Annual Report 2020

Horizon Bank

Chairs' Report

It is with pleasure that I present the 2019/20 Annual Chair's Report for Horizon Bank. The past financial year can only be summed up as "challenging". For our Far South Coast and Shoalhaven branches, the black summer of bushfires brought numerous challenges which were all met by our dedicated and loyal branch staff. Since February, we have experienced the enormous impact of COVID-19 and to a lesser extent, the floods. Again, Horizon staff and management have kept, what is an essential business, operating and, thankfully, profitable.

The financial results for the year ended June 2020, are a credit to the management team and our amazingly dedicated staff, in the branches, head office and, I must add, at home.

Our members welcomed our decision to rebrand to a "bank". Their trust is shown in deposit growth of 13.0%, loan growth of 7.2% (on the back of $71m in new loans) and continued membership growth.

Your Board's business plan is built upon sustainable growth with investment in relevant technology, supported by a branch network and friendly, dedicated & efficient staff. During the COVID-19 period, we have seen the major banks withdraw their services in many towns from Thirroul to the Victorian border. Horizon Bank, for the foreseeable future, will maintain our presence in order to assist you, our loyal members.

With the previously highlighted deposit and loan growth, we have been able to achieve a profit after tax of $1.26m, a small 7% decrease from the previous year. COVID-19 has, unfortunately, led to some members having to defer loan repayments and, therefore, we anticipate that some loans may not be repaid. We have provided an additional $147,000 for such losses in 2020. In keeping with our ethos of 'members helping members', borrowers who have lost their income sources will be treated compassionately through the deferral of loan repayments and then with agreement, restoring payments and if required, restructuring loans.

> "Horizon's financial position is, unquestionably strong"

We are well above the Australian Prudential Regulatory Authority (APRA) guidelines at 30 June, 2020, with our Capital Adequacy standing at 14.02%. We feel confident that our strict, but fair, credit policies put us in good stead for the challenges of 2020/21 in a COVID-19 affected economy that is now in recession. Our very low rate of deferred loans gives us confidence for the year ahead.

In August 2020, we announced a proposed merger with Lysaght Credit Union. Both Boards believe that this merger will enhance services to members, through economies of scale and the pooling of the expertise and experience of staff. The combined entity will allow us to more readily compete, improve our capital position and allow continued investment in technology. It is envisaged that the merger will be completed in the first quarter of 2021 after due diligence, consent by the relevant government authorities and finally, approval by Lysaght Credit Union members.

In 2020/21 we have budgeted again for steady growth in deposits and loans. We have not budgeted for further loan losses in 2020/21. With interest rates expected to stay very low for the foreseeable future, our net interest margin will remain at record low levels, hence necessitating continued growth in the deposit and loan books. On the regulatory front, the implementation of Open Banking in 2020/21 requires significant technology expense, and will increase competition in the financial industry.

Finally, a big thank you to you, our members. Your continued support and loyalty is what makes us strong. The executive staff, led so well by our CEO Jon Stanfield, have again ensured that our strategic plan and culture permeate throughout the bank. Branch staff are to be congratulated on their loyalty and work ethic through some very difficult circumstances over the past 12 months. Thank you to my fellow Board members for their continued devotion and commitment to Horizon. Our culture is second to none.

Mark Crowther
Chair

Directors' Report

Your Directors present their report on the credit union for the financial year ended 30 June 2020.

The credit union is a company registered under the Corporations Act 2001.

Information on Directors

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

Name	*Qualifications*	*Experience*	*Current Responsibilities*
Mark Crowther	B Com, GAICD MAMI,	Director – 2013 to Present	Chairman Chairman of the Corporate Governance Committee Chairman of the Remuneration Committee
Peter Dun	B Bus, MBA, MAMI	Director – 2014 to Present	Member of the Corporate Governance Committee Member of the Remuneration Committee
Michael Gleeson	FCA, GAICD, MAMI	Director – 2013 to Present	Member of the Audit Committee Member of the Risk Committee
Jason Hall	ANZIIF (Fellow) CIP, B Bus, CPRM, GAICD, MAMI	Director – 2014 to Present	Chairman of the Audit Committee Member of the Risk Committee
Joanne Hinge	MAICD, MAMI	Director – 2009 to Present	Chairman of the Risk Committee Member of the Audit Committee
Maree Kerr	GAICD, MAMI	Director – 2012 to Present	Member of the Audit Committee Member of the Risk Committee
Glenda Papac	MAICD, MAMI	Director – 2010 to Present	Member of the Corporate Governance Committee Member of the Remuneration Committee

The name of the Company Secretary in office at the end of the year is: -

Name	*Qualifications*	*Experience*
Jon Stanfield	B Ec., CA, MAMI	Chief Executive Officer

Directors' meeting attendance

Director	Board Meetings		Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Mark Crowther	13	13	3	3
Peter Dun	13	12	3	3
Michael Gleeson	13	13	10	10
Jason Hall	13	12	10	10
Joanne Hinge	13	11	10	8
Maree Kerr	13	13	10	9
Glenda Papac	13	11	3	3

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 the credit union, controlled entity, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than that disclosed in Note 32 of the financial report.

Indemnifying Officer or Auditor

Insurance premiums have been paid to insure each of the directors and officers of the credit union, 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 the credit union. 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 the credit union.

Financial Performance Disclosures

Principal Activities

The principal activities of the credit union during the year were the provision of retail financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the constitution.

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

Operating Results

The net profit of the credit union for the year after providing for income tax was $1,260,369 [2019 $1,359,628].

Dividends

No dividends have been paid or declared since the end of the financial year and no dividends have been recommended or provided for by the Directors of the credit union.

Review of Operations

The results of the credit union's operations from its activities of providing financial services to its members did not change significantly from those of the previous year.

Significant Changes in State of Affairs

There were no significant changes in the state of the affairs of the credit union during the year. The COVID-19 pandemic has impacted all businesses during the last four months of the financial year, and the credit union has implemented a range of hygiene and social distancing measures to ensure compliance with government and health department guidelines. Trends in the banking industry underway, such as reductions in branch, cash and ATM transactions, switching instead to online and contactless card transactions accelerated as a result of the pandemic. With the exception of changes to staffing arrangements to minimise the risk and impact from COVID-19, the credit union has thus far been relatively unaffected. Whilst significant increase in Expected Credit Losses (ECL) has been provided, loan demand and deposit growth have remained strong.

Events occurring after the reporting period

On 12 August 2020, the credit union announced plans to merge with Lysaght Credit Union Ltd (LCU). The merger is to be undertaken by way of a voluntary transfer of the business of LCU to Horizon in accordance with legislation administered by APRA. Under the merger, subject to approval from regulators and the members of LCU, all members of LCU on the date of the transfer will become members of Horizon.

The impact of the COVID-19 pandemic is ongoing. It is not practical to estimate all potential impacts, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations, or state of affairs of the credit union in subsequent financial years.

Likely Developments and Results

No other matter, circumstance or likely development in the operations has arisen since the end of the financial year that has significantly affected or may significantly affect: -

(i) The operations of the credit union;
(ii) The results of those operations; or
(iii) The state of affairs of the credit union

in the financial year subsequent to this financial year.

Auditors' Independence

The auditors have provided the following declaration of independence to the Board as prescribed by the Corporations Act 2001 as set out on page 5.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director

Director

Signed and dated this 2 September 2020

PKF

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF HORIZON CREDIT UNION LIMITED

Auditors' Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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.

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SCOTT TOBUTT
PARTNER

2 SEPTEMBER 2020
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HORIZON CREDIT UNION

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Horizon Credit Union Limited (the Credit Union), which comprises the statement of financial position as at 30 June 2020, 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 significant accounting policies, 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 2020, 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 2020 but does not include the financial report and our auditor's report thereon.

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

In preparing the financial report, the directors are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or has 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.
- 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.

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

- 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.

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SCOTT TOBUTT
PARTNER

2 SEPTEMBER 2020
SYDNEY, NSW

Directors' Declaration

In the opinion of the directors of Horizon Credit Union Limited:

a. the financial statements and notes of Horizon Credit Union Limited are in accordance with the Corporations Act 2001, including

   i. giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

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

b. there are reasonable grounds to believe that Horizon Credit Union Limited will be able to pay its debts as and when they become due and payable.

c. the financial statements comply with International Financial Reporting Standards as stated in Note 1.

