

And the 2013 winner is...

*Coastline Credit Union's Pay-As-You-Go
everyday banking account.*

*Money Magazine Winner 2013
Best Everyday Account Non-Bank.
It's the Best of the Best.*



Coastline Credit Union Limited

ABN 88 087 649 910

Financial Statements

For the Year Ended 30 June 2013

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COASTLINE CREDIT UNION LIMITED

A.B.N. 88 087 649 910

Contents

For the Year Ended 30 June 2013

Annual Report	Page
Chairman's Report	4
Corporate Governance Report	6
Directors' Report	10
Statement of Profit or Loss and Other Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the Financial Statements	20
Directors' Declaration	67
Independent Auditor's Report	68
Lead Auditor's Independence Declaration	70

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
CHAIRMAN'S REPORT

Performance

On behalf of the Board of Directors it is my pleasure to present the Chairman's Report for the 47th Annual General Meeting of Coastline Credit Union.

Against a challenging business environment your Board is pleased to report that 2012/13 was another year of solid achievement and progress. Coastline recorded a pre-tax profit of \$1.5 million and total assets increased by 10.2% to \$320 million. Our loan book grew by 7.6% to \$257 million which is above the industry growth rate of 5.7% and reflects the confidence members have in doing business with Coastline. We are in a prudentially sound position with a capital adequacy level well above regulatory requirements, low levels of loan arrears and a strategic plan to grow the organisation and to continue to return value to members.

Organisational Purpose

Coastline's organisational purpose is to help our members achieve their goals by reducing the cost of banking and maximising returns; supporting the community; being accessible and convenient; and by maintaining competitive pricing. We seek annual feedback from members on how we rate on these key organisation goals. This year Coastline achieved a satisfaction rating of 97% which is considered outstanding.

Concept Branch

In December we opened a new concept branch in the Manning Mall Taree. The concept branch combines the best of face to face contact and technology and will be how we conduct our branch business into the seeable future. We are using the development of the Taree branch to explore new ways to improve our in-branch experience, provide new services and easier access to information. We are excited by the positive reaction the branch has received from customers and staff.

2013 Best Everyday Account winner

This year our Pay-as-you-go Visa Debit Account was awarded Money Magazine's Best Everyday (Non-Bank) Account. To quote Money Magazine: "If you are still paying fees on your everyday banking - it's time to switch accounts!" As the winner, Coastline was ranked by an average dollar cost based on 30 transactions a month and a zero balance, then by ATM network, then by branch network and account access via ATM, EFTPOS, direct debit, internet and telephone.

5 Star Ratings

During the year our Minimiser Home Loan, Visa Rewarder Credit Card, eSaver Account and Pay-as-you-go Visa Debit Account were awarded coveted Canstar 5 Star Ratings. Canstar is a leading financial research and ratings agency operating in Australia and New Zealand. They undertake and publish Australia's and New Zealand's only truly comprehensive analysis of financial products. Each product goes through a rigorous analysis of its pricing and features and only the top 5% of all products analysed receive the prestigious Canstar Cannex 5 Star Rating.

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
CHAIRMAN'S REPORT

Fee-Free Banking

Locally and across Australia members enjoy unlimited fee-free ATM transactions at Westpac, St George, Bank SA, Coastline and BCU. Our Bpay, Direct Debit & Credit, Internet and Phone Banking services are also fee-free. Plus, our generous Rewards Program ensures that the more members use Coastline's comprehensive range of banking, loans and investment services - the less they will pay in fees and charges.

ATM Network

A frustration for every-day customers can be finding a fee-free automatic teller machine. Coastline members don't face these problems; we have one of the largest ATM networks in Australia. Our members have free access to 2900 Westpac and St George ATMs across Australia in addition to Coastline and BCU ATMs locally.

Coastline Community Foundation

Since inauguration in 2002, Coastline has provided over \$700,000 to over 200 worthy local causes who have benefited from Foundation grants. The Foundation's goal is to provide support to organisations that provide benefits to local communities. Each year Coastline provides 5% of its operating profit to the Coastline Community Foundation as a way of showing our tangible support to the community.

Closing

In closing, I would like to thank my fellow Board members for their co-operation, teamwork and support throughout the year. My thanks must go to our General Manager Peter Townsend, his management team and staff for their efforts in achieving the trading performance and providing professional, friendly and efficient banking services to our members.

Allan Hudson

Chairman

19 September 2013

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
CORPORATE GOVERNANCE REPORT

Overview

The Board is committed to sound and prudent standards of corporate governance for Coastline and the Board maintains a statement of corporate governance principles which defines the framework under which Coastline operates. Board Committees are responsible for advising the Board and monitoring Coastline's compliance with these principles. The implementation of this disciplined governance structure ensures appropriate development, prioritisation and delivery of business strategies, as well as consistent and informed decision making for Coastline to conduct activities and achieve its objectives. In addition the Board Committees continues to ensure compliance with APRA's Corporate Governance Prudential Standard.

The Board of Directors is accountable to the Credit Union to ensure the safety of member funds and that the organisation operates in a sustainable and responsible way. The Board aims to achieve these objectives through:

- Improving the performance of Coastline through the formulation, adoption and monitoring of corporate strategies, budgets, plans, policies and performance;
- Setting strategic direction, targets and monitoring the performance of Management and of itself;
- Monitoring the conduct of senior management;
- Ensuring the annual review of succession planning;
- Identifying and monitoring the management of the principal risks and the financial performance of Coastline; and
- Putting appropriate procedures in place to satisfy its corporate and legal responsibilities whilst conducting its business in compliance with all laws and in an honest, open and ethical manner.

Subject to certain conditions, the Board has delegated responsibility for the management of the day-to-day activities of Coastline to its General Manager.

Board Meetings

The number of Board meetings and each director's attendance at those meetings are set out in the Directors Report. Directors are expected to prepare adequately for, attend and participate at Board meetings and meetings of committees. The Board meets principally at its Head Office in Kempsey.

Introduction and Continuing Education

Management, working with the Board, provides an orientation program for new Directors. The program includes discussions with executives and management, and where requested, the external auditor, and reading material. These cover Coastline's strategic plans, its significant financial, accounting and risk management issues, compliance programs, management structure, internal and external audit programs, and Directors rights, duties and responsibilities. Management periodically conducts additional information sessions for Directors about the organisation, and the factors impacting, or likely to impact, on its business. These assist Directors to gain a broader understanding of the organisation. Directors are also encouraged to keep up to date on topical issues.

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
CORPORATE GOVERNANCE REPORT

Performance Evaluation

The Board assesses its effectiveness each year through an evaluation process, which includes assessment of:

- The appropriateness and relevance of the meeting schedule and agenda;
- The appropriateness and relevance, content and standard of Board material;
- The identification and appropriate management of risks faced by the organisation;
- The range and standard of skills available at Board level;
- The collective and individual performance of Directors, and the scope of Directors contributions; and
- The performance of its Chairman.

In addition, the Board assesses annually the performance of the General Manager and Senior Management against agreed objectives.

Remuneration of Directors

Directors are remunerated by the organisation, with shareholders determining the maximum annual aggregate amount of remuneration that may be provided to them at the Annual General Meeting. From this amount individual Directors are remunerated based on a policy of compensation towards the middle quartile of the general market, which is appropriate to the size and complexity of the organisation. The Remuneration Committee receives advice from independent experts on appropriate levels of director remuneration and guides the Board in this regard.

Performance & Remuneration of Senior Management

The organisation's performance management framework covers all senior management and entails the setting of Key Performance Indicators (including both financial and non-financial measures). Performance discussions are conducted bi-annually between each senior manager and their manager, with a formal end of year review which includes comparing and calibrating each senior executive to the performance of peers. The Board, on advice from the Remuneration Committee, sets the remuneration and performance objectives for the General Manager and Senior Management. Remuneration is reviewed within a Board-established framework and the Remuneration Committee is assisted by independent experts providing advice and benchmarking data.

Access to Management

Board members have complete and open access to management. The Company Secretary provides advice and support to the Board and is responsible for the day-to-day governance framework. Access to Independent Professional Advice guidelines entitles each director to seek independent professional advice at the organisation's expense, with the prior approval of the Chairman.

The Board can conduct or direct any investigation to fulfil its responsibilities and can retain, at its expense, any legal, accounting or other services, it considers necessary to perform its duties.

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
CORPORATE GOVERNANCE REPORT

Board Committees

To assist the Board in fulfilling its responsibilities, the Board has established a number of Committees. Each Committee has its own charter, which sets out its responsibilities. The Board had the following Committees during the financial year:

- Audit Committee;
- Risk Committee;
- Executive Committee;
- Loans Committee;
- Remuneration Committee;
- Nominations Committee; and
- Coastline Community Foundation Committee.

Audit Committee

Principle Responsibilities

- Review the effectiveness of internal financial controls;
- Oversee the financial, management and statutory reporting;
- Oversee the internal and external audit processes, including reports and management responses;
- Review of risk management systems, including policies and procedures and business continuity plan;
- Review external audit arrangements annually, including fulfilment of statutory and professional obligations.

Risk Committee

Principle Responsibilities

- Review the effectiveness of the Credit Union internal risk management systems;
- Oversee and appraise the effectiveness of the internal risk management program;
- Consider the adequacy of operational and market risk controls and compliance with Prudential Standards;
- Undertake any role assigned to the Committee in accordance with any Board policy.

