059	2,385,236	1,885,060	1,885,060

(a) CUSCAL Limited (CUSCAL)

The shareholding in CUSCAL is measured at fair value. CUSCAL is a company that was created to supply services to member Credit Unions. These shares are held to enable NICU to receive aggregated banking services. As at reporting date, the shares are not able to be publicly traded.

The fair value has been determined by NICU based on a review of available CUSCAL information compared to an internal dividend discount model, and is subject to review on an annual basis.

(b) IOOF Expand Extra Fund

The investment in IOOF Expand Extra Fund is measured at fair value.

Notes to the Financial Statements

For the Year Ended 30 June 2024

11 Property, plant and equipment

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Land and Buildings				
Freehold land				
At cost	1,280,000	1,280,000	1,280,000	1,280,000
Buildings				
At cost	2,850,986	2,850,986	2,850,986	2,850,986
Accumulated depreciation	(868,255)	(724,418)	(868,255)	(724,418)
Total Buildings	1,982,731	2,126,568	1,982,731	2,126,568
Plant and equipment				
At cost	2,266,844	2,086,746	2,219,890	2,038,933
Accumulated depreciation	(2,017,128)	(1,962,444)	(1,973,700)	(1,921,200)
Total Plant and equipment	249,716	124,302	246,190	117,733
Leasehold improvements				
At cost	308,179	308,179	308,179	308,179
Accumulated depreciation	(283,503)	(277,204)	(283,503)	(277,204)
Total Leasehold improvements	24,676	30,975	24,676	30,975
Right of Use Asset				
At cost	719,433	595,237	719,433	595,237
Accumulated depreciation	(603,839)	(493,944)	(603,839)	(493,944)
Total Right of Use Asset	115,594	101,293	115,594	101,293
Total property, plant and equipment	3,652,717	3,663,138	3,649,191	3,656,569

(a) Land and buildings - Valuation

The valuation of land and buildings at 481 Peel Street, Tamworth NSW 2340 has been based upon an independent valuation performed by IPN Valuers as at 13 June 2024. Increases in valuation brought to account are reflected in the Asset Revaluation Reserve. Refer to Note 21.

(b) Right of Use Asset

The Right-of-Use Asset recognised refers to the leases held over the premises of NICU's Narrabri and Gunnedah branches, and NIIT's Newcastle office.

Notes to the Financial Statements

For the Year Ended 30 June 2024

11 Property, plant and equipment (cont'd)

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

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Leasehold Improvements	Right of Use Asset	Total
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Year ended 30 June 2024						
Balance at the beginning of year	1,280,000	2,126,568	124,302	30,975	101,293	3,663,138
Additions	-	-	205,633	-	138,788	344,421
Disposals	-	-	(297)	-	-	(297)
Depreciation expense	-	(143,837)	(79,922)	(6,299)	(124,487)	(354,545)
Balance at the end of the year	1,280,000	1,982,731	249,716	24,676	115,594	3,652,717
Year ended 30 June 2023						
Balance at the beginning of year	1,280,000	2,122,705	179,241	37,274	182,431	3,801,651
Additions	-	149,432	20,556	-	38,214	208,202
Disposals	-	-	(677)	-	-	(677)
Depreciation expense	-	(145,569)	(74,818)	(6,299)	(119,352)	(346,038)
Balance at the end of the year	1,280,000	2,126,568	124,302	30,975	101,293	3,663,138
Northern Inland Credit Union Ltd						
Year ended 30 June 2024						
Balance at the beginning of year	1,280,000	2,126,568	117,733	30,975	101,293	3,656,569
Additions	-	-	205,633	-	138,788	344,421
Disposals	-	-	(181)	-	-	(181)
Depreciation expense	-	(143,837)	(76,995)	(6,299)	(124,487)	(351,618)
Balance at the end of the year	1,280,000	1,982,731	246,190	24,676	115,594	3,649,191
Year ended 30 June 2023						
Balance at the beginning of year	1,280,000	2,122,705	166,856	37,274	182,431	3,789,266
Additions	-	149,432	20,556	-	38,214	208,202
Disposals	-	-	(677)	-	-	(677)
Depreciation expense	-	(145,569)	(69,002)	(6,299)	(119,352)	(340,222)
Balance at the end of the year	1,280,000	2,126,568	117,733	30,975	101,293	3,656,569