Signed in accordance with a resolution of the directors:

Director

Dated this 2 September 2020

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue			
Interest revenue	2a	13,784,116	14,307,599
Interest expense	2c	(4,143,191)	(5,178,687)
Net interest income		**9,640,925**	**9,128,912**
Fees, commission and other income	2b	2,457,765	2,729,323
		12,098,690	11,858,235
Non-interest expenses			
Impaired losses on loans receivable from members	2d	(176,673)	(46,710)
Fee and commission expenses		(919,449)	(904,514)
General administration			
- Employee costs		(4,629,172)	(4,428,099)
- Depreciation and amortisation	2f	(531,686)	(513,772)
- Information technology		(1,473,742)	(1,456,991)
- Office occupancy		(684,903)	(677,515)
- Other administration		(434,699)	(413,420)
Other operating expenses		(1,556,756)	(1,549,409)
Total non-interest expenses		(10,407,080)	(9,990,430)
Profit before Income Tax		**1,691,610**	**1,867,805**
Income Tax Expense	3	(431,241)	(508,177)
Profit for the year		**1,260,369**	**1,359,628**
Other comprehensive income			
Surplus on revaluation of Cuscal shares, net of tax		(51,326)	423,176
Total comprehensive income for the period		**1,209,043**	**1,782,804**

The above statement should be read in conjunction with the attached notes

Statement of Changes in Member Equity

for the year ended 30 June 2020

	Share Redemption Reserve $	General Reserve for Credit Losses $	Asset Revaluation Reserve $	Retained Earnings $	Total $
Total at 1 July 2018	**149,192**	**967,720**	**929,756**	**22,380,792**	**24,427,460**
Changes on initial adoption of AASB 9	-	-	423,176	-	423,176
Adjusted balance as at 1 July 2019	**149,192**	**967,720**	**1,352,932**	**22,380,792**	**24,850,636**
Net Profit for the year	-	-	-	1,359,628	1,359,628
Transfers to (from) Reserves	1,954	(36,764)	-	34,810	-
Total as at 30 June 2019	**151,146**	**930,956**	**1,352,932**	**23,775,230**	**26,210,264**
Net Profit for the year	-	-	-	1,260,369	1,260,369
Transfers to (from) Reserves	1,798	34,292	(51,326)	(36,090)	(51,326)
Total as at 30 June 2020	**152,944**	**965,248**	**1,301,606**	**24,999,509**	**27,419,307**

The above statement should be read in conjunction with the attached notes

Statement of Financial Position

as at 30 June 2020

	Note	2020 $	2019 $
Assets			
Cash and cash equivalents	4	9,008,174	6,205,449
Liquid investments	5	79,547,335	51,810,681
Receivables	6	642,946	436,097
Prepayments		148,872	180,433
Loans to members	7 & 8	333,776,636	311,228,769
Investments	9	1,110,228	1,133,223
Property, plant and equipment	10	3,578,811	3,474,100
Intangible assets	11	327,598	335,709
Taxation assets	12	528,966	343,481
Right of use assets	13	969,154	-
TOTAL ASSETS		**429,638,720**	**375,147,942**
Liabilities			
Borrowings	14	9,137,853	1,149,364
Deposits from members	15	388,945,201	344,165,442
Payables	16	3,322,483	2,815,295
Taxation liabilities	17	724,876	684,488
Provisions	18	89,000	123,089
Total Liabilities		**402,219,413**	**348,937,678**
Net Assets		**27,419,307**	**26,210,264**
Members Equity			
Share redemption reserve	19	152,944	151,146
General reserve for credit losses	20	965,248	930,956
Asset revaluation reserve	21	1,301,606	1,352,932
Retained earnings	22	24,999,509	23,775,230
Total Members Equity		**27,419,307**	**26,210,264**

The above statement should be read in conjunction with the attached notes

Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 $	2019 $
Operating Activities			
Inflows			
Interest received		13,810,091	14,369,111
Fees and commissions		2,009,062	2,642,787
Dividends Received		68,448	22,897
Other income		147,431	208,783
Outflows			
Interest paid		(4,580,689)	(4,881,591)
Suppliers and employees		(9,774,388)	(9,369,483)
Income taxes (paid)		(533,139)	(656,194)
Net Cash from Revenue Activities		**1,146,816**	**2,336,310**
Inflows (outflows) from other operating activities			
(Increase) in Member loans (net movement)		(22,685,949)	(29,152,193)
Increase in Member deposits and shares (net movement)		44,779,759	30,210,469
(Increase) Decrease in receivables from financial institutions (net movement)		(27,736,654)	(4,592,450)
Net Cash (used in) Operating Activities	37b	**(4,496,028)**	**(1,197,864)**
Investing Activities			
Inflows			
Proceeds on sale of property, plant and equipment		-	46,847
Less: Outflows			
Purchase of intangible assets		(212,703)	(187,561)
Purchase of property, plant and equipment		(429,233)	(353,951)
Purchase of shares		(47,800)	-
Net Cash (used in) Investing Activities		**(689,736)**	**(494,665)**
Financing Activities			
Inflows			
(Decrease) Increase in borrowings (net movement)		7,988,489	(2,333,874)
Net Cash from (used in) Financing Activities		**7,988,489**	**(2,333,874)**
Total Net Cash increase/(decrease)		2,802,725	(4,026,403)
Cash at Beginning of Year		6,205,449	10,231,852
Cash at End of Year	37a	**9,008,174**	**6,205,449**

The above statement should be read in conjunction with the attached notes

1. Statement of Accounting Policies

The financial report is prepared for Horizon Credit Union Limited (trading as Horizon Bank) as a single entity, for the year ended the 30th June 2020. The report was authorised for issue on 2 September 2020 in accordance with a resolution of the Board of Directors. The financial report is presented in Australian dollars. The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Horizon Credit Union Limited is a for-profit entity for the purpose of preparing the financial statements.

a. Changes in significant accounting policies

New standards applicable for the current year

Leases – Adoption of AASB 16

The credit union has adopted AASB 16 *Leases* using modified retrospective (cumulative catch-up) method from 1 July 2019, therefore the comparative information for the year ended 30 June 2020 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

Under AASB 117, the credit union assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the credit union or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee, therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The credit union has elected to use the exception to lease accounting for short-term leases and leases of low value assets. The lease expense relating to these leases are recognised in the statement of profit and loss and other comprehensive income on a straight line basis.

AASB 16 includes a number of practical expedients which can be used in transition. The credit union has used the following:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the credit union’s incremental borrowing rate of 0.95%, which equates to the credit union’s term deposit rate;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by any prepaid or accrued lease repayments;
- a single discount rate was applied to all leases with similar characteristics;
- used initial contractual term of when determining the lease term if the contract.

Financial statement impact of adopting AASB 16

The credit union has recognised a right-of-use asset of $1,223,396 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee’s incremental borrowing rate applied to lease liabilities at 1 July 2019 was 0.95%.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on the statement of financial position as at 1 July 2019 was as follows:

Operating lease commitments as at 30 June 2019 (AASB 17)	1,246,779
Add: Transitional adjustments	10,305
Lease liability recognised at 1 July 2019	1,257,084

1. Statement of Accounting Policies (Continued)

Financial assets and liabilities

Financial assets and liabilities are recognised when the credit union 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 the 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 the credit union 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 FVPL, 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 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).

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)
- Fair value through other comprehensive income (FVOCI)

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

Classifications are determined by both:

- The credit union'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 costs

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 as well as negotiable certificates of deposit (NCDs), floating rate notes (FRNs) and bonds.

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

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

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 Ltd and TAS Ltd.

1. Statement of Accounting Policies (Continued)

d. Receivables from other financial institutions

Term deposits, Floating Rate Notes and Negotiable Certificates of Deposit with other financial institutions are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity or on an annual basis if invested longer than 12 months. All deposits are in Australian currency.

The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the statement of financial position.

e. Equity investment and other securities

Investments in shares are classified as fair value through other comprehensive income (FVOCI).

Investments in shares that do not have a ready market and are not capable of being reliably valued are recorded at the assessed fair value amount.

All investments are in Australia currency.

f. Member deposits

Basis for measurement

Member savings and term investments are quoted at the aggregate amount payable to depositors as at 30th June 2020.

Interest payable

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

g. 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 the statement of profit or loss and other comprehensive income over the period of the loans and borrowings using the effective interest method.

h. Payables / employee entitlements

Provision is made for the credit union's liability for employee benefits arising from services rendered by employees to balance date.

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the credit union expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the credit union does not expect all annual leave for all employees to be used wholly within 12 months of the end of the reporting period. Annual leave liability is still presented as a current liability for presentation purposes under AASB 101 *Presentation of Financial Statements.*

Provision is made for the credit union's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year, have been measured at their nominal amount.

Provision for long service leave is determined on a pro-rata basis from commencement of employment measured at the present value of the estimates future cash outflows discounted using corporate bond rates.

Annual leave is accrued in respect of all employees on a pro-rata entitlement for a part year of service and leave entitlement due but not taken at reporting date.

Contributions are made by the credit union to an employee's superannuation fund and are charged as expenses when incurred.

1. Statement of Accounting Policies (Continued)

i. Leases

For comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

For current year

At inception of a contract, the credit union assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The credit union has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The credit union has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee Accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined, the credit union's incremental borrowing rate is used.

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

Where the lease liability is measured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The credit union has chosen to apply the exceptions to lease accounting to both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The credit union recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

1. Statement of Accounting Policies (Continued)

j. Income Tax

The income tax expense shown in the statement of profit or loss and other comprehensive income is based on the operating profit before income tax adjusted for any non-tax deductible, or non-assessable items between accounting profit and taxable income. Deferred tax assets and liabilities are recognised using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the financial statements. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences are presently assessed at 27.5%.