Executive Committee

Principle Responsibilities

- Monitor the functions of the Credit Union between Board meetings, take any immediate action it considers necessary and report to the Board;
- Ensure that facilities are available for satisfactory training and education of Directors;
- To advise the Board in relation to the Board's adopted statement of corporate governance principles;
- To review the Board's committee structure and to establish principles under which they operate in accordance with the constitution and good corporate governance principles.

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
CORPORATE GOVERNANCE REPORT

Loan Committee

Principle Responsibilities

- Oversee lending and credit functions;
- Oversee collection policy and processes, including fulfillment of statutory reporting;
- Review delinquency trends and make recommendations to the Board in respect of impaired loan provisioning and write-offs.

Remuneration Committee

Principle Responsibilities

- Review the Remuneration Policy;
- Review the effectiveness and compliance of the Remuneration Policy with Prudential Standards;
- Make annual recommendations to the Board in respect of the remuneration of Directors, General Manager and Senior Management.

Nomination Committee

Principle Responsibilities

- Developing and regularly reviewing the policy on Board structure and membership;
- Ensuring there is an appropriate induction and orientation program in place;
- Making recommendations to the Board for Committee membership;
- Ensuring there is an appropriate Board succession plan in place;
- Undertake fit and proper assessment in accordance with the fit and proper policy.

Coastline Community Foundation Committee

Principle Responsibilities

- Administer the operation of the Coastline Community Foundation;
- Review the structure and guidelines of the Coastline Community Foundation;
- Review and select Coastline Community Foundation grant recipients in line with the terms and conditions of the Foundation.

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

Your Directors present their report on the Credit Union for the financial year ended 30 June 2013.

The Credit Union is a company registered under the *Corporations Act 2001*.

1. DIRECTORS

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

A. Hudson	
M. Ryan	
B. Cooper	(Resigned 24 October 2012)
P. Hinchcliffe	
J. Cavanagh	(Resigned 1 November 2012)
D. Bevan	
V. McNeilly	
T. Ferris	(Appointed 24 October 2012)
J. Pike	(Appointed 1 February 2013)

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

2. COMPANY SECRETARY

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

Mr Peter Robert Townsend MBA, FAMI, FAICD, JP, Company Secretary and General Manager of Coastline Credit Union since 1996. Mr Townsend is also a Director of Indue (previously Creditlink) since 2001 and NCUA from 2002 to 2010 and was the Company Secretary and General Manager of Central West Credit Union from 1988 - 1996.

3. PRINCIPAL ACTIVITIES

The principal activity of the Credit Union during the financial year was the provision of a complete range of financial products and services to members.

There has been no significant change in the nature of this principal activity during the financial year.

4. OPERATING RESULTS AND REVIEW OF PERFORMANCE

Financial Performance

The profit of the Credit Union after providing for income tax amounted to \$1,068,000 for the financial year ended 30 June 2013 (2012: \$1,901,000). The financial performance was influenced by the following factors:

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

4. OPERATING RESULTS AND REVIEW OF PERFORMANCE (CONT'D)

Financial Performance (Cont'd)

Interest revenue decreased by \$1.6 million to \$17.5 million. Interest expense decreased by \$1.1 million to \$10.8 million resulting in net interest income of \$6.8 million.

Non-interest expenses increased by \$0.4m to \$7.0 million which can be attributed to an increase in employee benefits expense of \$0.2 million and other expenses of \$0.2 million.

Financial Position

Total assets increased by 10.2% to \$320 million. Net assets increased by 4.2% for the year and loans and advances increased to \$256 million, representing a growth of 7.6% on the prior year. This growth was largely funded by member deposits which increased by 10.7% to \$289 million. Total liquid assets held at year end was \$58.5 million, an increase of \$12.1 million on the previous year.

The Credit Union maintains a strong financial position with its liquidity ratio of 16.15% (2012: 14.55%) and Capital Adequacy Ratio of 15.18% (2012: 15.21%) well above the Australian Prudential Regulation Authority (APRA) and the Credit Union's own internal limits.

APS 330 disclosures for Capital Adequacy are available in the "About Us" section of the Coastline website.

The Directors believe the Credit Union is in a sound financial position.

5. 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.

6. SIGNIFICANT CHANGES IN STATE AFFAIRS

There were no significant changes in the state of affairs of the Credit Union during the financial year.

7. EVENTS OCCURRING AFTER BALANCE DATE

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

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

8. FUTURE DEVELOPMENTS

The Directors are not aware of any matter or circumstance not otherwise dealt with in the report that will materially affect the operations of the Credit Union, the results of those operations or the state of affairs of the Credit Union in financial years subsequent to this financial year.

9. ENVIRONMENTAL REGULATION

The Credit Union's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a state or territory.

10. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* has been received and is included in these financial statements.

11. ROUNDING

The amounts contained in the financial statements and directors' report have been rounded to the nearest thousand dollars in accordance with the option available to the Credit Union under ASIC Class Order 98/100. The Credit Union is permitted to round to the nearest thousand dollars for all amounts except prescribed disclosures that are shown in whole dollars.

12. 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, a subsidiary, 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 22 of the financial report.

13. INDEMNIFYING OFFICERS OR AUDITORS

During the financial year, a premium was paid in respect of a contract insuring Directors and Officers of the Credit Union against liability. The officers of the Credit Union covered by the insurance contract include the Directors, executive officers, secretary and employees.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract 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.

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

14. MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Credit Union's Directors (including meetings of committees of Directors) held during the year ended 30 June 2013 and the number of meetings attended by each Director.

	Directors' Meetings		Committee Meetings	
	Number eligible to Attend	Number Attended	Number eligible to Attend	Number Attended
A. Hudson	11	10	13	13
M. Ryan	11	10	9	9
B. Cooper	3	2	6	5
P. Hinchcliffe	11	10	11	9
J. Cavanagh	4	4	6	4
D. Bevan	11	10	14	12
V. McNeilly	11	10	17	17
T. Ferris	8	7	13	12
J. Pike	5	4	5	4

15. INFORMATION ON CURRENT DIRECTORS

Name	Roles, Experience & Qualifications	Experience / Occupation
A. Hudson	Director, Chairman of Board of Directors, Executive Committee, Remuneration Committee and Nominations Committee.	Secretary Manager
	Appointed 30 April 2007. Previously Deputy Chairman in 2010.	
	1 Ordinary Share in the Credit Union.	
	Associate Diploma - Business Accounting. F.FIN AIPA JP. Member of Australasian Mutuals Institute.	
M. Ryan	Director, Deputy Chairman of Board of Directors, Executive Committee, Audit Committee and Remuneration Committee.	Education Officer, Department of Corrective Services
	Appointed 17 September 2009.	
	1 Ordinary Share in the Credit Union.	
	Bachelor of Arts (Politics) University of New South Wales, Bachelor of Primary Education Charles Sturt University. Member of Australasian Mutuals Institute.	

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

15. INFORMATION ON CURRENT DIRECTORS (CONT'D)

Name	Roles, Experience & Qualifications	Experience / Occupation
P. Hinchcliffe	Director, Chairman of Coastline Community Foundation Committee, Executive Committee and Remuneration Committee.	Retired Manager
	Board Member since 1999. Previously a Director for 6 years.	
	1 Ordinary Share in the Credit Union.	
	Member of Australasian Mutuals Institute.	
D. Bevan	Director, Chairman of Audit Committee, Chairman of Risk Committee and Nominations Committee.	Investor and Grazier
	Appointed 27 October 2010.	
	1 Ordinary Share in the Credit Union.	
	Dip Business Administration (Accounting). Member of Australasian Mutuals Institute.	
V. McNeilly	Director, Community Foundation Committee, Loans Committee and Nominations Committee.	Solicitor
	Appointed 9 November 2011.	
	1 Ordinary Share in the Credit Union.	
	Diploma in Law, Sydney University. Member of Australasian Mutuals Institute.	
T. Ferris	Director, Loans Committee, Risk Committee and Community Foundation Committee.	Retired
	Appointed 24 October 2012.	
	1 Ordinary Share in the Credit Union.	
	Bachelor of Business (HR) Southern Cross University, Master of Business Administration, Southern Cross University. Member of Australasian Mutuals Institute.	

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

15. INFORMATION ON CURRENT DIRECTORS (CONT'D)

Name	Roles, Experience & Qualifications	Experience / Occupation
J. Pike	Director, Audit Committee and Risk Committee.	Probity Manager, Essential Energy
	Appointed 1 February 2013.	
	1 Ordinary Share in the Credit Union.	
	Bachelor of Economics, Macquarie University. Member of Australasian Mutuals Institute. CPA.	

16. PROCEEDINGS ON BEHALF OF CREDIT UNION

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

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

17. ACKNOWLEDGEMENTS

The Board expresses its appreciation to management and staff for the significant progress and achievements made during the 2013 financials year and to the members who continue to show support and confidence in their Credit Union.

Signed in accordance with a Resolution of Directors.