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Notes to the Financial Statements

For the Year Ended 30 June 2024

12 Investment Property

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Balance at the beginning of the year	848,266	866,698	-	-
Additions	2,266,063	-	-	-
Depreciation	(17,885)	(18,432)	-	-
Balance at end of the year	3,096,444	848,266	-	-

13 Deferred tax asset

Deferred tax asset comprises:

- Accrued expenses not deductible	20,994	21,121	20,994	21,121
- Provision for impairment on loans	36,432	28,352	36,432	28,352
- Provisions for staff entitlements	558,160	530,498	542,403	513,061
- Depreciation on fixed assets	22,126	20,480	16,067	15,756
- Deferred fees on loan origination	105,061	99,030	105,061	99,030
- Lease-related balances	8,087	7,805	8,087	7,805
- Revaluation of NEWCO shares	10,000	10,000	10,000	10,000
- Tax losses	-	38,452	-	26,929
	760,860	755,738	739,044	722,054

Notes to the Financial Statements

For the Year Ended 30 June 2024

14 Intangible Assets

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Computer software				
At cost	2,789,028	2,246,111	2,787,495	2,244,578
Accumulated amortisation	(2,210,330)	(1,819,703)	(2,208,797)	(1,818,170)
	578,698	426,408	578,698	426,408
Other intangible assets (a)				
Cost	1,055,274	1,055,274	4,879	4,879
Accumulated amortisation and impairment	(4,879)	(4,879)	(4,879)	(4,879)
Net carrying value	1,050,395	1,050,395	-	-
Total Intangibles	1,629,093	1,476,803	578,698	426,408

(a) Other intangible assets

Other intangible assets comprise the acquisition costs of investment portfolios held by the consolidated group - \$1,050,395 (2023: \$1,050,395) and trademarks - \$Nil (2023: \$Nil). An annual review of the cost of the investment portfolios is undertaken and it has been determined that there is no impairment of these assets as at the 30 June 2024 (2023: \$Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2024

14 Intangible Assets (cont'd)

(b) Movement in the assets balances during the year were:

	Software	Other	Intangible assets under development	Total
	\$	\$	\$	\$
Consolidated Group				
Year ended 30 June 2024				
Balance at the beginning of the year	426,408	1,050,395	-	1,476,803
Additions	542,917	-	-	542,917
Amortisation	(390,627)	-	-	(390,627)
Closing value at 30 June 2024	578,698	1,050,395	-	1,629,093
Year ended 30 June 2023				
Balance at the beginning of the year	60,205	1,050,395	4,961,127	6,071,727
Additions	654,088	-	9,425	663,513
Amortisation	(287,885)	-	(4,970,552)	(5,258,437)
Closing value at 30 June 2023	426,408	1,050,395	-	1,476,803
Northern Inland Credit Union Ltd				
Year ended 30 June 2024				
Balance at the beginning of the year	426,408	-	-	426,408
Additions	542,917	-	-	542,917
Amortisation	(390,627)	-	-	(390,627)
Closing value at 30 June 2024	578,698	-	-	578,698
Northern Inland Credit Union Ltd				
Year ended 30 June 2023				
Balance at the beginning of the year	60,205	-	4,961,127	5,021,332
Additions	654,088	-	9,425	663,513
Amortisation	(287,885)	-	(4,970,552)	(5,258,437)
Closing value at 30 June 2023	426,408	-	-	426,408

15 Other Assets

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Prepayments	302,064	247,167	283,698	232,878
Other assets and clearing accounts	448,537	606,391	437,849	492,113
	750,601	853,558	721,547	724,991

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For the Year Ended 30 June 2024

16 Deposits

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
CURRENT				
Member deposits - at call	252,145,325	234,047,211	252,627,694	235,073,852
Member deposits - term	130,591,202	132,478,966	130,591,202	132,478,966
Withdrawable shares	78,286	81,136	78,296	81,146
	382,814,813	366,607,313	383,297,192	367,633,964