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

k. Intangible assets

Items of computer software that are not integral to the computer hardware owned by the credit union are classified as intangible assets.

Computer software held as intangible assets is amortised over the expected useful life of the software. These lives range from 3 to 5 years.

l. Goods and services tax

As a financial institution the credit union is input taxed on all income except income from commissions and some fees. An input taxed supply is not subject to goods and services tax (GST) collection, and similarly the GST paid on purchases cannot be recovered. As some income is charged GST, the GST on purchases is generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to Reduced Input Tax Credits, of which 75% of the GST paid is recoverable.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of the GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, 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 where applicable GST is collected. The net amount of GST recoverable from, or payable to the ATO is included as an asset or liability in the statement of financial position. Cashflows are included in the statement of cashflows 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 cashflows.

m. Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

1. Statement of Accounting Policies (Continued)

n. Accounting estimates and judgements

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

Various models and assumptions are used in measuring fair value of financial assets such as Cuscal shares. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of price risk and factors such as sales evidence, dividend history, price earning multiple and overall market conditions.

Management have also made significant judgements with respect to the calculation of expected credit loss (ECL) allowance, including the impact of COVID-19. Key areas of judgement to be considered under the AASB 9 standard include:

- Recognition of credit losses based on "Stage 1" 12 month expected losses and "Stage 2" and "Stage 3" lifetime expected credit losses;
- Determining criteria for significant increase in credit risk: an asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the credit union takes into account qualitative and quantitative reasonable and supportable forward looking information.
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL: when ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics.

Refer to **note 8** for further details.

o. New or emerging standards not yet mandatory

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors do not expect the adoption of these standards to have any impact on the reporting position or performance of the credit union.

2. Statement of Profit or Loss and Other Comprehensive Income

	2020 $	2019 $
a. Analysis of interest revenue		
Interest revenue on assets carried at amortised cost		
Cash – deposits at call	121,620	2,060
Receivables from financial institutions	787,195	1,319,539
Loans to members	12,875,301	12,986,000
	13,784,116	14,307,599
b. Non-interest revenue		
Fee and commission revenue		
- Loan fee income – other than loan origination fees	539,775	500,860
- Transaction fee income	392,784	485,887
- ATM income	572,963	718,813
- Insurance commissions	353,935	353,671
- Other commissions	382,429	420,544
Total Fee and commission revenue	2,241,886	2,479,775
Other Income		
Dividends received	68,448	22,897
Bad debts recovered	9,715	30
Gain on disposal of property, plant and equipment	-	17,868
Government stimulus	50,000	-
Miscellaneous revenue	87,716	208,753
	2,457,765	2,729,323
c. Interest expense		
Interest expense on liabilities carried at amortised cost		
Short term borrowings	10,424	40,497
Deposits from financial institutions	4,921	48
Deposits from members	4,127,846	5,138,142
	4,143,191	5,178,687
d. Impairment losses on loans and advances		
Increase in provision for impairment	176,673	46,710
	176,673	46,710

e. Individually significant items of expenditure (detail)

There are no items of expense shown as part of Administration expenses that are considered to be significant to the understanding of the financial performance.

f. Other prescribed expense disclosures

	2020 $	2019 $
Auditors remuneration (excluding GST)		
PKF		
- External audit fees	38,710	37,595
- Other services – taxation	4,774	4,635
	43,484	42,230
Depreciation of		
- Buildings	24,875	24,875
- Plant and equipment	262,686	289,096
- Leasehold improvements	23,312	27,309
Amortisation of intangibles	220,814	172,492
	531,687	513,772
Property leases	552,467	544,509
Net movement in provisions for:		
- Employee entitlements	125,879	47,781
- Leased premises make good	(19,000)	38,000
- Card fraud	(15,089)	15,089

3. Income Tax Expense

	2020 $	2019 $
a. The income tax expense comprises amounts set aside as:		
Current tax expense	404,405	503,451
Deferred tax	26,836	4,726
Total income tax expense in the statement of profit or loss and other comprehensive income	431,241	508,177
b. The prima facie tax payable on profit is reconciled to the income tax expense in the accounts as follows:		
Profit	1,691,610	1,867,805
Prima facie tax payable on profit before income tax at 27.5%	465,193	513,646
Add tax effect of expenses not deductible		
- Other non-deductible expenses	780	1,645
- Dividend imputation adjustment	7,959	2,699
Subtotal	473,932	517,990
Less		
- Government stimulus	(13,750)	-
- Imputation credits	(28,941)	(9,813)
Income tax expense attributable to current year profit	431,241	508,177
c. Franking Credits		
Franking credits held by the credit union after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year is:	7,996,598	7,553,532

4. Cash and Cash Equivalents

	2020 $	2019 $
Cash on hand and at bank	3,008,174	2,605,449
Deposits at call	6,000,000	3,600,000
	9,008,174	6,205,449

5. Liquid Investments

	2020 $	2019 $
a. Amortised Cost		
Investments		
Negotiable certificates of deposit	24,467,335	15,430,681
Floating rate notes	36,800,000	26,100,000
Government bonds	1,500,000	-
Receivables		
Term deposits held with authorised deposit taking institutions	16,780,000	10,280,000
	79,547,335	51,810,681
b. Dissection of receivables		
Deposits with banks	9,500,000	2,000,000
Deposits with credit unions	1,000,000	2,000,000
Deposits with industry bodies – Cuscal (refer note 33a)	6,280,000	6,280,000
	16,780,000	10,280,000

6. Receivables

	2020 $	2019 $
Interest receivable on deposits with other financial institutions	107,926	133,901
Sundry debtors and settlement accounts	535,020	302,196
	642,946	436,097

7. Loans and Advances

		Note	2020 $	2019 $
a.	**Amount due comprises:**			
	Overdrafts and revolving credit		6,192,299	8,084,544
	Term loans		327,699,892	303,121,698
			333,892,191	311,206,242
	Unamortised loan origination fees		75,095	68,210
			333,967,286	311,274,452
	Unamortised fixed rate loan renegotiation fees		(7,569)	(6,933)
	Provision for impaired loans	8	(183,081)	(38,750)
			333,776,636	311,228,769
b.	**Credit quality - Security held against loans**			
	Secured by mortgage		318,382,591	295,058,988
	Partly secured by goods mortgage		8,478,416	9,029,913
	Wholly unsecured and secured by commercial property		7,031,184	7,117,341
			333,892,191	311,206,242

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

	2020 $	2019 $
Security held as mortgage against real estate is on the basis of:		
- LVR of less than 80%	281,095,195	258,599,830
- LVR of more than 80% but mortgage insured	28,277,784	25,394,881
- LVR of more than 80% and not mortgage insured	9,009,612	11,064,277
Total	318,382,591	295,058,988

(LVR – Loan to valuation ratio)

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

		2020 $	2019 $
c.	**Concentration of Loans**		
(i)	Individual loans which exceed 10% of member funds in aggregate	-	-
(ii)	Loans to members are concentrated in the following areas:		
	- Illawarra	144,887,243	135,275,046
	- Shoalhaven	68,368,097	62,405,814
	- Bega Valley	107,604,402	100,415,419
	- Other	13,032,449	13,109,963
		333,892,191	311,206,242
(iii)	Loans by Customer type:		
	Loans to Natural Persons		
	Residential loans and facilities	308,287,171	286,498,412
	Personal loans and facilities	10,900,523	12,081,154
	Business loans and facilities	14,704,497	12,626,676
		333,892,191	311,206,242

8. Provision on Impaired Loans

a. Amounts arising from Expected Credit Loss (ECL)

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

	2020			2019		
	Gross Carrying Value	ECL Allowance	Carrying Value	Gross Carrying Value	Provision for impairment	Carrying Value
	$	$	$	$	$	$
Loans to members						
Mortgages	304,677,663	100,618	304,577,045	282,799,551	-	282,799,551
Personal	8,921,837	72,828	8,849,009	9,545,587	11,654	9,533,933
Overdrafts	5,588,194	9,635	5,578,559	6,234,428	27,096	6,207,332
Total to natural persons	319,187,694	183,081	319,004,613	298,579,566	38,750	298,540,816
Corporate borrowers	14,704,497	-	14,704,497	12,626,676	-	12,626,676
Total	333,892,191	183,081	333,709,110	311,206,242	38,750	311,167,492

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

	2020				2019			
	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans to members	$	$	$	$	$	$	$	$
Mortgage secured	-	100,618	-	100,618	-	-	-	-
Personal loans	12,896	48,388	11,544	72,828	11,654	-	-	11,654
Overdrafts	7,349	617	1,669	9,635	3,183	23,913	-	27,096
Corporate borrowers	-	-	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-	-	-
Total	20,245	149,623	13,213	183,081	14,837	23,913	-	38,750

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

	2020				2019			
	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1 12 mth ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans to members	$	$	$	$	$	$	$	$
Balance at 1 July					-	6,106	-	6,106
Adjustment on initial application of AASB 9					16,340	-	-	16,340
Balance at 1 July per AASB 9	14,837	23,913	-	38,750	16,340	6,106	-	22,446
Changes in the loss allowance	-	-	-	-	-	-	-	-
- Transfer to stage 1	-	-	-	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-	(14,066)	14,066	-
- Transfer to / from stage 3	-	(77,899)	45,556	(32,343)	-	-	-	-
- Net movement due to change in credit risk	5,408	203,609	-	209,017	(1,503)	31,873	-	30,370
- Write-offs	-	-	(32,343)	(32,343)	-	-	(14,066)	(14,066)
Balance at 30 June 2019	20,245	149,623	13,213	183,081	14,837	23,913	-	38,750

8. Provision on Impaired Loans (Continued)

b. Key assumptions in determining the ECL

The key inputs into the measurement of ECL include the following variables:
- probability of default (PD)
- loss given default (LGD); and
- exposure at default (EAD)

These parameters are generally derived from internal analysis, management judgements and other historical data. They are adjusted to reflect forward-looking information as described below.