Dated at West Kempsey this 19th day of September 2013



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A. HUDSON (Chairman)

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
Interest Revenue	2(a)	17,522	19,112
Interest Expense	2(b)	<u>(10,762)</u>	<u>(11,875)</u>
Net Interest Income		6,760	7,237
Other Income	2(c)	<u>1,776</u>	<u>2,022</u>
Net Operating Income		<u>8,536</u>	<u>9,259</u>
Non-Interest Expenses			
Impairment Expense	2(d)	(90)	(46)
Depreciation and Amortisation Expense	2(d)	(299)	(275)
Employee Benefits Expense	2(d)	(3,003)	(2,812)
Other Expenses	2(d)	<u>(3,644)</u>	<u>(3,471)</u>
Total Non-Interest Expenses		<u>(7,036)</u>	<u>(6,604)</u>
Profit Before Income Tax		1,500	2,655
Income Tax Expense	3	<u>(432)</u>	<u>(754)</u>
Profit for the Year		<u>1,068</u>	<u>1,901</u>
Other Comprehensive Income for the Year		<u>-</u>	<u>-</u>
Total Comprehensive Income for the Year		<u>1,068</u>	<u>1,901</u>
Attributable to:			
Members of the Credit Union		<u>1,068</u>	<u>1,901</u>

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Cash and Cash Equivalents	4	24,204	6,576
Receivables Due from Other Financial Institutions	5	34,300	39,795
Accrued Receivables	6	236	569
Other Assets	12	562	575
Loans and Advances	7	256,349	238,230
Other Financial Assets	9	626	914
Intangible Assets	11	39	19
Property, Plant and Equipment	10	3,540	3,331
Deferred Tax Assets	15	469	452
TOTAL ASSETS		320,325	290,461
LIABILITIES			
Deposits from Members	13	289,075	260,989
Payables and Other Liabilities	14	3,810	2,978
Current Tax Liabilities	15	91	181
Provisions	16	618	650
TOTAL LIABILITIES		293,594	264,798
NET ASSETS		26,731	25,663
EQUITY			
Redeemed Share Capital Account		41	39
Reserves	17	2,659	2,565
Retained Earnings		24,031	23,059
TOTAL EQUITY		26,731	25,663

This Statement of Financial Position should be read in conjunction with the accompanying notes

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Redeemed Share Capital Account \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	General Reserve for Credit Losses \$'000	Other Reserve for Credit Losses \$'000	Total \$'000
2013						
Balance at 1 July 2012	39	23,059	1,249	1,237	79	25,663
Profit for the year	-	1,068	-	-	-	1,068
Total comprehensive income for the year	-	1,068	-	-	-	1,068
Transfer of share redemption	2	(2)	-	-	-	-
Transfer to / (from) reserves	-	(94)	(1)	110	(15)	-
Balance at 30 June 2013	41	24,031	1,248	1,347	64	26,731
2012						
Balance at 1 July 2011	37	20,906	1,249	1,190	380	23,762
Profit for the year	-	1,901	-	-	-	1,901
Total comprehensive income for the year	-	1,901	-	-	-	1,901
Transfer of share redemption	2	(2)	-	-	-	-
Transfer to / (from) reserves	-	254	-	47	(301)	-
Balance at 30 June 2012	39	23,059	1,249	1,237	79	25,663

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
	Note	\$'000	\$'000
i) Cash flows from operating activities			
Interest received		17,856	19,225
Dividends received		66	137
Other Income		1,891	2,411
Payments to suppliers and employees		(6,108)	(7,757)
Interest paid		(10,703)	(12,059)
Income tax paid		(539)	(754)
 <i>Movement in operating assets and liabilities</i>			
Net increase in member loans and advances		(18,180)	(20,585)
Net (increase) / decrease in receivables due from other		5,495	3,615
Net increase in deposits from members		28,086	17,423
Net cash provided by operating activities	18(a)	<u>17,864</u>	<u>1,656</u>
 ii) Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		49	-
Acquisition of intangible assets		(38)	(3)
Proceeds from disposal of other investments		288	-
Acquisition of property, plant and equipment		(535)	(43)
Net cash used in investing activities		<u>(236)</u>	<u>(46)</u>
 iii) Cash flows from financing activities			
Net increase in cash and cash equivalents		17,628	1,610
Cash & cash equivalents at beginning of year		<u>6,576</u>	<u>4,966</u>
Cash & cash equivalents at end of year	4	<u><u>24,204</u></u>	<u><u>6,576</u></u>

This Statement of Cash Flows should be read in conjunction with the accompanying notes

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

This financial report covers Coastline Credit Union Limited as an individual entity. Coastline Credit Union Limited is a company limited by shares, incorporated and domiciled in Australia.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). The Statement of Financial Position has been prepared in order of liquidity. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report was authorised for issue on 19 September 2013 by the directors of the Credit Union.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless otherwise stated.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Income Tax (Cont'd)

Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted, or substantively enacted, at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Cash and cash equivalents are stated at the lower of cost and net realisable value. Bank overdrafts are shown within borrowings on the statement of financial position and are carried at the principal amount. Interest is charged as an expense as it accrues.

For the purposes of the statement of cash flows, cash includes cash on hand, deposits at call with banks and other financial institutions, net of outstanding bank overdrafts.

(c) Receivables due from Other Financial Institutions

Receivables from other financial institutions are primarily interest bearing deposits due from banks and other financial institutions with a carrying amount equal to their principal amount. Interest is brought to account in the statement of profit or loss when earned.

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

(d) Financial Instruments

Initial Recognition and Measurement

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

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

Initial Recognition and Measurement (Cont'd)

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of profit or loss.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

Classification and Subsequent Measurement (continued)

(ii) *Loans and receivables*

Loans and receivables comprise of loans and advances to members. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees. Loan origination fees and direct and incremental transaction costs are initially deferred as part of the loan balance, and are brought to account as income over the expected life of the loan. The amounts brought to account are included in revenue.

(iii) *Held-to-maturity investments*

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

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

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

(v) *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost.

Fair Value

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

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

Impairment

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

(i) Provision for impairment

Losses for impaired loans are recognised when there is objective evidence that the impairment of a loan has occurred. Impairment losses are calculated on individual loans in arrears. Losses expected from potential future losses are not recognised. The Credit Union determines the amount provided for impairment based on the probability of loan amounts not being collected in accordance with terms of the loan agreement. The key judgments used to determine the specific provision for impairment are outlined in Note 8.

The various components of impaired assets are as follows:

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

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

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

(ii) General reserve for credit losses

In addition to the specific provision for impairment, the Credit Union has recognised the need to make an allocation from retained earnings to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties. The reserve, at a minimum, is based on 0.8% of risk-weighted assets at each balance date (2012: 0.8%).

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

Impairment (Cont'd)

(iii) *Bad debts*

The Credit Union writes off a loan balance (and any related allowances for impairment losses) when the loan has been determined to be uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If a provision for impairment has been recognised in relation to a loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs for bad debts are recognised as expenses in profit and loss.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to an asset revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the asset revaluation reserve directly in equity. All other decreases are charged in profit and loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less, where applicable, accumulated depreciation and impairment losses.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Credit Union commencing from the time the assets are held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings	2.50%
Building Improvements	2.50%
Leasehold Improvements	12.50%
Plant and Equipment	7% - 33.3%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Intangible Assets

Software

Items of computer software which is not integral to the computer hardware owned by the Credit Union is classified as an intangible asset. Computer software held as an intangible asset is amortised over the expected useful life of the software which is generally determined to be 3 years.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of Assets

At the end of each reporting period, the Credit Union reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit and loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Other Financial Assets

Investments in shares are classified as available-for-sale financial assets where they do not qualify for classification as loans and receivables, or investments held for trading.

Shares in listed companies are valued by Directors at those shares' market value at the end of each reporting period. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments. Unrealised gains or losses on listed shares are recognised directly in equity except for impairment losses which are recognised in profit and loss.

Investments in unlisted shares which do not have a ready market and are not capable of being reliably valued are recorded at the lower of cost or recoverable amount. Investments in shares where no market value is readily available are carried at cost less any provision for impairment.

Dividends are brought to account in profit and loss when the right to receive the dividend has been established.

Realised net gains and losses on available-for-sale financial assets taken to profit and loss comprise only of gains and losses on disposal.

(i) Members' Deposits

Members' deposits are brought to account at the gross value of the outstanding balance. Interest on deposits is brought to account on an accruals basis. Interest accrued at balance date is included in the amount of payables and other liabilities in the statement of financial position.

(j) Payables and Other Liabilities

Liabilities for trade creditors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Credit Union.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee Benefits

Provision is made for the Credit Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year, together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Refer to Note 20 for superannuation commitments information.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised.

Fees and commissions

Control of a right to be compensated for services is attained and usually evidenced by approval of a contract by the member. Fee and commission income is recognised as revenue on an accrual basis.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained, and usually evidenced by approval of a contract by the member. Interest income is taken into account on an accrual basis. Interest on members' loans and overdrafts is calculated on the daily outstanding balance and is charged in arrears to the members' loan accounts on the last day of each month.

All revenue is stated net of the amount of goods and services tax (GST).

Loan origination fees

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

(m) Leases

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

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(n) Goods and Services Tax (GST)

As a financial institution the Credit Union is input taxed on all income except other income from commission and some fees. An input taxed supply is not subject to GST collection, and similarly GST paid on purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to Reduced Input Tax Credit, 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 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 a current asset or current liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Credit Union.

Key estimates - Impairment

The Credit Union assesses impairment at the end of each reporting period by evaluating conditions specific to the Credit Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Critical Accounting Estimates and Judgments (Cont'd)

Key estimates - Impairment (Cont'd)

Estimation has been exercised when applying the Credit Union's accounting policies with respect to determining the provision for impairment of loans as disclosed in Note 8(d).