(a) Concentration of member deposits

Geographical concentrations				
Tamworth	180,604,770	174,804,387	181,087,147	175,831,038
Narrabri	84,445,249	79,735,284	84,445,249	79,735,284
Gunnedah	27,328,204	27,385,199	27,328,204	27,385,199
Other Northern NSW	57,913,115	56,469,528	57,913,115	56,469,528
Other NSW	19,046,434	16,644,274	19,046,434	16,644,274
Other States	13,477,041	11,568,641	13,477,043	11,568,641
	382,814,813	366,607,313	383,297,192	367,633,964

17 Payables

CURRENT				
Creditors and Accruals	513,080	490,595	502,159	473,579
Interest payable	2,361,087	1,605,210	2,361,087	1,605,210
Sundry creditors - clearing accounts	2,837,357	1,343,567	2,825,031	1,330,835
Lease liability	139,941	124,513	139,941	124,513
Total	5,851,465	3,563,885	5,828,218	3,534,137

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

(a) Lease liability

The Lease liability recognised refers to the leases held over the premises of NICU's Narrabri and Gunnedah branches, and the NIIT's Newcastle office. Refer to Note 1 (v) for accounting policies applied during the year.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

18 Taxation

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current income tax liability (asset)	(63,493)	(1,040,509)	(63,493)	(1,039,110)
Current income tax liability/(asset) comprises:				
Opening balance	(1,040,509)	(64,636)	(1,039,110)	(47,668)
Amounts received/(paid)	1,040,509	(70,185)	1,062,077	(87,153)
Liability for income tax in current year	208,367	(550,031)	208,367	(548,632)
Under/(over) provision for income tax in prior year	-	-	(22,967)	-
Instalments paid in current year	(271,860)	(355,657)	(271,860)	(355,657)
Closing balance	(63,493)	(1,040,509)	(63,493)	(1,039,110)
Deferred tax liability	981,819	968,095	977,228	964,523
Deferred tax liability comprises:				
Revaluation of CUSCAL shares	326,260	326,260	326,260	326,260
Revaluation of land and buildings	580,043	580,043	580,043	580,043
Deductible prepayments	75,516	61,792	70,925	58,220
Closing balance	981,819	968,095	977,228	964,523
Total taxation liabilities (asset)	918,326	(72,414)	913,735	(74,587)
19 Provisions				
Long service leave	1,092,924	1,059,254	1,050,864	1,006,300
Sick leave	697,553	628,721	697,553	628,721
Annual leave	440,668	434,016	421,193	417,224
Personal leave	1,495	-	-	-
Make good	8,000	8,000	8,000	8,000
	2,240,640	2,129,991	2,177,610	2,060,245

Notes to the Financial Statements
For the Year Ended 30 June 2024

20 Reserves

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Members' shares reserve	358,608	355,186	358,608	355,186
General reserve	38,435,017	37,732,036	33,823,620	33,204,695
Asset revaluation reserve	1,740,128	1,740,128	1,740,128	1,740,128
Shares revaluation reserve	978,781	978,781	978,781	978,781
	41,512,534	40,806,131	36,901,137	36,278,790
Members' shares reserve				
Opening balance	355,186	350,044	355,186	350,044
Transfers in	3,422	5,142	3,422	5,142
Closing balance	358,608	355,186	358,608	355,186
General reserve				
Opening balance	37,732,036	39,722,030	33,204,695	35,223,343
Transfers in	702,981	(1,989,994)	618,925	(2,018,648)
Closing balance	38,435,017	37,732,036	33,823,620	33,204,695
Asset revaluation reserve				
Opening balance	1,740,128	1,740,128	1,740,128	1,740,128
Closing balance	1,740,128	1,740,128	1,740,128	1,740,128
Shares revaluation reserve				
Opening balance	978,781	978,781	978,781	978,781
Closing balance	978,781	978,781	978,781	978,781
Total	41,512,534	40,806,131	36,901,137	36,278,790

Notes to the Financial Statements

For the Year Ended 30 June 2024

20 Reserves (cont'd)

Members' shares reserve

This reserve represents the amount of redeemable preference shares redeemed by NICU 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.

General reserve

Retained earnings are cleared out annually to this account and therefore this reserve represents the accumulated retained earnings balance as at the end of the financial year.

Asset revaluation reserve

This reserve relates to unrealised gains on NICU's land and buildings.

Shares revaluation reserve

This reserve relates to unrealised gains on NICU's equity investments designated as FVOCI.