Probability of default (PD) estimates are calculated based on 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. Instruments which are 90 days past due are generally considered to be in default.

Loss given default (LGD) is the magnitude of the likely loss if there is a default. The credit union estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD percentage applied considers the structure of the loan, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan to Value Ratios (LVR) are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and for real estate lending, reflect possible changes in property values.

Exposure at default (EAD) represents the expected exposure in the event of a default. EAD is derived from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

The credit union has elected to use the following segments when assessing credit risk for Stages 1 and 2 of the impairment model:

- Mortgage loans
- Personal loans
- Other – overdrafts

For loans affected by COVID-19 relief measures, a 30% provision has been raised for both personal loans in excess of security held and for mortgage loans with an LVR greater than 75%, including $15,000 cost of sale.

Stage 3 of the impairment model covers financial assets that have objective evidence of impairment (loans in default/non-performing) at the reporting date.

Significant increase in credit risk

The credit union is not required to develop an extensive list of factors in defining a 'significant increase in credit risk'. In assessing significant increase in credit risk where a loan or group of loans must move to Stage 2, the following factors have been considered in the credit union's current model:

- Loans more than 30 days past due
- Loans with approved hardship or modified terms

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the credit union 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 the credit union's historical experience and expert judgement, relevant external factors and including forward-looking information.

The credit union presumes that the credit risk on a financial asset has increased significantly since initial recognition when the exposure is more than 30 days past due unless reasonable and supportable information demonstrates otherwise.

The approach in determining the ECL includes forward-looking information. The credit union has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio segment. Given the lack of loss experience by the credit union 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.

The credit union has considered other forward-looking considerations such as the impact of future unemployment rates, property prices, regulatory change and external market risk factors, which are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. The credit union considers the ECL to represent its best estimate of the possible outcomes and is aligned with information used by the credit union for other purposes such as strategic planning and budgeting. Periodically the credit union carries out stress testing of more extreme shocks to calibrate its determination of other potential scenarios.

8. Provision on Impaired Loans (Continued)

c. Impact of COVID-19 on the provision for ECL for the financial year ended 30 June 2020

COVID-19 has had a significant impact on the Australian economy. The current and prospective deterioration in the economy due to the pandemic has resulted in additional considerations in the provision for ECL. The credit union has reassessed its ECL model and taken into account the additional risk factors which have arisen.

In reassessing the model, the credit union has considered the current and prospective impact of COVID-19 on its member base, including:

- Job security and earning potential of borrowers;
- Trends in borrower behaviour since the outbreak of the pandemic; and
- Increased risk of default should the current situation deteriorate.

9. Investments

	2020 $	2019 $
Equity investment securities designated as FVOCI		
Shares in Cuscal Limited	1,062,428	1,133,223
Shares in Transaction Solutions Limited	47,800	-
	1,110,228	1,133,223

Shares in Cuscal Limited

Cuscal supplies end-to-end payments services. At 30 June 2020, the credit union designated its investment in Cuscal shares to be $1.16 per share as a Fair Value through Other Comprehensive Income (FVOCI).

The credit union is not intending to dispose of these shares.

Shares in Transaction Solutions Limited (TAS)

TAS provides IT hosting services. At 30 June 2020, the credit union designated its investment in TAS shares to be $4.78 per share as a Fair Value through Other Comprehensive Income (FVOCI), being the cost value of the shares purchased during the FY 2020.

The credit union is not intending to dispose of these shares.

10. Property, Plant and Equipment

	2020 $	2019 $
a. Fixed Assets		
Land – at valuation	1,780,000	1,780,000
Subsequent additions – at cost	-	-
	1,780,000	1,780,000
Buildings – at valuation	995,000	995,000
Subsequent additions – at cost	-	-
Less: Provision for depreciation	(49,750)	(24,875)
	2,725,250	2,750,125
Plant and equipment - at cost	3,179,598	3,132,175
Less: Provision for depreciation	(2,327,078)	(2,433,012)
	852,520	699,163
Capitalised Leasehold Improvements at cost	283,605	588,606
Less: Provision for amortisation	(282,564)	(563,794)
	1,041	24,812
	3,578,811	3,474,100

b. Land and Building – Valuation

	2020 $	2019 $
Land – at valuation	2,775,000	2,775,000

The valuation of land and buildings at 27 Stewart Street, Wollongong NSW 2500 has been based upon an independent valuation performed by Opteon Property Group Australia as at 12 February 2018. The increase in valuation is reflected in the Asset Revaluation Reserve. Refer to Note 21.

The directors have assessed the fair value of land and did not identify any indicators of impairment during the year ended 30 June 2020.

Movement in the assets balances during the year were:

	2020				2019			
	Property $	Plant & equipment $	Leasehold Improvements $	Total $	Property $	Plant & equipment $	Leasehold Improvements $	Total $
Opening balance	2,750,125	699,163	24,812	3,474,100	2,775,000	668,358	52,121	3,495,479
Purchases in the year	-	429,233	-	429,233	-	353,952	-	353,952
Less								
Disposal of assets	-	-	-	-	-	(34,051)	-	(34,051)
Impairment of ATMs	-	(13,190)	(460)	(13,650)	-	(15,896)	-	(15,896)
Depreciation charge	(24,875)	(262,686)	(23,311)	(310,872)	(24,875)	(273,200)	(27,309)	(325,384)
Balance at the end of the year	2,725,250	852,520	1,041	3,578,811	2,750,125	699,163	24,812	3,474,100

11. Intangible Assets

	2020 $	2019 $
Computer Software	1,554,896	1,342,194
Less: Provision for amortisation	(1,227,298)	(1,006,485)
	327,598	335,709
Movement in the assets balances during the year were:		
Opening balance	335,709	320,640
Purchases	212,703	187,561
Less:		
Amortisation charge	(220,814)	(172,492)
Balance at the end of the year	327,598	335,709

12. Taxation Assets

	2020 $	2019 $
Income tax receivable	103,637	-
Accrual for GST receivable	68,234	59,959
Deferred Tax Asset	357,095	283,522
	528,966	343,481

12. Taxation Assets (Continued)

	2020 $	2019 $
Deferred tax asset comprises:		
Accrued expenses not deductible until incurred	49,197	45,408
Provisions for impairment on loans	50,347	10,656
Provisions for employee benefits	225,435	191,549
Provisions for other	27,266	35,909
Leases	4,850	-
	357,095	283,522

13. Leases

The credit union has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 17 and related interpretations.

The credit union has leases over land and buildings and has chosen to not apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The building leases are for branches and have up to 4 years remaining. While some leases have extension options, these are at the discretion of the credit union. Varying increases apply.

Right-of-use assets

Balance at beginning of year	-	-
Changes due to adoption of AASB 16	1,450,602	-
Depreciation charge	(481,448)	-
Balance at end of year	969,154	-

Lease Liabilities

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

2020	< 1 year $	1 – 5 years $	Total undiscounted lease liabilities $	Lease liabilities included in this Statement of Financial Position $
Lease liabilties	387,033	610,704	997,737	986,789

Extension options

A number of building leases contain extension options which allow the credit union to extend the lease term by up to twice the original non-cancellable period of the lease.

The credit union includes options in the leases to provide flexibility, certainty and reduce costs of moving premises and are at the credit union's discretion.