(q) New Accounting Standards for Application in Future Periods

The following Australian Accounting Standards issued or amended are applicable to the Credit Union but are not yet effective for the 2013 financial year and have not been adopted in preparation of the financial statements at reporting date. The impact of each Accounting Standard on the Credit Union's financial reporting in future periods is considered immaterial.

Title of Standards	Future Reporting Requirements	Operative Date
AASB 9: Financial Instruments and AASB 2010 - 7 and AASB 2010-6: Amendments to Australian Accounting Standards arising from AASB 9.	These standards are applicable retrospectively and amend the classification and measurement of financial assets.	1 January 2015
AASB 13: Fair Value Measurement and AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13.	This standard defines fair value, sets out a framework for measuring fair value, and requires disclosure about fair value measurement.	1 January 2013
Revised AASB 119: Employee Benefits and AASB 2011 - 10: Amendments to Australian Accounting Standards arising from AASB 119.	In September 2011, the AASB released a revised standard on accounting for employee benefits.	1 July 2013
AASB 2010 -10: Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First - time Adopters.	This Standard makes amendments to AASB 2009 - 11: Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 - 7.	1 January 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.	Amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs.	1 July 2013
	Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the <i>Corporations Act 2001</i> .	

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) New Accounting Standards for Application in Future Periods (Cont'd)

The following Accounting Standards that are applicable to future financial reporting periods are not applicable to the Credit Union.

AASB 10	Consolidated Financial Statements
AASB 11	Joint Ventures
AASB 12	Disclosure of Interest in Other Entities
AASB 127	Separate Financial Statements
AASB 128	Investments in Associates and Joint Ventures
AASB 1053	Application of Tiers of Australian Accounting Standards
AASB 1055	Budgetary Reporting
AASB 2010-10	Amendments to Australian Accounting Standards - Removal of Fixed Dates for First Time Adopters

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 2 - PROFIT BEFORE INCOME TAX		
(a) Analysis of Interest Revenue		
Cash and cash equivalents	21	39
Deposits with other financial institutions	2,152	2,475
Loans and advances	15,349	16,598
	17,522	19,112
(b) Analysis of Interest Expense		
Members' deposits	10,733	11,851
Borrowings	29	24
	10,762	11,875
Net interest income	6,760	7,237
(c) Analysis of Non-Interest Revenue		
Dividends received	67	137
Fees and commissions	1,688	1,850
Bad debts recovered	6	10
Profit on sale of property, plant and equipment	2	-
Rent received	13	25
	1,776	2,022
Total non-interest revenue	1,776	2,022
Net Operating Income	8,536	9,259
(d) Analysis of Non-Interest Expense		
Bad and Doubtful Debts		
Bad debts written off	16	17
Increase in provision for impairment	74	29
	90	46
Depreciation and Amortisation Expense		
Buildings and improvements	65	40
Leasehold improvements	1	4
Plant and equipment	215	211
Intangible assets	18	20
	299	275

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2013
\$'000

2012
\$'000

NOTE 2 - PROFIT BEFORE INCOME TAX

(d) Analysis of Non-Interest Expense (Cont'd)

Employee Benefits

Salaries and wages	2,036	1,852
Provision for employee benefits	253	233
Superannuation	375	391
Other	339	336
	3,003	2,812

Other Operating Expenses

Marketing and promotion	505	524
Member protection	294	266
General administration	407	411
Member service costs	743	765
Communications	654	592
Operating lease payments	178	197
Other occupancy costs	224	175
Loan administration fees	301	268
Sundry expenses	338	273
	3,644	3,471

Total Non-Interest Expense

	7,036	6,604
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COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 3 - INCOME TAX EXPENSE		
(a) The income tax expense comprise amounts set aside as:		
Current tax	449	762
Deferred tax	(17)	(4)
Prior period adjustments	-	(4)
	432	754
	432	754
(b) The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)	450	797
Add:		
Tax effect of:		
- other assessable amounts	1	-
- other non-allowable items	2	2
	453	799
Less:		
Tax effect of:		
- rebateable fully franked dividends	20	41
- overstatement of non-deductible depreciation in prior years	-	4
- tax losses utilised	1	-
	21	45
Income tax attributable to the Credit Union	432	754
The applicable weighted average effective tax rates are as follows:	29%	29%

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 4 - CASH AND CASH EQUIVALENTS		
Cash	1,434	1,637
Deposits at call	5,668	4,939
Short term bank deposits	17,102	-
	<u>24,204</u>	<u>-</u>
	<u>24,204</u>	<u>6,576</u>
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>24,204</u>	<u>6,576</u>
	<u>24,204</u>	<u>6,576</u>
NOTE 5 - RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS		
Interest earning deposits	<u>34,300</u>	<u>39,795</u>
	<u>34,300</u>	<u>39,795</u>
Maturity Analysis		
Not longer than 3 months	20,300	24,795
Longer than 3 and not longer than 12 months	14,000	13,700
Longer than 1 and not longer than 5 years	-	1,300
	<u>34,300</u>	<u>39,795</u>
	<u>34,300</u>	<u>39,795</u>
NOTE 6 - ACCRUED RECEIVABLES		
Interest receivable	232	566
Other accrued income	4	3
	<u>236</u>	<u>569</u>
	<u>236</u>	<u>569</u>

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
NOTE 7 - LOANS AND ADVANCES			
Overdrafts and line of credit loans		7,808	7,736
Term loans		248,985	230,877
Gross loans and advances		<u>256,793</u>	<u>238,613</u>
Less: Unamortised loan origination fees		<u>(361)</u>	<u>(334)</u>
Gross loans and advances net of unamortised loan origination fees		256,432	238,279
Less: Provision for impairment	8	<u>(83)</u>	<u>(49)</u>
Net loans and advances		<u><u>256,349</u></u>	<u><u>238,230</u></u>
(a) Maturity Analysis			
Overdrafts and revolving credit		7,786	7,703
Not longer than 3 months		3,446	3,666
Longer than 3 and not longer than 12 months		15,672	13,947
Longer than 1 and not longer than 5 years		69,761	63,994
Longer than 5 years		<u>159,684</u>	<u>148,920</u>
		<u>256,349</u>	<u>238,230</u>
(b) Concentration of Loans			
Details of concentrations of credit risk to individual members (including associated members) greater than 10% of capital are contained in Note 24(b).			
Loans to members are concentrated solely in Australia and principally in the following region:			
New South Wales		243,516	227,676
Other states		<u>12,833</u>	<u>10,554</u>
		<u>256,349</u>	<u>238,230</u>
(c) Security Analysis			
Secured by mortgage over business assets		7,685	7,726
Secured by mortgage over real estate		238,208	220,215
Partly secured by goods mortgage		6,247	6,476
Wholly unsecured		<u>4,209</u>	<u>3,813</u>
		<u>256,349</u>	<u>238,230</u>

It is not practicable to value all collateral as at the end of the reporting period due to the variety of assets and conditions present.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000

NOTE 8 - IMPAIRMENT OF LOANS AND ADVANCES

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement.

Provision for impairment	<u>83</u>	<u>49</u>
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(a) Movement in provision

Balance at beginning of year	49	134
Transfer from / (to) statement of profit or loss	74	29
Bad debts written off against provision	<u>(40)</u>	<u>(114)</u>
Provision balance at end of year	<u>83</u>	<u>49</u>

(b) The provision consists of:

Prescribed provision required under the APRA Prudential Standards	120	124
Addition / (reduction) to specific provision	<u>(37)</u>	<u>(75)</u>
	<u>83</u>	<u>49</u>

(c) Impaired loans written off

Amounts written off against the provision for impaired loans	40	114
Amounts written off directly to statement of profit or loss	<u>16</u>	<u>17</u>
	<u>56</u>	<u>131</u>

Bad debts recovered in period	<u>6</u>	<u>10</u>
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(d) Key assumptions in determining the provision for impairment

When determining the provision for impairment the Credit Union has considered the length of time the loan is in arrears, the amount and quality of the security held against the loan and the history of the member's borrowing activities. Given the relatively small number of impaired loans at balance date, the circumstances may vary for each loan over time resulting in higher or lower impairment losses.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 - IMPAIRMENT OF LOANS AND ADVANCES (CONT'D)

(d) Key assumptions in determining the provision for impairment (continued)

The provision calculated on a specific identification basis is prescribed by the Prudential Standards and is broadly calculated on the following basis:

Period of Impairment	Unsecured Overdrafts % of Balance	Unsecured Loans % of Balance	Loans & Overdrafts % of Balance
0 to 14 days	0	0	0
14 to 89 days	40	0	0
90 days to 181 days	75	40	5
182 days to 270 days	100	60	10
271 days to 365 days	100	80	15
Over 365 days	100	100	20

In addition, a review of loans was undertaken to identify specific loans where an additional provision for impairment to that calculated under the method above is required.