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure

(a) The following information classifies the financial instruments into measurement classes:

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets				
Cash assets	11,411,625	10,796,946	11,411,625	10,796,946
Receivables	1,083,465	958,308	1,064,813	923,608
Liquid investments	56,920,000	60,920,000	56,920,000	59,920,000
Loans to Members	302,002,664	279,658,654	302,002,664	279,658,654
	371,417,754	352,333,908	371,399,102	351,299,208
Equity investments classified as FVOCI	1,885,059	2,385,236	1,885,060	1,885,060
Negotiable Certificates of Deposits	8,891,673	10,861,099	8,891,673	10,861,099
Floating Rate Notes	41,253,578	39,857,160	41,253,578	39,857,160
	52,030,310	53,103,495	52,030,311	52,603,319
Total financial assets	423,448,064	405,437,403	423,429,413	403,902,527
Financial liabilities				
Creditors	5,851,465	3,563,885	5,828,218	3,534,137
Deposits from Members	382,814,813	366,607,313	383,297,192	367,633,964
	388,666,278	370,171,198	389,125,410	371,168,101

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure (cont'd)

(b) Assets measured at fair value

	Balance	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Consolidated Group - 2024				
Equity investments classified as FVOCI	1,885,059	-	-	1,885,059
Negotiable Certificates of Deposits	8,891,673	8,891,673	-	-
Floating Rate Notes	41,253,578	41,253,578	-	-
Total	52,030,310	50,145,251	-	1,885,059
Northern Inland Credit Union Ltd - 2024				
Equity investments classified as FVOCI	1,885,060	-	-	1,885,060
Negotiable Certificates of Deposits	8,891,673	8,891,673	-	-
Floating Rate Notes	41,253,578	41,253,578	-	-
Total	52,030,311	50,145,251	-	1,885,060

The fair value hierarchy has the following levels:

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

Northern Inland Credit Union Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure (cont'd)

(c) Maturity profile of financial instruments

	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$	\$
2024						
Financial assets						
Cash	11,434,001	-	-	-	-	11,434,001
Liquid investments	21,691,286	32,681,780	33,228,284	19,943,154	508,189	108,052,693
Loans to Members	2,436,002	5,300,831	22,404,288	109,643,210	391,139,923	530,924,254
Total financial assets	35,561,289	37,982,611	55,632,572	129,586,364	391,648,112	650,410,948
Financial liabilities						
Creditors	3,490,378	-	-	-	-	3,490,378
Deposits from Members						
- at call	252,223,612	-	-	-	-	252,223,612
- term	16,998,426	48,062,236	67,827,500	64,126	-	132,952,288
On balance sheet	272,712,416	48,062,236	67,827,500	64,126	-	388,666,278
Undrawn commitments - Note 23	2,000,000	-	-	-	-	2,000,000
Total financial liabilities	274,712,416	48,062,236	67,827,500	64,126	-	390,666,278
2023						
Financial assets						
Cash	10,825,848	-	-	-	-	10,825,848
Liquid investments	22,761,389	36,070,422	14,771,447	38,391,652	507,577	112,502,487
Loans to members	2,311,419	4,644,040	19,743,846	96,189,473	341,013,859	463,902,637
Total financial assets	35,898,656	40,714,462	34,515,293	134,581,125	341,521,436	587,230,972
Financial liabilities						
Creditors	1,958,674	-	-	-	-	1,958,674
Deposits from Members						
- at call	234,128,471	-	-	-	-	234,128,471
- term	22,457,323	50,080,827	60,928,983	616,918	-	134,084,051
On balance sheet	258,544,468	50,080,827	60,928,983	616,918	-	370,171,196
Undrawn commitments - Note 23	2,000,000	-	-	-	-	2,000,000
Total financial liabilities	260,544,468	50,080,827	60,928,983	616,918	-	372,171,196

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure (cont'd)

(c) Maturity profile of financial instruments (cont'd)

The table below represents the above maturity profile summarised at discounted values. The contractual arrangements best represents the estimated minimum amount of repayment on the loans, liquid investments and on the member deposits. While the liquid investments and Member deposits are presented in the table below on a contractual basis, as part of our normal banking operations we would expect a large proportion of these balances to roll over. Loan repayments are generally accelerated by members choosing to repay loans earlier. These advance repayments are at the discretion of the Members and not able to be reliably estimated.