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

There are $1,882,936 in potential future lease payments which are not included in lease liabilities as the credit union has assessed that the exercise of the option is not reasonably certain.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the credit union is a lessee are shown below:

Interest expense on lease liabilities	10,533
Depreciation of right-of-use assets	481,448
	491,981

14. Borrowings

	Note	2020 $	2019 $
Cuscal Limited	30	585,271	1,149,364
Reserve Bank of Australia – Term Funding Facility (TFF)	30	8,552,582	-
		9,137,853	1,149,364

15. Deposits from Members

	Note	2020 $	2019 $
Member Deposits			
- at call		239,958,280	199,157,121
- term		148,957,449	144,978,903
Total deposits		388,915,729	344,136,024
Member withdrawable shares		29,472	29,418
		388,945,201	344,165,442

Concentration of Member Deposits

Member deposits at balance date are concentrated in the following areas:

	Note	2020 $	2019 $
- Illawarra		143,088,110	125,683,057
- Shoalhaven		105,471,385	95,580,274
- Bega Valley		124,595,811	112,238,572
- Other		15,789,895	10,663,539
		388,945,201	344,165,442

16. Payables

	Note	2020 $	2019 $
Creditors and accruals		652,218	819,564
Lease liability	13	986,789	-
Employee entitlements		829,910	704,031
Interest payable on deposits		853,566	1,291,700
		3,322,483	2,815,295

17. Taxation Liabilities

	Note	2020 $	2019 $
Current income tax liability		-	25,097
Deferred tax liability		639,251	558,311
Accrual for GST payable		17,944	20,491
Accrual for other tax liabilities		67,681	80,589
		724,876	684,488

17. Taxation Liabilities (Continued)

	2020 $	2019 $
Current income tax liability comprises:		
Balance – previous year	25,097	177,840
Less: paid	(25,097)	(177,840)
	-	-
Liability for income tax in current year	404,405	503,451
Less: Instalments paid in current year	(508,042)	(478,354)
	(103,637)	25,097
Deferred tax liability comprises:		
Tax on revalued property held in equity	352,666	352,666
Tax on revalued investments held in equity	141,046	160,515
Deferred loan fees	18,570	16,851
Prepayments less than $1,000	4,409	4,682
Depreciation on fixed assets	122,560	23,597
	639,251	558,311

18. Provisions

	2020 $	2019 $
Fraud		
Balance at the beginning of the year	15,089	-
Liability increase in current year	(15,089)	15,089
Balance at the end of the year	-	15,089
Lease premises make good		
Balance at the beginning of the year	108,000	70,000
Liability increase in current year	(19,000)	38,000
Balance at the end of the year	89,000	108,000
Total provisions	89,000	123,089

19. Share Redemption Reserve

	2020 $	2019 $
Balance at the beginning of the year	151,146	149,192
Transfer from retained earnings on share redemptions	1,798	1,954
Balance at the end of year	152,944	151,146

This reserve represents the amount of redeemable Preference Shares redeemed by the credit union since 1st July 1999. The Law requires that the redemption of the shares be made out of profits.

20. General Reserve for Credit Losses

	2020 $	2019 $
Balance at the beginning of the year	930,956	967,720
Transfer (to) from retained earnings	34,292	(36,764)
Balance at the end of year	965,248	930,956

This reserve records an amounts previously set aside as a general provision and is maintained to comply with the Prudential Standards set down by APRA.

21. Asset Revaluation Reserve

	2020 $	2019 $
Balance at the beginning of the year	1,352,932	929,756
(Less)/Add: Cuscal shares restated at FV	(70,795)	583,691
Less: Adjustments transferred to deferred tax liability	19,469	(160,515)
Balance at the end of year	1,301,606	1,352,932

This reserve relates to unrealised gains on land and building at 27 Stewart Street, Wollongong NSW 2500 as well as shares held in Cuscal Limited.

22. Retained Earnings

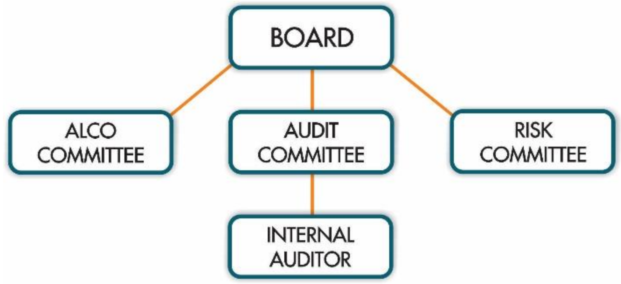
	2020 $	2019 $
Retained Profits at the beginning of the financial year	23,775,230	22,380,792
Add: operating profit for the year	1,260,369	1,359,628
Add/(Less): transfer of reserves to reserve for credit losses	(34,292)	36,764
Less: transfer of reserves to capital account on redemption of shares	(1,798)	(1,954)
Retained Profits at the end of the Financial Year	**24,999,509**	**23,775,230**

23. Financial Risk Management Objectives and Policies

Introduction

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

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



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

Board: This is the primary governing body. It approves the level of risk which the credit union is exposed to and the framework for reporting and mitigating those risks.

Risk Committee: This is a key body in the control of risk. It is comprised of four directors with the Chief Risk Officer, Chief Executive Officer and other members of the Senior Management Team attending meetings as required. The committee reviews risks and controls that mitigate risks including the identification, assessment and reporting of those risks. Regular monitoring is carried out of operational reports and control assignments to confirm whether risks are within the parameters outlined by the Board.

The committee carries out a regular review of all operational areas to ensure that operational risks are being properly controlled and reported. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

The committee monitors compliance with the framework laid out in the policy and reports in turn to the Board, where actual exposures to risks are measured against prescribed limits on a monthly basis.

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

Asset & Liability Committee (ALCO): This committee meets monthly and has responsibility for managing interest rate risk exposures and ensuring that the treasury and finance functions adhere to exposure limits as outlined in the policies. The committee has the ability to make changes to fixed loan and term deposit rates, and to propose changes to variable loan and variable deposit interest rate changes to the Board. The scrutiny of market risk reports is intended to prevent any exposure breaches prior to review by the Board.

Chief Risk Officer: This person has responsibility for both liaising with the operational function to ensure timely production of information for the risk committee and ensuring that instructions passed down from the Board via the Risk Committee are implemented.

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

- Market Risk
- Liquidity Management
- Credit Risk
- Operational Risk

The credit union has undertaken the following strategies to minimise the risks arising from financial instruments.

23. Financial Risk Management Objectives and Policies (Continued)

A. Market Risk

The objective of the credit union'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 the credit union's financial condition or results. The credit union is not exposed to currency risk, and other significant price risk. The credit union does not trade in the financial instruments it holds on its books. The credit union is exposed only to interest rate risk arising from changes in market interest rates.

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

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. The credit union does not trade in financial instruments.

Interest rate risk in the statement of financial position

The credit union is exposed to interest rate risk in its statement of financial position due to mismatches between the repricing dates of assets and liabilities. The interest rate risk on the statement of financial position is measured and reported to the ALCO and Board on a quarterly basis.

The most common interest rate risk the credit union faces arises from fixed rate assets and liabilities. This exposes the credit union to the risk of sensitivity should interest rates change.

The table set out at Note 27 displays the period that each asset and liability will reprice as at the balance date. This risk is not currently considered significant enough to warrant the use of derivatives to mitigate the exposure.

Method of managing risk

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

Interest rate sensitivity

The credit union's exposure to market risk is measured and monitored using interest rate sensitivity models. The primary measure used is Present Value of a Basis Point (PVBP), supplemented by Value at Risk (VaR) and Earnings at Risk (EaR).

Sensitivity or Present Value of a Basis Point (PVBP) is a measure of the change in the present value of an asset or liability due to a change in interest rates of 1 basis point (bp). This impact is extrapolated to 200bp (2.0%) and calculated as a percentage of capital. The 200bp parallel shift is a widely used measure.

The policy of the credit union is to maintain a balanced 'on book' strategy by ensuring the gap between assets and liabilities is not excessive. The PVBP to Capital limit (based on a 200bp shift in interest rates) has been set by the Board at 6% of Capital. The credit union uses on balance sheet methods to maintain interest rate risk within the acceptable range.

Based on the calculations as at 30 June 2020, a 200bp parallel downward shift would result in a loss of 0.355% of capital (2019: gain of 0.372%). The credit union therefore is exposed to interest rates decreasing and based on this measure would lose 0.355% of capital if interest rates decrease 200bps.

An independent review of the interest rate risk profile is conducted by Protecht.ALM Pty Ltd, an independent risk management consultant. The Board monitors these risks through the reports from Protecht.ALM Pty Ltd and other management reports.

B. Liquidity Risk

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

The credit union manages liquidity risk by:

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

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

23. Financial Risk Management Objectives and Policies (Continued)

B. Liquidity Risk (Continued)

The credit union is required to maintain at least 9% of total adjusted liabilities as high quality liquid assets (HQLA) capable of being converted to cash within 48 hours under the APRA Prudential standards. The credit union policy is to hold between 14 – 19% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests and loan funding. The ratio is checked daily. Should the liquidity ratio move outside this range, management and Board are to address the matter by implementing the necessary steps set out in the policy, such as reviewing current deposit rates offered for example. Note 30 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 liabilities, based on the contractual repayment terms are set out in the specific Note 25. Liquidity information over the past year is set out below:

HQLA	2020	2019
Holdings at 30 June	$68,455,509	$54,016,130
Ratio at 30 June	16.43%	14.85%
Prescribed ratio	9.00%	9.00%
Average ratio for the year	15.85%	15.87%
Minimum ratio during the year	14.80%	14.69%

C. Credit Risk

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

Credit Risk – Loans

The analysis of the credit union's loans by class, is as follows:

	2020			2019		
Loans to	Carrying value $	Commitments $	Max exposure $	Carrying value $	Commitments $	Max exposure $
Mortgage	304,677,663	12,387,420	317,065,083	282,799,551	13,680,739	296,480,290
Personal	8,921,837	930,994	9,852,831	9,545,587	90,695	9,636,282
Credit cards	1,808,339	4,550,752	6,359,091	2,264,310	3,832,858	6,097,168
Overdrafts	3,779,855	3,434,515	7,214,370	3,970,118	5,017,176	8,987,294
Total to natural persons	319,187,694	21,303,681	340,491,375	298,579,566	22,621,468	321,201,034
Corporate borrowers	14,704,497	3,328,075	18,032,572	12,626,676	1,656,925	14,283,601
Total	333,892,191	24,631,756	358,523,947	311,206,242	24,278,393	335,484,635

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; line of credit facilities; overdraft facilities; credit cards limits). The details are shown in Note 29.