(e) Analysis of impaired loans by class

	Carrying Value \$ '000	Impaired Loans \$'000	Provision for Impairment \$ '000
2013			
Housing - owner occupied	180,065	155	10
Housing - investment	40,405	-	-
Personal	9,358	52	33
Revolving credit	5,334	57	39
Commercial	21,631	229	1
Total	256,793	493	83
2012			
Housing - owner occupied	166,213	7	7
Housing - investment	37,282	-	-
Personal	8,286	23	17
Revolving credit	5,022	41	25
Commercial	21,810	-	-
Total	238,613	71	49

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 - IMPAIRMENT OF LOANS AND ADVANCES (CONT'D)

(e) Analysis of impaired loans by class (continued)

Loans and advances may be unsecured, secured against residential property, or secured by bill of sale over motor vehicles or other assets of varying values. It is not practicable to determine the fair value of all collateral as at balance date due to the variety of assets and conditions.

(f) Analysis of impaired loans by age of repayments outstanding

	2013	2013	2012	2012
	Impaired	Provision for	Impaired	Provision for
	Loans	Impairment	Loans	Impairment
	\$'000	\$'000	\$'000	\$'000
Up to 90 days in arrears	29	26	-	-
91 to 180 days in arrears	40	13	8	8
181 to 270 days in arrears	170	20	15	9
271 to 365 days in arrears	-	-	-	-
Over 365 days in arrears	232	4	7	7
Over limit facilities 14 days and over	22	20	41	25
Total	493	83	71	49

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 - IMPAIRMENT OF LOANS AND ADVANCES (CONT'D)

(g) Loans with repayments past due but not impaired

Loans that are past due but not impaired include loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security or collateral available and the stage of collection of amounts owed to the Credit Union.

	Housing Loans (owner occupied) \$'000	Housing Loans (Investment) \$'000	Personal Loans \$'000	Revolving Credit \$'000	Commercial \$'000	Total \$'000
2013						
Days in arrears:						
Less than 3 months	4,328	1,021	183	198	-	5,730
3 to 6 months	530	-	-	11	-	541
6 to 12 months	383	-	-	-	-	383
Total	5,241	1,021	183	209	-	6,654
2012						
Days in arrears:						
Less than 3 months	5,201	1,132	160	149	2,238	8,880
3 to 6 months	290	-	12	-	-	302
6 to 12 months	53	-	-	-	-	53
Greater than 12 months	208	129	-	-	231	568
Total	5,752	1,261	172	149	2,469	9,803

(h) Assets acquired via enforcement of security

	2013 \$'000	2012 \$'000
Real estate	-	259
Other	-	65
	-	324

In the event that the Credit Union takes possession of an asset that is not readily convertible to cash, the Credit Union may sell the asset at auction or by private treaty with the objective of obtaining maximum value. The Credit Union also has discretion to retain the asset for its use in operations.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
NOTE 8 - IMPAIRMENT OF LOANS AND ADVANCES (CONT'D)			
(i) Renegotiated loans not impaired			
Renegotiated loans arise when the borrower is granted a concession due to continual difficulties in meeting the original terms and the revised terms are not comparable to new or existing loan facilities.			
There were no loans that were previously past due or impaired which had been renegotiated by the Credit Union as at 30 June 2013 (2012: Nil).			
(j) Revenue on impaired loans			
Interest and other revenue recognised as revenue earned		23	29
Interest foregone on impaired loans		155	86
NOTE 9 - OTHER FINANCIAL ASSETS			
Available-for-sale			
<i>Shares in listed corporations at market value:</i>			
IAG		-	1
Robe Australia Limited		-	2
		-	3
<i>Shares in Unlisted Entities</i>			
Indue Limited	9(a)	626	626
<i>Other investments at cost</i>			
Indue Limited: Perpetual Subordinated Debt		-	214
Indue Limited: Sub Deferred Deposits		-	71
		-	285
Total available-for-sale financial assets		626	911

(a) Indue Limited

The shareholding in Indue Limited is measured at cost as its fair value cannot be measured reliably. This company was created to supply services to member credit unions and these shares are held to enable the Credit Union to receive essential banking services. The shares are not able to be publicly traded and are not redeemable.

The Credit Union is not intending, nor is able to dispose of these shares as the services supplied by the company are relevant to the day to day activities of the Credit Union.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
NOTE 10 - PROPERTY, PLANT AND EQUIPMENT			
Freehold land			
At fair value	10(a)	<u>1,243</u>	<u>1,243</u>
Buildings			
At fair value	10(a)	1,050	1,050
Building improvements at cost		943	749
Accumulated depreciation		<u>(142)</u>	<u>(75)</u>
		<u>1,851</u>	<u>1,724</u>
Total land and buildings		<u>3,094</u>	<u>2,967</u>
Leasehold Improvements			
At cost		253	390
Accumulated depreciation		<u>(235)</u>	<u>(365)</u>
		<u>18</u>	<u>25</u>
Plant and equipment			
At cost		1,656	1,978
Accumulated depreciation		<u>(1,228)</u>	<u>(1,639)</u>
Total plant and equipment		<u>428</u>	<u>339</u>
Total property, plant and equipment		<u>3,540</u>	<u>3,331</u>

(a) Valuations

An independent valuation of freehold land and buildings was carried out by Tim Needs (Registered Valuer 2279). The revaluation of freehold land and buildings was based on an assessment of the current market values of the Credit Union's South West Rocks premises as at 13 May 2011 and the Credit Union's West Kempsey premises as at 11 May 2011.

All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation dates. The Credit Union has a policy to revalue land and buildings every three years.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Movements in Carrying Amounts

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

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Total \$'000
2013					
Balance at the beginning of year	1,243	1,724	25	339	3,331
Additions	-	175	9	351	535
Transfers	-	17	(15)	(2)	-
Disposals - WDV	-	-	-	(45)	(45)
Depreciation expense	-	(65)	(1)	(215)	(281)
Carrying amount at the end of the financial year	<u>1,243</u>	<u>1,851</u>	<u>18</u>	<u>428</u>	<u>3,540</u>

2012					
Balance at the beginning of year	1,243	1,764	29	508	3,544
Additions	-	-	-	42	42
Depreciation expense	-	(40)	(4)	(211)	(255)
Carrying amount at the end of the financial year	<u>1,243</u>	<u>1,724</u>	<u>25</u>	<u>339</u>	<u>3,331</u>

(c) Historical Cost of Land and Buildings

If land and buildings were stated at historical cost, amounts would be as follows:

	2013 \$'000	2012 \$'000
Land - at cost	509	509
Buildings - at cost	1,942	1,767
Provision for depreciation on buildings	<u>(584)</u>	<u>(535)</u>
Total land and buildings at written down value	<u>1,867</u>	<u>1,741</u>

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$ '000	2012 \$ '000
NOTE 11 - INTANGIBLE ASSETS			
Software - at cost		496	596
Accumulated amortisation		<u>(457)</u>	<u>(577)</u>
Carrying value		<u>39</u>	<u>19</u>
Movement in carrying value			
Balance at beginning of year		19	36
Additions		38	3
Amortisation	2(d)	<u>(18)</u>	<u>(20)</u>
Balance at end of year		<u>39</u>	<u>19</u>
NOTE 12 - OTHER ASSETS			
Prepayments		41	39
Sundry debtors		<u>521</u>	<u>536</u>
		<u>562</u>	<u>575</u>
NOTE 13 - DEPOSITS FROM MEMBERS			
Member deposits at call (including withdrawable shares)		156,809	141,773
Member term deposits		<u>132,266</u>	<u>119,216</u>
		<u>289,075</u>	<u>260,989</u>
<p>The deposit portfolio of the Credit Union does not include any deposit which represents 10% or more of total liabilities. The Credit Union has an exposure to groupings of individual deposits which concentrate risk and create exposure to particular segments as follows:</p>			
<i>Concentration of deposits</i>			
New South Wales		274,737	254,621
Other states		<u>14,338</u>	<u>6,368</u>
		<u>289,075</u>	<u>260,989</u>

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 14 - PAYABLES AND OTHER LIABILITIES		
Accrued interest payable	1,341	1,281
Trade payables and accrued expenses	<u>2,469</u>	<u>1,697</u>
	<u><u>3,810</u></u>	<u><u>2,978</u></u>

NOTE 15 - TAXATION

(a) Current tax liabilities

Income tax payable	<u>91</u>	<u>181</u>
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(b) Deferred Tax Liability

	Opening Balance \$ '000	Charged to Income \$ '000	Closing Balance \$ '000
Deferred Tax Liabilities			
Prepayments	<u>2</u>	<u>(2)</u>	<u>-</u>
Balance at 30 June 2012	<u><u>2</u></u>	<u><u>(2)</u></u>	<u><u>-</u></u>
Prepayments	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2013	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15 - TAXATION (CONT'D)

(c) Deferred Tax Assets

	Opening Balance \$'000	Charged to Income \$'000	Charged directly to Equity \$'000	Closing Balance \$'000
Deferred Tax Assets				
Property, plant & equipment	58	14	-	72
Employee benefits	184	(11)	-	173
Impairment of loans	40	(25)	-	15
Accrued expenses	37	24	-	61
Accrued income	1	-	-	1
Deferred loan origination fees	97	3	-	100
Shares	30	-	-	30
Balance at 30 June 2012	447	5	-	452
Property, plant & equipment	72	4	-	76
Employee benefits	173	(10)	-	163
Impairment of loans	15	10	-	25
Accrued expenses	61	5	-	66
Accrued income	1	-	-	1
Deferred loan origination fees	100	8	-	108
Shares	30	(30)	227	-
Capital losses	-	30	-	30
Balance at 30 June 2013	452	17	227	469

NOTE 16 - PROVISIONS

	Note	2013 \$'000	2012 \$'000
Long-term employee benefits	20	520	516
Directors' retirement benefits	16(b)	31	57
Other provisions		67	77
		<u>618</u>	<u>650</u>

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16 - PROVISIONS (CONT'D)

(a) Movements in carrying amounts

	Long-term Employee Benefits \$'000	Directors' Retirement Benefits \$'000	Other Provisions \$'000	Total \$'000
Balance at the beginning of the year	516	57	77	650
Additional provision	267	12	68	347
Amounts paid during the year	(263)	(38)	(78)	(379)
Carrying amount at the end of the year	520	31	67	618

(b) Provision for Directors' Retirement Benefits

The provision for Directors' Retirement Benefits is in accordance with the Credit Union's Directors' Retirement Benefits Policy. This policy has been established as a framework within which Coastline Directors may become eligible to receive financial benefits upon their retirement or death as a Director. Eligibility for the receipt of any benefits is strictly subject to the limitations, qualification criteria and approval procedures set out in the Directors' Retirement Benefits Policy.