	Within 12 months	After 12 months	Total
	\$	\$	\$
2024			
Financial assets			
Cash	11,434,001	-	11,434,001
Liquid investments	87,601,350	20,451,342	108,052,692
Loans to Members	30,141,121	500,783,133	530,924,254
Total financial assets	129,176,472	521,234,475	650,410,947
Financial liabilities			
Creditors	3,490,378	-	3,490,378
Deposits from Members - at call	252,223,612	-	252,223,612
Deposits from Members - term	132,888,161	64,126	132,952,287
Total financial liabilities	388,602,151	64,126	388,666,277
2023			
Financial assets			
Cash	10,825,848	-	10,825,848
Liquid investments	73,603,259	38,899,229	112,502,488
Loans to Members	26,699,305	437,203,332	463,902,637
Total financial assets	111,128,412	476,102,561	587,230,973
Financial liabilities			
Creditors	1,958,674	-	1,958,674
Deposits from Members - at call	234,128,471	-	234,128,471
Deposits from Members - term	133,467,132	616,918	134,084,050
Total financial liabilities	369,554,277	616,918	370,171,195

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure (cont'd)

(d) Interest rate change profile of financial assets and liabilities

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

	Weighted average interest	Within 1 month \$'000	1-3 months \$'000	3-12 months \$'000	1- 5 years \$'000	After 5 years \$'000	Non- interest bearing \$'000	Total \$'000
Consolidated Group								
2024								
Financial assets								
Cash	4.00	10,394	-	-	-	-	1,017	11,411
Liquid Investment	5.00	30,845	54,167	19,062	1,992	1,000	-	107,066
Loans to Members	5.21	221,619	4,794	34,685	40,390	515	-	302,003
Equity investments		-	-	-	-	-	1,885	1,885
Receivables		-	-	-	-	-	1,083	1,083
Total financial assets		262,858	58,961	53,747	42,382	1,515	3,985	423,448
Financial liabilities								
Deposits from Members	2.60	161,958	52,611	94,155	74,013	-	-	382,737
Creditors		-	-	-	-	-	5,851	5,851
On balance sheet		161,958	52,611	94,155	74,013	-	5,851	388,588
Undrawn commitments - Note 22		20,830	-	-	-	-	-	20,830
Total financial liabilities		182,788	52,611	94,155	74,013	-	5,851	409,418
2023								
Financial assets								
Cash	3.19	10,086	-	-	-	-	711	10,797
Liquid investments	4.45	35,966	62,645	9,000	4,027	-	-	111,638
Loans to Members	4.29	164,749	8,996	44,445	61,467	-	2	279,659
Equity investments		-	-	-	-	-	2,385	2,385
Receivables		-	-	-	-	-	958	958
Total financial assets		210,801	71,641	53,445	65,494	-	4,056	405,437
Financial liabilities								
Deposits from Members	1.25	151,526	54,858	87,093	73,130	-	-	366,607
Creditors		-	-	-	-	-	3,564	3,564
On balance sheet		151,526	54,858	87,093	73,130	-	3,564	370,171
Undrawn commitments - Note 22		20,725	-	-	-	-	-	20,725
Total financial liabilities		172,251	54,858	87,093	73,130	-	3,564	390,896

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure (cont'd)

(e) Fair value of financial assets and liabilities

Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability. Significant assumptions used in determining the cash flows are that the values and timings of cash flows will be consistent with the contracted terms.

The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by NICU, and there is no active market to assess the value of the financial assets and liabilities.

The values reported have not been adjusted for the changes in credit ratings of the assets. Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

	Fair Value \$'000	Carrying value \$'000	Variance \$'000
Consolidated group			
2024			
Financial assets			
Cash	11,412	11,412	-
Receivables	1,083	1,083	-
Liquid investments	106,770	107,065	(295)
Loans to Members	299,334	302,003	(2,669)
Equity investments	1,885	1,885	-
Total financial assets	420,484	423,448	(2,964)
Financial liabilities			
Deposits from Members	385,385	382,815	2,570
Creditors	5,851	5,851	-
Total financial liabilities	391,236	388,666	2,570
2023			
Financial assets			
Cash	10,797	10,797	-
Receivables	958	958	-
Liquid investments	110,942	111,638	(696)
Loans to Members	275,411	279,659	(4,248)
Equity investments	2,385	2,385	-
Total financial assets	400,493	405,437	(4,944)
Financial liabilities			
Deposits from Members	368,118	366,607	1,511
Creditors	3,564	3,564	-
Total financial liabilities	371,682	370,171	1,511

Notes to the Financial Statements

For the Year Ended 30 June 2024

21 Financial Instruments Disclosure (cont'd)

Assets where the fair value is lower than the book value have not been written down in the accounts of NICU on the basis that they are to be held to maturity, or in the case of loans, all amounts due are expected to be recovered in full.