All loans and facilities are within Australia. A geographic distribution between the three main areas of Illawarra, Shoalhaven & Bega Valley regions is provided in Note 7c(ii).

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

The credit union has established policies over the:

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

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

23. Financial Risk Management Objectives and Policies (Continued)

Past due and impaired

A financial asset is past due when the counterparty has failed to make a payment when contractually due. As an example, a member enters into a lending agreement with the credit union that requires interest and a portion of the principal to be paid every month. On the first day of the next month, if the agreed repayment amount has not been paid, the loan is past due. Past due does not mean that the 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 loans is regarded as impaired, unless other factors indicate the impairment should be recognised sooner.

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

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

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

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

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

The provisions for impaired and past due exposures relate to the loans to members. 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 8.

Bad debts

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

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

A reconciliation in the movement of both past due and impaired exposure provisions is provided in Note 8.

Collateral securing loans

A sizeable portfolio of the loan book is secured on residential property in Australia. Therefore, the credit union is exposed to risks 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 7b describes the nature and extent of the security held against loans as at balance date.

Concentration risk – individuals

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

The credit union holds no significant concentrations of exposures to members. Concentration exposures to counterparties are closely monitored.

Concentration risk – industry

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

The credit union's foundation had a concentration of retail lending and deposits from members who comprised employees and families of local councils. The community basis for which the credit union now relies upon membership means this small concentration is considered acceptable on the basis that the credit union was originally formed to service these members, and the employment concentration is not exclusive. Should members leave the industry, the loans continue and other employment opportunities are available to the members to facilitate the repayment of the loans. The details of the geographical concentrations are set out in Note 7c.

23. Financial Risk Management Objectives and Policies (Continued)

Credit Risk – Liquid Investments

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

There is a concentration of credit risk with respect to investment receivables with the placement of investments in Cuscal and other financial institutions. The credit policy is that investments are only made to institutions that are credit worthy. Directors have established policies that a maximum of 50% of capital can be invested with any one financial institution at a time.

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

Under the Credit Union Financial Support Scheme (CUFSS), at least 3.0% of the total assets must be invested in an approved manner in order for the scheme to have adequate resources to meet its obligations if needed.

External Credit Assessment for Institution Investments

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

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

	2020			2019		
Investments with	Carrying value	Past due value	Provision	Carrying value	Past due value	Provision
Government – rated AAA	1,500,000	-	-	-	-	-
Cuscal – rated A+	6,280,000	-	-	6,280,000	-	-
Banks – rated AA and above	-	-	-	-	-	-
Banks – rated below AA	70,767,335	-	-	43,530,681	-	-
Building Societies – rated below AA	-	-	-	-	-	-
Credit Unions – rated below AA	-	-	-	-	-	-
Unrated institutions	1,000,000	-	-	2,000,000	-	-
Total	79,547,335	-	-	51,810,681	-	-

D. Capital Management

The capital levels are prescribed by Australian Prudential Regulation Authority (APRA). Under the APRA prudential standards, capital is determined in three components being credit, market and operational risk. The market risk component is not required as the credit union is not engaged in a trading book for financial instruments.

Capital resources

Tier 1 Capital

The vast majority of Tier 1 capital comprises retained profits, the asset revaluation reserve and other realised reserves.

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.

Tier 2 capital generally comprises a general reserve for credit losses.

23. Financial Risk Management Objectives and Policies (Continued)

D. Capital Management (Continued)

Capital in the credit union is made up as follows:

	2020	2019
Tier 1		
Capital reserve	152,944	151,146
Asset revaluation reserve on property	1,301,606	1,352,932
Retained earnings	24,931,972	23,713,952
	26,386,522	25,218,030
Less prescribed deductions	(1,390,025)	(1,468,932)
Net tier 1 capital	24,996,497	23,749,098
Tier 2		
Reserve for credit losses	965,248	930,956
	965,248	930,956
Less prescribed deductions	-	-
Net tier 2 capital	965,248	930,956
Total Capital	**25,961,745**	**24,680,054**

The credit union is required to maintain a minimum capital level of 8% as compared to the risk weighted assets at any given time.

The risk weights attached to each asset are based on the weights prescribed by APRA in its Guidance AGN 112-1. The general rules apply the risk weights according to the level of underlying security.

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

	2020	2019	2018	2017	2016
	Basel III	Basel III	Basel III	Basel III	Basel III
Capital Ratio	14.02%	14.53%	14.96%	14.61%	14.95%

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 the credit union's capital, the credit union reviews the ratio monthly and monitors major movements in the asset levels. Policies have been implemented that require reporting to the Board and the regulator if the capital ratio falls below 12.75%. Additionally, a 5 year projection of the capital levels is prepared annually to address how strategic decisions or trends may impact on the capital level.

Pillar 2 Capital on Operational Risk

This capital component was introduced as from 1st January 2012 and coincided with changes in the asset risk weightings for specified loans and liquid investments. Previously no operational charge was prescribed.

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

Based on this approach, the credit union's operational risk capital requirement as at 30 June 2020 was $21,254,066 [2019: $19,721,666].

Internal capital adequacy management

The credit union 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 the credit union's forecasts for asset growth, or unforeseen circumstances, are assessed by the Board. The forecast capital resource model is updated and the impact upon the overall capital position of the credit union is reassessed.

24. Categories of Financial Instruments

a. The following information classifies the financial instruments into measurement classes

	2020 $	2019 $
Financial assets – carried at amortised cost		
Cash and cash equivalents	9,008,174	6,205,449
Receivables	535,021	302,196
Receivables from financial institutions	79,655,261	51,944,582
Loans to members	333,892,191	311,206,242
	423,090,647	369,658,469
Assets carried at FVOCI	1,110,228	1,133,223
	424,200,875	**370,791,692**
Financial Liabilities – carried at amortised cost		
Borrowings	9,142,774	1,149,364
Creditors	1,639,007	819,564
Deposits from members	389,764,374	345,427,724
Members withdrawable shares	29,472	29,418
	400,575,627	**347,426,070**

b. Assets measured at fair value

Fair value measurement at the end of the reporting period using:

Equity investment securities designated as FVOCI	**Note**	**Balance**	**Level 1**	**Level 2**	**Level 3**
Opening balance as at 1 July 2019		1,133,223	-	-	1,133,223
Add: purchase of TAS shares		47,800	-	-	47,800
Less: revaluation of Cuscal shares		(70,795)	-	-	(70,795)
Closing balance as at 30 June 2020	9	1,110,228	-	-	1,110,228

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)

The level 3 equity investment securities designated as FVOCI relate to the shares in Cuscal Limited and Transaction Solutions Limited.

25. Maturity Profile of Financial Assets and Liabilities

Monetary assets and liabilities have differing maturity profiles depending on the contractual term, and in the case of loans, the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding will be repaid based on the remaining period to the repayment date assuming contractual repayments are maintained. For term loans the below dissection is based upon contractual conditions of each loan being strictly complied with and is subject to change in the event that current repayment conditions are varied.