NOTE 17 - RESERVES

(a) Asset revaluation reserve

The asset revaluation reserve records revaluations of land and buildings and available-for-sale financial assets.

(b) General reserve for credit losses

This reserve records an amount previously set aside as a general provision for impairment on loans and is maintained to comply with the Credit Union's policies.

(c) Other reserve for credit losses

The other reserve for credit losses records the balance of the specific provision for impairment prescribed by APRA that is in excess of the provision for impairment determined in accordance with Australian Accounting Standards.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 18 - CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit for the year	1,068	1,901
Non-cash flows in profit:		
Provision for impairment	34	(84)
Movement in unamortised loan origination fees	26	12
Depreciation and amortisation	299	275
Net (gain) / loss on disposal of property, plant and equipment	(3)	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables due from other financial institutions	5,495	3,615
(Increase) / decrease in accrued receivables	333	113
(Increase) / decrease in loans and advances to members	(18,180)	(20,585)
(Increase) / decrease in deferred tax assets	(17)	(5)
(Increase) / decrease in other assets	13	374
Increase / (decrease) in deposits from members	28,086	17,423
Increase / (decrease) in payables and other liabilities	832	(1,424)
Increase / (decrease) in current tax liabilities	(90)	8
Increase / (decrease) in deferred tax liabilities	-	(2)
Increase / (decrease) in provisions	(32)	35
Net cash inflow from operating activities	17,864	1,656

(b) Cash flows presented on a net basis

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

- (i) customer deposits to and withdrawals from deposit accounts;
- (ii) borrowings and repayments on loans and advances;
- (iii) sales and purchases of maturing certificates of deposit; and
- (iv) sales and purchases of other investments.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 18 - CASH FLOW INFORMATION (CONT'D)		
(c) Credit Standby Arrangements		
Overdraft facility	5,000	5,000
Amount utilised	-	-
	5,000	5,000
	5,000	5,000

NOTE 19 - CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Estimated capital expenditure contracted for at balance date:

- payable not later than 12 months	51	32
- payable between 12 months and 5 years	-	-
- payable greater than 5 years	-	-
	51	32
	51	32

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial report:

Operating lease payments for the lease of the Credit Union's premises are payable over the following periods:

- not later than 12 months	356	136
- between 12 months and 5 years	1,201	352
- later than 5 years	-	-
	1,557	488
	1,557	488

Operating lease commitments relate to the rental of the Credit Union's premises and an ATM managed services agreement. The leases are non-cancellable with original terms ranging from 5 - 10 years. Rent is payable monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payment to be increased by either the CPI or 5% per annum whichever is the greater. An option exists to renew the leases at the end of the lease terms for additional terms of 5 - 10 years.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20 - SUPERANNUATION COMMITMENTS

Contributions are made by the Credit Union to an employee superannuation fund and are charged as expenses when incurred. The Credit Union has no legal obligation to cover any shortfall in the fund's obligation to provide benefits to employees on retirement.

Defined Benefits Plan

The Credit Union contributes to the CUE Super Superannuation Defined Benefits Plan (CUE Super Plan), a sub-plan in NGS Super for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the statement of financial position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. However, when this information is not reliably available, the Credit Union accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

The last full actuarial valuation of the Plan was at 30 June 2011. Quarterly financial updates for the Plan are provided by NGS Super's actuary with the latest one available effective 31 March 2013. The actuary confirmed that the Schedule One Part B sub-group of the Plan was in a satisfactory position at 31 March 2013 with assets of \$4.867 million, vested benefits of \$3.583 million and the present value of accrued benefits being \$4.437 million.

The key long term assumptions used to calculate the present value of accrued benefits as at 31 March being; annual investment returns (after tax and investment fees) of 6.6% and general salary increases forecast to be 4.5% per annum.

From 1 July 2012 employers continue to contribute at the same rates other than for expenses which are allocated to employers on a per member basis. The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuary's assumptions and therefore a surplus or deficit arises; however, any adjustment to the contribution rate to reflect a surplus / deficit would be the same for all sponsoring employers (subject to the comments below).

As part of the 30 June 2011 actuarial valuation, it was recommended that the actuarial advice must be sought if salary increases in excess of 6% per annum are granted by a sponsoring employer after 1 July 2011 to establish if further funding is required from the sponsoring employer who granted the salary increase. This course of action is intended to minimise the level of cross subsidisation between employers when large salary increases are granted.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 21 - CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

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

	2013	2012
	\$'000	\$'000
(a) Contingent liabilities		
(i) Guarantees and Security deposits		
The Credit Union holds security deposits of certain members as a guarantee for a third party. These deposits are not released to the member without written authority from the third party.	<u>160</u>	<u>369</u>
(ii) Credit Union Liquidity Support System		
The Credit Union is a member of the Credit Union Financial Support System Limited (CUFSS) a company established to provide financial support to credit unions in the event of a liquidity or capital problem arising. As a member, the Credit Union is committed to maintaining an amount equivalent to 3.2% of total assets in deposits with Cuscal. These funds can then be used by CUFSS to provide financial support to other credit unions, backed by a floating charge over assets of the borrowing credit union. No claims have been made during the financial year.		
(b) Credit related commitments		
Binding commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.		
Approved but undrawn loans and credit limits	20,647	21,045
Loans approved but not advanced	<u>2,189</u>	<u>2,940</u>
	<u>22,836</u>	<u>23,985</u>

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22 - DISCLOSURES ON KEY MANAGEMENT PERSONNEL

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

KMP comprise directors and the executive management team of the Credit Union.

(a) Key management personnel compensation

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

	Short-term benefits	Post super employment benefit	Other long-term benefits	Termination benefits	Total
	\$	\$	\$	\$	\$
2013					
KMP	893,106	88,579	15,865	85,187	1,082,737
2012					
KMP	749,515	135,722	6,047	17,003	908,287

In the above table, remuneration shown as short term employee benefits means (where applicable) wages, salaries, directors fees, paid annual leave and paid sick leave, bonuses and the value of fringe benefits received, but excludes out of pocket expense reimbursements. Other long-term benefits includes long service leave accrued during the year.

Post employment benefits relates to superannuation paid to employees in accordance with the Superannuation Guarantee legislation.

A provision for Directors' Retirement Benefits calculated in accordance with the Credit Union's Directors' Retirement Benefits Policy is included under termination benefits in the above table.

All remuneration of Directors with the exception of the provision for Directors' Retirement Benefits was approved by the members at the previous Annual General Meeting of the Credit Union.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22 - DISCLOSURES ON KEY MANAGEMENT PERSONNEL (CONT'D)

(b) Loans to Key Management Personnel

The following details of loans are inclusive of loans to Directors, other KMP and close family members of Directors and other KMP:

	Balance at beginning of year	Interest charged	Balance at end of year	Impaired amount
	\$	\$	\$	\$
2013				
Term loans	2,629,661	114,037	2,058,355	-
Revolving credit loans	198,670	636	7,067	-
Total Loans	2,828,331	114,673	2,065,422	-
2012				
Term loans	1,760,149	155,456	2,629,661	-
Revolving credit loans	189,274	13,058	198,653	-
Total Loans	1,949,423	168,514	2,828,314	-

	2013	2012
	\$	\$
Aggregate value of revolving credit facilities available to Key Management Personnel as at balance date	128,577	332,077
Less: amounts drawn-down	(7,067)	(198,653)
Net balance available	121,510	133,424

The Credit Union's policy for lending to key management personnel is that all loans are approved and deposits accepted on the same terms and conditions which applied to members for each class of loan or deposit.

KMP who are not Directors receive a concessional rate of interest on their loans and facilities. These benefits, where subject to fringe benefits tax are included in the key management personnel remuneration in Note 22(c). There are no benefits or concessional terms and conditions applicable to the close family members of KMP.

(c) Other Transactions with Related Parties

The Credit Union has received deposits from key management personnel and their related entities. These amounts were received on the same terms and conditions as are applicable to members generally and are trivial or domestic in nature.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22 - DISCLOSURES ON KEY MANAGEMENT PERSONNEL (CONT'D)

(c) Other Transactions with Related Parties (Cont'd)

KMP have received interest on these deposits with the Credit Union during the financial year. Interest has been paid on terms and conditions no more favourable than those available on similar transactions to members of the Credit Union. There are no service contracts to which KMP or their close family members are an interested party except as detailed below. Other transactions with Directors and director-related entities are on normal commercial terms and conditions no more favourable than those available to other parties.