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

Liquid assets and receivables from other financial institutions

The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 12 months approximate their fair value as they are short term in nature or are receivable on demand.

Loans and advances

The carrying value of loans and advances is net of unearned income and provisions for impairment.

For variable rate loans, (excluding impaired loans) the amount shown in the balance sheet is considered to be a reasonable estimate of fair value. The fair value for fixed rate loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the period to maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term of the portfolio.

The fair value of impaired loans was calculated by discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows.

Deposits from Members

The fair value of call and variable rate deposits, and fixed rate deposits repricing within 12 months, is the amount shown in the Statement of Financial Position. Discounted cash flows were used to calculate the fair value of other term deposits, based upon the deposit type and the rate applicable to its related period maturity.

Creditors

The carrying value of payables due to other financial institutions approximate to their fair value as they are short term in nature and reprice frequently.

Notes to the Financial Statements

For the Year Ended 30 June 2024

22 Financial commitments

(a) Outstanding loan commitments

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Loans and credit facilities approved but not funded or drawn at the end of the financial year:				
Loans approved but not funded	2,968,493	2,648,872	2,968,493	2,648,872
Loan redraw facilities available	13,480,951	13,557,821	13,480,951	13,557,821
Undrawn overdraft, line of credit and VISA:				
Total value of facilities approved	6,581,171	6,338,374	6,581,171	6,338,374
Less: amount advanced	(2,200,224)	(1,820,019)	(2,200,224)	(1,820,019)
	4,380,947	4,518,355	4,380,947	4,518,355
Total financial commitments	20,830,391	20,725,048	20,830,391	20,725,048

These commitments are contingent on Members maintaining credit standards and ongoing repayment terms on amounts drawn.

(b) Computer Bureau expense commitments

Non cancelable expense commitments for the supply of computer support staff and services, not recognised as a liability and payable as follows:

Within 1 year	45,100	103,500	45,100	103,500
	45,100	103,500	45,100	103,500

Notes to the Financial Statements
For the Year Ended 30 June 2024

23 Standby borrowing facilities

NICU has a borrowing facility with CUSCAL of:

	Approved facility	Current borrowing	Net available
	\$	\$	\$
2024			
Overdraft facility	2,000,000	-	2,000,000
Total standby borrowing facilities	2,000,000	-	2,000,000
2023			
Overdraft facility	2,000,000	-	2,000,000
Total standby borrowing facilities	2,000,000	-	2,000,000

The overdraft is secured by a \$2 million Term Deposit held with CUSCAL.

24 Contingencies

(a) Contingent Liabilities

NICU had the following contingent liability at the end of the reporting period:

NICU 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, NICU may be called upon by CUFSS to contribute to emergency liquidity loans for one or more other CUFSS members. Should NICU 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 NICU could be required to provide to other members cannot exceed, in aggregate, 3% of NICU's assets capped at \$100 million.

Notes to the Financial Statements

For the Year Ended 30 June 2024

25 Disclosures on Directors and Other Key Management Personnel

Key management persons are those persons having authority and responsibility for planning, directing and controlling the activities of NICU, directly or indirectly, including any Director (whether executive or otherwise) of that credit union. Control is the power to govern the financial and operating policies of a credit union so as to obtain benefits from its activities.

Key management persons (KMP) have been taken to comprise the Directors and the members of the management team responsible for the day to day financial and operational management of NICU.