2020	Within 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	After 5 years $	No maturity $	Total $
Assets							
Cash	6,001,325	-	-	-	-	3,008,174	9,009,499
Receivables	535,021	-	-	-	-	-	535,021
Liquid investments	23,530,821	17,510,970	3,516,179	42,276,368	-	-	86,834,338
Loans & advances	2,061,078	4,122,156	18,285,162	88,866,570	361,594,523	-	474,929,489
FVOCI equity investment	-	-	-	-	-	1,110,228	1,110,228
Total financial assets	32,128,245	21,633,126	21,801,341	131,142,938	361,594,523	4,118,402	572,418,575
Liabilities							
Borrowings	585,271	-	-	8,616,961	-	-	9,202,232
Creditors	652,218	-	-	-	-	-	652,218
Leases	32,775	65,648	282,148	606,218	-	-	986,789
Deposits from members – at call	239,958,280	-	-	-	-	29,472	239,987,752
Deposits from members – term	24,559,630	49,047,069	65,758,737	11,375,887	-	-	150,741,323
On statement of financial position	265,788,174	49,112,717	66,040,885	20,599,066	-	29,472	401,570,314
Undrawn commitments	-	-	-	-	-	28,311,826	28,311,826
Total financial liabilities	265,788,174	49,112,717	66,040,885	20,599,066	-	28,341,298	429,882,140

2019	Within 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	After 5 years $	No maturity $	Total $
Assets							
Cash	3,605,133	-	-	-	-	2,605,449	6,210,582
Receivables	302,196	-	-	-	-	-	302,196
Liquid investments	9,613,335	13,511,718	4,054,988	30,934,792	-	-	58,114,833
Loans & Advances	2,037,888	4,075,777	18,126,116	87,700,723	354,387,479	-	466,327,983
Available for sale investments	-	-	-	-	-	1,133,223	1,133,223
Total financial assets	15,558,552	17,587,495	22,181,104	118,635,515	354,387,479	3,738,672	532,088,817
Liabilities							
Borrowings	1,149,364	-	-	-	-	-	1,149,364
Creditors	819,564	-	-	-	-	-	819,564
Leases	-	-	-	-	-	-	-
Deposits from members – at call	199,157,121	-	8,886	-	-	29,418	199,195,425
Deposits from members – term	20,160,075	34,682,258	84,643,708	8,502,330	-	-	147,988,371
On statement of financial position	221,286,124	34,682,258	84,652,594	8,502,330	-	29,418	349,152,724
Undrawn commitments	-	-	-	-	-	25,927,845	25,927,845
Total financial liabilities	221,286,124	34,682,258	84,652,594	8,502,330	-	25,957,263	375,080,569

26. Financial Assets and Liabilities Maturing Within 12 Months

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 within 12 months. 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.

	2020			2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	$	$	$	$	$	$
Financial assets						
Cash	9,008,174	-	9,008,174	6,205,449	-	6,205,449
Liquid investments	38,467,335	41,080,000	79,547,335	23,430,681	28,380,000	51,810,681
Loans & advances	18,564,727	315,327,464	333,892,191	19,477,464	291,728,778	311,206,242
Receivables	642,947	-	642,947	436,097	-	436,097
FVOCI equity investments	1,110,228	-	1,110,228	1,133,223	-	1,133,223
Total financial assets	67,793,411	356,407,464	424,200,875	50,682,914	320,108,778	370,791,692
Financial liabilities						
Borrowings	9,137,853	-	9,137,853	1,149,364	-	1,149,364
Deposits from members – at call	239,958,280	-	239,958,280	199,166,007	-	199,166,007
Deposits from members – term	138,895,125	10,915,890	149,811,015	138,283,332	7,978,385	146,261,717
Creditors	652,218	-	652,218	819,564	-	819,564
Leases	380,572	606,218	986,789	-	-	-
Total financial liabilities	389,024,048	11,522,107	400,546,155	339,418,267	7,978,385	347,396,652

27. 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.

2020	Within 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	Non-interest bearing $	Total $
Assets						
Cash and cash equivalents	6,000,000	-	-	-	3,008,174	9,008,174
Receivables	-	-	-	-	535,021	535,021
Liquid investments	37,340,275	42,314,986	-	-	-	79,655,261
Loans and advances	172,831,941	10,439,613	39,815,174	110,805,463	-	333,892,191
FVOCI equity investments	-	-	-	-	1,110,228	1,110,228
On statement of financial position	216,172,216	52,754,599	39,815,174	110,805,463	4,653,423	424,200,875
Undrawn commitments	-	-	-	-	26,897,097	26,897,097
Total financial assets	216,172,216	52,754,599	39,815,174	110,805,463	31,550,520	451,097,972
Liabilities						
Borrowings	585,271	-	-	8,552,582	-	9,137,853
Creditors	-	-	-	-	652,218	652,218
Leases	32,775	65,648	282,148	606,218	-	986,789
Deposits from members – at call	239,958,280	-	-	-	29,472	239,987,752
Deposits from members – term	24,547,473	48,944,347	65,282,597	11,031,678	-	149,806,095
On statement of financial position	265,123,799	49,009,995	65,564,745	20,190,478	681,690	400,570,707
Undrawn commitments	-	-	-	-	1,414,729	1,414,729
Total financial liabilities	265,123,799	49,009,995	65,564,745	20,190,478	2,096,419	401,985,436

2019	Within 1 month $	1 – 3 months $	3 – 12 months $	1 – 5 years $	Non-interest bearing $	Total $
Assets						
Cash and cash equivalents	3,600,000	-	-	-	2,605,449	6,205,449
Receivables	-	-	-	-	302,196	302,196
Liquid investments	24,889,270	27,088,255	-	-	-	51,977,525
Loans and advances	146,069,200	9,209,995	53,774,936	102,152,111	-	311,206,242
Available for sale investments	-	-	-	-	1,133,223	1,133,223
On statement of financial position	174,558,470	36,298,250	53,774,936	102,152,111	4,040,868	370,824,635
Undrawn commitments	-	-	-	-	25,077,209	25,077,209
Total financial assets	174,558,470	36,298,250	53,774,936	102,152,111	29,118,077	395,901,844
Liabilities						
Borrowings	1,149,364	-	-	-	-	1,149,364
Creditors	-	-	-	-	819,564	819,564
Leases	-	-	-	-	-	-
Deposits from members – at call	199,157,121	-	8,886	-	29,418	199,195,425
Deposits from members – term	20,141,447	34,551,791	83,483,795	8,084,683	-	146,261,716
On statement of financial position	220,447,932	34,551,791	83,492,681	8,084,683	848,982	347,426,069
Undrawn commitments	-	-	-	-	850,636	850,636
Total financial liabilities	220,447,932	34,551,791	83,492,681	8,084,683	1,699,618	348,276,705

28. Net 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 cash flows will be consistent with the contracted cash flows under the respective contracts.

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 the credit union 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.

The calculation reflects the interest rate applicable for the remaining term to maturity not the rate applicable to original term.

	2020			2019		
	Fair Value	Carrying Amount	Variance	Fair Value	Carrying Amount	Variance
Financial Assets	$	$	$	$	$	$
Cash and cash equivalents	9,008,174	9,008,174	-	6,205,449	6,205,449	-
Receivables *	642,947	642,947	-	436,097	436,097	-
Advances to other financial institutions	79,633,502	79,547,335	86,167	52,295,176	51,810,681	484,495
Loans to members	333,224,037	333,776,636	(552,599)	311,310,480	311,228,769	81,711
FVOCI equity investments	1,110,228	1,110,228	-	1,133,223	1,133,223	-
Total financial assets	423,618,888	424,085,320	(466,432)	371,380,425	370,814,219	566,206
Financial Liabilities						
Borrowings	8,552,582	8,552,582	-	-	-	-
Payables *	3,322,483	3,322,483	-	2,815,295	2,815,295	-
Deposits from members – at call	239,987,752	239,987,752	-	199,186,539	199,186,539	-
Deposits from members – term	149,948,493	148,957,449	991,044	145,741,214	144,978,903	762,311
Total financial liabilities	401,811,310	400,820,266	991,044	347,743,048	346,980,737	762,311

* For these assets and liabilities the carrying value approximates fair value.

Assets where the net fair value is lower than the book value have not been written down in the accounts of the credit union 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 net fair value as they are short term in nature or are receivable on demand.

Loans, Advances

The carrying value of loans and advances is net of unearned income and both general and specific provisions for doubtful debts.

For variable rate loans (excluding impaired loans) the amount shown in the statement of financial position is considered to be a reasonable estimate of net fair value. The net 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 net 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 net fair value of other term deposits, based upon the deposit type and the rate applicable to its related period of maturity.

Short Term Borrowings

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

29. Financial Commitments

	2020 $	2019 $
a. Outstanding Loan commitments		
Loans approved but not funded as at 30 June	12,889,939	13,220,801
b. Loan Redraw Facility		
Facilities available as at 30 June	1,520,976	1,674,334
c. Undrawn Loan Facilities		
Loan facilities available to members for overdrafts and line of credit loans are as follows:		
Total value of facilities approved	18,678,481	18,266,618
Less: Amount advanced	(6,192,299)	(8,084,544)
Net undrawn value	12,486,182	10,182,074

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

	2020 $	2019 $
Total financial commitments	26,897,097	25,077,209
d. Computer Software Expense Commitments		
The costs committed under the current Ultradata and TAS contracts are as follows:		
Not later than 1 year	484,509	774,174
Later than 1 year but not 2 years	121,827	403,625
Later than 2 years but not 5 years	-	99,092
	606,336	1,276,891
e. Lease commitments for operating leases on property occupied by the credit union		
Not later than 1 year		467,723
Later than 1 year but not later than 5 years		779,056
		1,246,779

Refer to Note 1(a) for Lease Liabilities under AASB 16.

Operating lease commitments were disclosed under the requirements of AASB 117 Leases. AASB 117 was superseded by AASB 16 Leases effective 1 July 2019 and operating leases are no longer disclosed under AASB 16.