Other transactions with director-related entities

	2013	2012
	\$	\$
Freight charges paid to C.A. & C. Cavanagh Pty Ltd, a company in which Credit Union Director J. Cavanagh is a director and shareholder.	2,384	1,645
	2,384	1,645

NOTE 23 - AUDITOR'S REMUNERATION

Audit Services:

- Audit of the financial statements	41,850	40,700
- Other regulatory audit services	9,550	9,300
	51,400	50,000

Other Services:

- Internal audit services	38,300	36,500
- Taxation services	6,200	5,600
- Other assurance services	4,400	9,700
	48,900	51,800
	100,300	101,800

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Credit Union has exposure to the following risks from its use of financial instruments:

- Credit Risk;
- Liquidity Risk;
- Market Risk;
- Capital Risk; and
- Operational Risk.

The Credit Union has implemented the following strategies to measure and manage these risks.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(a) Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Board approves the level of risk which the Credit Union is exposed to and the framework for reporting and mitigating those risks. The Board of Directors is responsible for developing and monitoring the Credit Union's risk management policies.

The Board of Directors has established the Risk Committee which is responsible for developing and monitoring the Credit Union's risk management policies and reporting to the Board of Directors on its activities.

The Credit Union's risk management policies are established to identify and analyse the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on at least an annual basis.

The Audit Committee is responsible for monitoring compliance with the Credit Union's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Audit Committee is assisted in these functions by the General Manager.

The General Manager has responsibility for the oversight of the Credit Union's risk management framework and policies, including the identification, analysis, evaluation, treatment and monitoring of risk at all levels of the Credit Union.

The Board of Directors have also appointed an Internal Auditor to assess whether the controls implemented for risk management are operating effectively. The Internal Auditor provides reports on risk management compliance to the Board of Directors and Audit Committee on a regular basis.

(b) Credit Risk

Credit risk is the risk of financial loss to the Credit Union should a member or counterparty to the financial instrument fail to meet their contractual obligations. Credit risk arises principally from the Credit Union's loans and advances to members, deposits with other authorised deposit-taking institutions and investments in available-for-sale assets.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit Risk (Cont'd)

Management of Credit Risk

Loans and Advances

The credit risk associated with loans and advances to members has been minimised through the implementation of credit assessment policies and procedures before these loans and advances are approved. The Credit Union's Board of Directors has delegated responsibility for the management of credit risk to the Loans Committee. The Board has developed policies and procedures designed to ensure strong lending practices which comply with credit legislation. Policies and procedures reduce the risk of credit loss by providing clarity and guidance relating to:

- Credit assessment and approval of loans and facilities including documentary and legal procedures and compliance with regulatory and statutory requirements;
- Security requirements in respect to the acceptable types of security and maximum loan to security value ratios;
- Limiting concentrations of exposures to individual borrowers, industry groups and geographic locations;
- Establishing and maintaining lending approval delegations for new and renewing credit facilities. Credit Union lending personnel are assigned approval delegations according to their skill and lending experience. The Loans Committee and / or General Manager are required to review and approve certain credit facilities depending on their size, risk or complexity. Lending delegations are reviewed on an annual basis;
- Reassessment of and review of credit exposures and facilities;
- Establishment of appropriate provisions to recognise the impairment of loans and advances; and
- Debt recovery procedures.

Credit risk management policies and procedures are reviewed by the Board on an annual basis.

Note 8 to the financial statements provides an analysis of the Credit Union's loans credit risk profile.

Collateral Securing Loans

The Credit Union holds collateral against loans and advances to members in the form of mortgage interests over property, other registered securities over assets and guarantees. Mortgage insurance contracts are entered into in order to manage the credit risk around the residential loan mortgage portfolio. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to other ADI's and available for sale investments.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit Risk (Cont'd)

Liquid Investments & Receivables Due From Other Financial Institutions

The risk of losses from liquid investments and receivables from other financial institutions is reduced by the nature and quality of the independent rating of the counterparty, and the limits of concentration of investments to any one counterparty. Credit risk related to liquid investments with other financial institutions has been minimised through the implementation of investment policies, which include the types of acceptable investments and limitations on concentrations of deposits. The Credit Union's Finance Department is responsible for managing and monitoring compliance with these policies and limits.

Concentration of Credit Risk

The Credit Union minimises concentrations of credit risk in relation to loans and liquid investments by undertaking transactions with a large number of members. Credit risk is currently managed in accordance with Australian Prudential Standards to reduce the Credit Union's exposure to potential failure of counterparties to meet their obligations under the contract or

Concentrations of credit risk arise in the following categories:

	Loans and advances to members		Receivables due from other Financial Institutions	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
New South Wales	243,516	227,676	1,300	3,100
Other States and Territories	12,833	10,554	33,000	36,695
	256,349	238,230	34,300	39,795

Concentration by location for loans and advances to members is measured based on the location of the borrower. Concentration by location for receivables due from other financial institutions is measured based on the location of the counterparty.

The Credit Union does not have any concentration of risk on loans to individual members (including associated members) where the balance is greater than 10% of capital at balance date.

Exposure to Credit Risk

The Credit Union's maximum credit risk exposure, without taking into account the value of any collateral or other security held, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity Risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations arising from its financial liabilities.

Management of Liquidity Risk

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation.

The Credit Union's policies and procedures for managing liquidity include:

- Daily monitoring of liquidity position with regards to internal and regulatory limits;
- Monitoring the maturity profiles of financial assets and financial liabilities; and
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities.

Exposure to Liquidity Risk

The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total adjusted liabilities. The Credit Union's regulator, APRA, has set a minimum ratio of at least 9% of liquid assets to total liabilities. The Credit Union's minimum internal liquidity ratio is 12% (2012: 12%).

Details of the Credit Union's ratio of liquid assets to total adjusted liabilities at the reporting date and during the reporting period were as follows:

Liquidity Ratios	2013	2012
	%	%
As at 30 June	16.15	14.55
Average liquidity for the period	14.73	14.62
Minimum liquidity for the period	13.21	12.21
Maximum liquidity for the period	16.45	18.45

Financial Instrument Composition and Maturity Analysis

The following tables detail the Credit Union's expected and remaining contractual maturities for its financial assets and financial liabilities. The balance for financial assets is based on the undiscounted maturities including interest that will be earned on those assets except where the Credit Union anticipates that the cash flow will occur in a different period. The balance of financial liabilities is based on the undiscounted cash flows at the earliest date on which the Credit Union can be required to pay. The amounts include both interest and principal cash flows and as such, the amounts disclosed may not reconcile to the statement of financial position.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Residual contractual maturities of financial assets and financial liabilities

	At call		Not longer than 3 months		Longer than 3 and not longer than 12 months		Longer than 1 and not longer than 5 years		Longer than 5 years		No Maturity		Total	
	2013 \$ '000	2012 \$ '000	2013 \$ '000	2012 \$ '000	2013 \$ '000	2012 \$ '000	2013 \$ '000	2012 \$ '000	2013 \$ '000	2012 \$ '000	2013 \$ '000	2012 \$ '000	2013 \$ '000	2012 \$ '000
Financial assets - cash flows realisable														
Cash and cash equivalents	7,102	6,576	17,102	-	-	-	-	-	-	-	-	-	24,204	6,576
Receivables due from other financial institutions	-	-	20,300	24,795	14,000	13,700	-	1,300	-	-	-	-	34,300	39,795
Accrued receivables	-	-	218	450	14	116	-	-	-	-	4	3	236	569
Loans and advances	7,786	7,703	3,446	3,666	15,672	13,947	69,761	63,994	159,683	148,920	-	-	256,348	238,230
Other financial assets	-	-	-	-	-	-	-	-	-	-	626	914	626	914
Total anticipated inflows	14,888	14,279	41,066	28,911	29,686	27,763	69,761	65,294	159,683	148,920	630	917	315,714	286,084
Financial liabilities due for payment														
Deposits from members	156,809	141,773	57,294	48,181	69,587	64,507	5,385	6,528	-	-	-	-	289,075	260,989
Payables and other liabilities	-	-	-	-	-	-	-	-	-	-	3,810	2,978	3,810	2,978
Total anticipated outflows	156,809	141,773	57,294	48,181	69,587	64,507	5,385	6,528	-	-	3,810	2,978	292,885	263,967
Net inflow / (outflow) on financial instruments	(141,921)	(127,494)	(16,228)	(19,270)	(39,901)	(36,744)	64,376	58,766	159,683	148,920	(3,180)	(2,061)	22,829	22,117

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(d) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates or other prices, will affect the Credit Union's income or the value of its financial assets and financial liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable limits.

The Credit Union does not trade in financial instruments, and is not exposed to currency or other significant price risks.

The Credit Union is only exposed to interest rate risk arising from changes in market interest rates.

Interest Rate Risk

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

Management of Interest Rate Risk

The Credit Union has exposure to non-traded interest rate risk generated by banking products such as loans and deposits. The Credit Union does not operate a trading book.

Overall authority for market risk is vested with the Board of Directors, who are responsible for the development of detailed risk management policies.