(a) Remuneration of Directors and Key Management Personnel (KMP)

The aggregate compensation of key management persons during the year comprising amounts paid or payable or provided for was as follows:

	2024	2024	2023	2023
	Directors	Other KMP	Directors	Other KMP
	\$	\$	\$	\$
(a) Short-term employee benefits	235,763	996,478	224,127	909,186
(b) Post-employment benefits - superannuation contributions	29,274	98,163	26,848	85,534
(c) Other long-term benefits - net increases in provisions	-	82,951	-	433,285
(d) Other director benefits	-	-	-	-
	265,037	1,177,592	250,975	1,428,005

In the above table, remuneration shown as short-term benefits means (where applicable) wages, salaries, paid annual leave and paid sick leave, but excludes out of pocket expense reimbursements. All remuneration to Directors was approved by the Members at the previous Annual General Meeting of NICU.

Notes to the Financial Statements

For the Year Ended 30 June 2024

25 Disclosures on Directors and Other Key Management Personnel (cont'd)

(b) Loans to Directors and other Key Management Persons (KMP)

	2024	2023
	\$	\$
Aggregate value of loans at balance date	610,996	446,245
Aggregate value of loans disbursed - Term loans	299,060	75,000
Total value of overdraft facilities at balance date	34,000	40,000
Less: amounts drawn down:	(1,194)	(8,183)
Net balance available	32,806	31,817
Aggregate value of overdraft facility limits granted or increased	-	-
Interest earned on loans and overdraft facilities	15,461	8,332

NICU's policy for lending to Directors and management is that all loans are approved and deposits accepted on the same terms and conditions which applied to Members for each class of loan or deposit with the exception of loans to KMP who are not Directors. There are no loans which are impaired in relation to the loan balances with KMP's.

There are no benefits or concessional terms and conditions applicable to the close family members of the KMP. There are no loans which are impaired in relation to the loan balances with close family relatives of Directors and KMP.

(c) Other transactions between related parties including deposits from KMP are:

	2024	2023
	\$	\$
Total value term and savings deposits from KMP	5,585,548	6,483,133
Total Interest paid on deposits to KMP	191,177	69,539

The policy of NICU for receiving deposits from related parties is that all transactions are approved and accepted on the same terms and conditions which applied to Members for each type of deposit, with the exception of interest on Term Deposits. Memberships in the name of KMP and/or their spouses but excluding Director memberships, superannuation funds and company memberships, are given 0.25% per annum above the applicable standard rate offered on Term Deposits invested with NICU.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

26 Interests in Subsidiaries

The Parent Entity is Northern Inland Credit Union Ltd. Particulars in relation to controlled entities:

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2024	Percentage Owned (%)* 2023
Subsidiaries:			
Northern Inland Investment Group Pty Ltd	Australia	100	100
Northern Inland Investment Services Pty Ltd	Australia	100	100

Northern Inland Investment Group Pty Ltd is the sole unit holder in the Northern Inland Investment Trust for which Northern Inland Credit Union Ltd is the trustee.

The Northern Inland Investment Trust has a 100% (2023 - 100%) ownership interest in the Northern Inland Investment Services Pty Ltd.

27 Outsourcing arrangements

NICU has arrangements with other organisations to facilitate the supply of services to Members:

a) Credit Union Services Corporation (Australia) Limited (CUSCAL): CUSCAL is an Approved Deposit Taking Institution registered under the Corporations Act 2001 and the Banking Act. NICU has equity in the company. This organisation:

i. Provides the licence rights to Visa Card in Australia and supplies services in the form of settlement with other institutions for ATM and Visa card transactions, and direct entry transactions, as well as the production of VISA cards for use by Members.

ii. Operates the computer network, including switching, used to link Visa cards operated through approved ATM providers to NICU's computer systems.

iii. Provides treasury and money market facilities to NICU. NICU invests a part of its liquid assets with CUSCAL to comply with the Liquidity Support Scheme requirements. NICU has also established its borrowing facilities with CUSCAL.

b) Experteq: this company operates the computer facility on behalf of NICU in conjunction with other credit unions. NICU has a management contract with the Bureau to supply computer support staff and services to meet the day-to-day needs of NICU and compliance with relevant Prudential Standards.

c) Ultradata Australia Pty Limited: this company provides and maintains the application software utilised by NICU.

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Notes to the Financial Statements

For the Year Ended 30 June 2024

28 Superannuation liabilities

NICU contributes to various superannuation plans for the purpose of superannuation guarantee payments and payment of other superannuation benefits on behalf of employees. The plans are administered by independent corporate trustees.