30. Standby Borrowing Facilities

	2020 $	2019 $
Committed facilities		
Cuscal Limited overdraft facility	2,000,000	2,000,000
Current borrowing	(585,271)	(1,149,364)
Standby borrowing facilities available	1,414,729	850,636

Cuscal Limited holds a term deposit as security against overdraft amounts drawn.

	2020 $	2019 $
Reserve Bank of Australia Term Funding Facility (TFF)	9,753,101	-
Current borrowing	(8,552,582)	-
Standby borrowing facilities available	1,200,519	-
Total standby borrowing facilities available	2,615,248	850,636

Reserve Bank of Australia holds $9,600,000 of floating rate notes as security against amounts drawn.

	2020 $	2019 $
Uncommitted facilities		
IOOF Investment Management Ltd	27,000,000	27,000,000
Current borrowing	-	-
Total standby borrowing facilities available	27,000,000	27,000,000

31. Contingent Liabilities

Liquidity Support Scheme

The credit union is a member of the Credit Union Financial Support Scheme Limited (CUFSS) a company established to provide financial support to members in the event of a liquidity or capital problem. As a member, the credit union is committed to maintaining 3.0% of the total assets in an approved manner.

Under the terms of the Industry Support Contract (ISC), the maximum call for each participating credit union would be 3.0% of the credit union's total assets. This amount represents the participating credit union's irrevocable commitment under the ISC. At the balance date there were no loans outstanding under this arrangement.

Guarantees

The credit union has provided a guarantee to Cuscal for drawings made by approved members up to a limit of $18,000, to enable Cuscal to settle the funds transferred by way of direct debit with other financial institutions. The guarantees are cancellable by either the credit union or Cuscal. The credit union has an arrangement with the members to maintain sufficient funds in their account to settle the payments as and when required.

32. Disclosures on Directors and other Key Management Personnel

a. Remuneration of Key Management Persons (KMP)

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

Key management persons comprise the directors, the senior managers and chief risk officer who are responsible for the day to day financial and operational management of the credit union.

The aggregate compensation of KMP during the year comprising amounts paid or payable or provided for, was as follows:

	2020			2019		
	Directors	Other KMP	Total	Directors	Other KMP	Total
	$	$	$	$	$	$
(a) short-term employee benefits;	150,572	916,392	1,066,964	146,161	905,310	1,051,471
(b) post-employment benefits - superannuation contributions	38,887	124,646	163,533	38,665	118,043	156,708
(c) other long-term benefits – net (decrease)/increases in long service leave provision and retirement gifts	-	17,239	17,239	-	(4,830)	(4,830)
(d) termination benefits	-	-	-	-	-	-
(e) share-based payment	-	-	-	-	-	-
Total KMP compensation	189,459	1,058,277	1,247,736	184,826	1,018,523	1,203,349

In the above table, remuneration shown as short term benefits means (where applicable) **wages, salaries, directors fees, paid annual and sick leave, profit-sharing and bonuses, value of fringe benefits received,** but excludes out of pocket expense reimbursements.

All remuneration to directors was approved by the members at the previous Annual General Meeting of the credit union.

32. Disclosures on Directors and other Key Management Personnel (Continued)

b. Loans to Directors and other Key Management Persons

The credit union's policy for lending to directors and management is that all loans are approved and deposits accepted on the same terms and conditions that applied to members for each class of loan and deposit.

There are no loans that are impaired in relation to the loans balances of directors or other KMP.

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

The details of transactions during the year are as follows:

	2020 Mortgage Secured	2020 Other term loans	2020 Credit Cards	2019 Mortgage Secured	2019 Other term loans	2019 Credit Cards
	$	$	$	$	$	$
Funds available to be drawn	523,407	-	64,502	425,427	1,219	53,885
Balance	1,555,745	-	33,498	1,695,626	28,535	44,115
Amounts disbursed or facilities increased in the year	63	-	120,804	707,210	-	123,503
Interest and other revenue earned	52,141	861	342	75,852	2,791	534

	2020	2019
	$	$
Other transactions between related parties include deposits from directors, and other Key Management Persons are:		
Total value of term and savings deposits of KMP	2,051,800	2,951,737
Total interest paid on deposits to KMP	22,805	27,895

The credit union's policy for receiving deposits from KMP is that all transactions are accepted on the same terms and conditions that apply to members.

c. Transactions with Other Related Parties

Other transactions between related parties include deposits from director related entities or close family members of directors and other KMP. The credit union's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions that applied to members for each type of deposit.

An amount of $87,885 was paid to a company partly owned by a close family member of a KMP for the purposes of leasing a property. This lease has been in place since 14 November 2005, being prior to the relevant party becoming a KMP and was renewed on 15 November 2017 on a normal arms-length commercial basis by reference to market rentals at the time.

The current lease is in place until 14 November 2021, having a future financial commitment of $129,864 and is included in Note 29e.

There are no other service contracts to which key management persons or their close family members are an interested party.

33. Economic Dependency

The credit union has an economic dependency on the following suppliers of services:

a. Cuscal Limited

Cuscal Limited is an Approved Deposit Taking Institution registered under the Corporations Act 2001 (Cwlth) and the Banking Act. This entity:

(i) provides the license rights to Visa Card and settlement with other institutions for ATM, Visa card, Pays products and cheque transactions, as well as the production of Visa and for use by members;
(ii) operates the computer network used to link Visa cards and Pays products operated through ATMs and POS facilities to the credit union's IT systems.
(iii) provides settlement and clearance facilities to the credit union.

b. Ultradata Australia Pty Limited

Ultradata Australia Pty Limited provides and maintains the banking software utilised by the credit union.

c. Transaction Solutions Limited (TAS)

Transaction Solutions Limited provides IT facilities management services to the credit union. The credit union has a management contract with TAS to receive computer support services to meet the day-to-day needs of the credit union and ensure compliance with the relevant Prudential Standards.

34. Segmental Reporting

The credit union operates exclusively in the retail financial services industry within Australia.

35. Superannuation Liabilities

The credit union contributes primarily to the NGS Super Plan for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees. An independent Corporate Trustee administers the plan.

The credit union has no interest in any of these superannuation plans (other than as a contributor) and is not liable for the performance nor the obligations of the plans.

36. Events Occurring after the Reporting Period

On 12 August 2020, the credit union announced plans to merge with Lysaght Credit Union Ltd (LCU). The merger is to be undertaken by way of a voluntary transfer of the business of LCU to Horizon in accordance with legislation administered by APRA. Under the merger, subject to approval from regulators and the members of LCU, all members of LCU on the date of the transfer will become members of Horizon.

There are no other events occurring after the reporting period that materially impact the financial statements measurement of assets and liabilities.

37. Notes to Statement of Cash Flows

a. Reconciliation of Cash and cash equivalents

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

	2020 $	2019 $
Cash on hand and at bank	3,008,174	2,605,449
Deposits at call	6,000,000	3,600,000
Total Cash and cash equivalents	9,008,174	6,205,449

b. Reconciliation of cash from operations to accounting profit

The net cash increase from operating activities is reconciled to the operating profit after tax

	2020 $	2019 $
Operating profit after income tax	**1,260,369**	**1,359,628**
Non cash flows		
Depreciation	310,872	341,280
Amortisation of intangibles	220,814	172,492
Loss on sale of assets	13,650	5,071
Profit on sale of assets	-	(17,868)
Add changes in assets and liabilities		
Increase in provision for loans	144,331	32,644
Increase in other provisions	-	53,089
Increase in employee entitlements	125,879	47,781
Increase in accrued expenses	819,443	48,918
Increase in unamortised fixed rate loan renegotiation fees	636	2,499
Increase in interest payable	-	294,597
Increase in deferred tax liability	100,409	34,075
Increase in member deposits and shares	44,779,759	30,210,469
Decrease in prepayments	31,561	-
Decrease in taxes receivable	-	12,793
Decrease in sundry debtors and other receivables	-	163,012
Decrease in interest receivable	25,975	61,512
Less changes in assets and liabilities		
Decrease in other provisions	(34,089)	-
Decrease in GST and other tax liabilties	(15,455)	(2,589)
Decrease in provision for income tax	(25,097)	(152,743)
Decrease in interest payable	(438,134)	-
Decrease in effective rate adjustments	(6,885)	(23,575)
Increase in deferred tax asset	(73,573)	(29,349)
Increase in prepayments	-	(66,957)
Increase in taxes receivable	(111,912)	-
Increase in sundry debtors and other receivables	(232,824)	-
Increase in right of use assets	(969,154)	-
Increase in member loans	(22,685,949)	(29,152,193)
Increase in receivables from financial institutions	(27,736,654)	(4,592,450)
Net cash from operating activities	**(4,496,028)**	**(1,197,864)**

38. Corporate Information

The credit union is a company limited by shares, and is registered under the Corporations Act 2001.

The address of the registered office and main place of business is 27 Stewart Street, Wollongong NSW.

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

Administration

Horizon Bank

Horizon Credit Union Ltd ABN 66 087 650 173
AFSL & Australian credit licence number 240573
trading as Horizon Bank
27 Stewart Street, Wollongong NSW 2500
(02) 4224 7700