Exposure to Interest Rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

The Credit Union monitors its exposure to interest rate risk using gap analysis. The gap analysis report provides a maturity profile of the Credit Union's financial assets and liabilities to enable management to identify any significant mismatching of assets and liabilities and hence the potential interest rate risk.

It is the Board's policy that the net potential exposure to market rate changes should not exceed 1% of the capital base.

At reporting date, if interest rates had been 1% higher or lower, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(d) Market Risk (Cont'd)

Exposure to Interest Rate Risk (Cont'd)

	Interest Rate Sensitivity		
	+ / - 0.5%	+ / - 1.0%	+ / - 2.0%
Effect on profit / equity	+ / -\$20,932	+ / -\$41,865	+ / -\$83,730
Percentage of capital base	+ / -0.08%	+ / -0.16%	+ / -0.32%
Impact on 2013 pre-tax profit	+ / -1.40%	+ / -2.79%	+ / -5.58%

Increases in the reserve bank official cash rate is likely to have a positive effect on the Credit Union's profitability.

(e) Capital Management - Regulatory Capital

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

The Credit Union's regulatory capital comprises two tiers:

- Tier 1 capital, which comprises the highest quality capital components of the Credit Union's capital which satisfy all of the following characteristics:
 - provide a permanent and unrestricted commitment of funds;
 - are freely available to absorb losses;
 - do not impose any unavoidable servicing charge against earnings; and
 - rank behind the claims of depositors and other creditors in the event of a winding-up of the issuer.
- Tier 2 capital, which includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of the Credit Union and its capacity to absorb losses.

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

There have been no material changes in the Credit Union's management of capital during the period.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$'000	\$'000
NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)		
The Credit Union's regulatory capital position at balance date was as follows:		
Tier 1 Capital	24,213	22,187
Tier 2 Capital	1,347	1,343
Total Regulatory Capital	25,560	23,530
Total risk weighted assets	168,343	154,694
 Capital Ratios		
	2013	2012
	%	%
Total regulatory capital expressed as a percentage of total risk weighted assets	15.18	15.21
Total Tier 1 capital expressed as a percentage of total risk weighted assets	14.38	14.33

Full disclosure of the Credit Union's capital structure is available on the organisation's website.

(f) Operational Risk

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

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

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(f) Operational Risk (Cont'd)

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

Compliance with Credit Union standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and the Board of Directors of the Credit Union.

Fraud risk

Fraud can arise from member card PINs, and internet passwords being compromised where not protected adequately by the member. It can also arise from other systems failures. The Credit Union has systems in place which allows it to identify material risks and implement controls that are designed to detect and prevent material fraud from occurring. The controls designed to mitigate the risk of material fraud are reviewed and tested on a regular basis.

IT Systems

The worst case scenario would be the failure of the Credit Union's core banking and IT network suppliers, to meet customer obligations and service requirements. The Credit Union has outsourced the IT systems management to an Independent Data Processing Centre (IDPC) which is owned by a collection of credit unions. This organisation has the experience in-house to manage any short-term problems and has a contingency plan to manage any related power or systems failures. Other network suppliers are engaged on behalf of the Credit Union to service the settlements with other financial institutions for direct entry, ATM and Visa cards, and Bpay. A full disaster recovery plan is in place to cover medium to long-term problems which is considered to mitigate the risk to an extent such that there is no need for any further capital to be allocated.

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair Value of Financial Instruments

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

- (i) **Liquid assets and receivables due from other financial institutions** - the carrying values of cash, liquid assets and advances to other financial institutions redeemable within 3 months approximate their net fair value as they are short term in nature or are receivable on demand.
- (ii) **Investment securities and other financial assets** - for financial instruments traded in organised financial markets, fair value is the quoted market value for the asset. For investments where there is no quoted market value, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same.
- (iii) **Loans and advances** - the fair value of loans, advances and other receivables is based on their carrying amount net of the specific provision for impairment.
- (iv) **Deposits from members** - the fair value of deposits from members is based on their carrying amount.
- (v) **Payables and other liabilities** - this includes interest payable and unrealised expenses payable for which the carrying amount is considered to be a reasonable estimate of net fair value.

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are as follows:

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair Value of Financial Instruments (Cont'd)

	2013		2012	
	Carrying amount	Net Fair value	Carrying amount	Net Fair value
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	24,204	24,204	6,576	6,576
Receivables due from other financial institutions	34,300	34,300	39,795	39,795
Accrued receivables	236	236	569	569
Loans and advances	256,348	256,348	238,230	238,230
Other financial assets	626	626	914	914
Total financial assets	315,714	315,714	286,084	286,084
Financial Liabilities				
Deposits from members	289,075	289,075	260,989	260,989
Payables and other liabilities	3,810	3,810	2,978	2,978
Total financial liabilities	292,885	292,885	263,967	263,967

NOTE 25 - ECONOMIC DEPENDENCY

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

Indue Limited is a Special Service Provider to the Credit Union. The entity provides the Credit Union financial services such as investment, banking, member chequing, direct entry transactions, Cuecards and Visa cards.

First Data International Limited (FDI) provides the switching computer used to link Cuecards and Visa cards through ATM and EFTPOS networks to the Credit Union's EDP system.

Data Action provides and maintains the central banking and internet banking systems for the Credit Union. They also provide electronic data processing services for the Credit Union.

NOTE 26 - SECURITISATION

The Credit Union has an arrangement with Indue Securitisation Pty Limited whereby it acts as an agent to on sell loans to Trinity Mortgage Origination Trust securities program. The Credit Union also manages the loans portfolio on behalf of the Trust. The Credit Union bears no risk exposure in respect of these loans. The amount of securitised loans under management as at 30 June 2013 was \$2,135,517 (2012: \$2,572,993).

COASTLINE CREDIT UNION LIMITED
ABN 88 087 649 910
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 27 - EVENTS SUBSEQUENT TO REPORTING DATE

During July 2013, the Credit Union disposed of its ATM network and commenced an agreement with a trusted external third party for the provision of managed ATM services. This arrangement provides specific expertise and access to enhanced functionality to further improve Member satisfaction.

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

NOTE 28 - COMPANY DETAILS

The registered office of the Credit Union is:

Coastline Credit Union Limited
64 Elbow Street
West Kempsey NSW 2440

COASTLINE CREDIT UNION LIMITED
A.B.N. 88 087 649 910
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

The Directors of the Coastline Credit Union Limited declare that:

1. The financial statements, comprising the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and the *Corporations Regulations 2001*;
 - b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Credit Union; and
 - c) comply with International Financial Reporting Standards.
2. In the Directors' opinion, there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.

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

Dated at West Kempsey this 19th day of September 2013

For and behalf of the Board



A. Hudson (Director
Chairman)



M. Ryan (Director)



NorthCorp
accountants

PARTNERS
Robert Magnussen B Bus FCA
Paul Fahey B Bus CA
Rodney Smith B Fin Admin FCA
Tony Faulder B Com CPA Affiliate ICAA
Bart Lawler B Com CA
Patrick Brennan B Com CA

CONSULTANTS
Mark Hatherly B Com FCA
Winifred Gibson CTA Affiliate ICAA

INDEPENDENT AUDITOR'S REPORT

To the members of Coastline Credit Union Ltd

Report on the Financial Report

We have audited the accompanying financial report of Coastline Credit Union Ltd, which comprises the Statement of Financial Position as at 30 June 2013, 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, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Credit Union's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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



Chartered
Accountants

Chartered Accountants
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Liability Limited by a scheme approved under Professional Standards Legislation



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Patrick Brennan B Com CA

CONSULTANTS
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Winifred Gibson CTA Affiliate ICAA

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Coastline Credit Union Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Credit Union's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

NorthCorp Accountants

Bart Lawler
Partner

10 – 12 Short Street
Port Macquarie NSW 2444

Dated: 19 September 2013



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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF COASTLINE CREDIT UNION LIMITED

This declaration is made in connection with the audit of the financial report of Coastline Credit Union Limited for the year ended 30 June 2013 and in accordance with the provisions of the Corporations Act 2001.

I declare that, to the best of my knowledge and belief, 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.

NorthCorp Accountants

Bart Lawler
Partner

10-12 Short Street
Port Macquarie NSW 2444

Dated: 19 September 2013



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Accountants**

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REGISTERED OFFICE

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Phone: 02 6562 1066

Fax: 02 6562 8940

BRANCHES & AGENCY

64 Elbow Street (Cnr Elbow & Tozer Sts) West Kempsey.

65 Smith Street Kempsey.

2 Prince of Wales Avenue South West Rocks.

Phone: 02 6562 1066

90 Horton Street Port Macquarie.

Phone: 02 6584 0600

Shop 22 Manning Mall Manning Street Taree.

Phone: 02 6551 8111

Crescent Head Agency

Crescent Head Pharmacy 2-4 Rankine Street.

ATMs

64 Elbow Street West Kempsey.

65 Smith Street Kempsey.

2 Prince of Wales Avenue South West Rocks.

90 Horton Street Port Macquarie.

Growers Market Gordon Street Port Macquarie.

Settlement City Shopping Centre Port Macquarie.

Port Macquarie Base Hospital Wrights Road Port Macquarie.

Manning Mall Manning Street Taree.

Manning Base Hospital York Street Taree.

Plus all Westpac, St George (except those in BP Service Stations), Bank SA, and BCU ATMs.

All enquiries

Phone: 1300 36 1066

Internet Banking & Website

www.coastline.com.au