NICU has no interest in the superannuation plans (other than as a contributor) and is not liable for the performance of the plans, or the obligations of the plans.

29 Segmental reporting

The consolidated group operates predominantly in the retail financial services industry within Australia. The operations comprise the acceptance of deposits from and the making of loans to Members.

Notes to the Financial Statements
For the Year Ended 30 June 2024

30 Cash flow information

(a) Reconciliation of net profit/(loss) after tax to cashflows from revenue activities

	Consolidated Group		Northern Inland Credit Union Limited	
	2024	2023	2024	2023
	\$	\$	\$	\$
Operating profit after income tax	706,403	(2,015,957)	622,347	(2,013,501)
Non-cash flows:				
- amortised fees on loans	24,123	(61,554)	24,123	(61,554)
- amortisation of intangible assets	6,299	6,299	6,299	6,299
- depreciation expense	756,757	646,058	735,945	621,811
- loss / gain on disposal of fixed assets	(934)	4,971,229	(868)	4,971,229
- provision for loan impairment	32,688	(36,565)	32,688	(36,565)
- employee entitlements	110,649	500,678	117,365	518,654
- fair value loss	55,164	64,238	55,164	64,238
- leasing costs	(123,360)	(114,583)	(123,360)	(114,583)
Changes in assets and liabilities				
- creditors and accruals	1,516,270	133,282	1,626,357	138,577
- interest payable	755,877	1,400,214	755,877	1,400,214
- interest receivable	(114,169)	(619,477)	(131,353)	(602,293)
- prepayments	(54,896)	(25,664)	(50,820)	(27,299)
- deferred tax liabilities	13,724	6,416	12,705	6,825
- future income tax benefits	971,895	(1,129,567)	958,628	(1,135,397)
Net cashflow from revenue activities	4,656,490	3,725,047	4,641,097	3,736,655

(b) Reconciliation of cash

Cash includes cash on hand, and deposits at call with other financial institutions and comprises:

Cash on hand	1,017,168	710,764	1,017,168	710,764
Deposits at call	10,394,457	10,086,182	10,394,457	10,086,182
	11,411,625	10,796,946	11,411,625	10,796,946

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ABN: 36 087 650 422

Notes to the Financial Statements

For the Year Ended 30 June 2024

31 Events Occurring After the Reporting Date

The financial report was authorised for issue on 1 October 2024 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32 Company Details

The registered office of the credit union is:

Northern Inland Credit
Union Limited
481 Peel Street
Tamworth NSW 2340

General information

Branches:

- 481 Peel Street Tamworth

- 73 Maitland Street Narrabri

- 252 Conadilly Street Gunnedah

Offices:

- 12 Perkins Street Newcastle

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity Name	Entity Type	Place formed Country of Incorporation	Ownership interest %	Australian/Foreign resident (for tax purposes)
Northern Inland Credit Union Ltd	Public Company	Australia	100%	Australian
Northern Inland Investment Group Pty Ltd	Proprietary Limited Company	Australia	100%	Australian
Northern Inland Investment Trust	Trust	Australia	100%	Australian
Northern Inland Investment Services Pty Ltd	Proprietary Limited Company	Australia	100%	Australian

Northern Inland Credit Union Limited

ABN: 36 087 650 422

Directors' Declaration

The Directors of the NICU declare that:

1. the financial statements and notes for the year ended 30 June 2024 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the NICU and consolidated group;
 - c. the information disclosed in the consolidated entity disclosure statement is true and correct;
2. In the Directors' opinion, there are reasonable grounds to believe that the NICU will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Chair of Board
Robert James Studte

Dated



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTHERN INLAND CREDIT UNION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Northern Inland Credit Union Limited and its controlled entities (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, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Credit Union, 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 the Australian Accounting Standards and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Credit Union, would be in the same terms if given to the directors as at the time of this auditor's report.

Other Information

The directors are responsible for the other information. The other information comprises the information included 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.



Other Information (cont'd)

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 Company are responsible for the preparation of

- a) the financial report (other than the consolidated entity disclosure statement) 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 Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, 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.



Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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 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 our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF

PAUL PEARMAN
PARTNER

1 OCTOBER 2024
SYDNEY, NSW



Northern Inland
C R E D I T U N I O N

Helping our Members
to find smarter ways to manage their money

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