

CENTRAL WEST CREDIT UNION LIMITED

“Proudly local – Just like you”

Mission Statement

“Your community financial institution, providing caring and reliable quality services.”

**ABN 67 087 649 885
AFSL 245415**

Directors

C.L. Berry (Chairman)
P.D Norris (Vice Chairman)
P.N. Scholefield (Audit Committee Chairman)
N.B Powter
R.F. Staples
A.J. Hawthorn
S.M. Mackay (appointed 08/2/08)

Secretary

B.R. Hartin

Registered Office

269 Clarinda St
Parkes, NSW, 2870
02 6862 2788

Solicitors

Mathews Williams, Court Street, Parkes, NSW 2870.

Bankers

Credit Union Services Corporation (Australia) Limited (CUSCAL)
National Australia Bank

Auditor

Morse Group, Lords Place, Orange, NSW 2800.

THE 42nd ANNUAL GENERAL MEETING
CENTRAL WEST CREDIT UNION LIMITED

*Coventry Room, Parkes Shire Council, Bogan Street, Parkes, Friday 14th November 2008
at 7.30 pm.*

AGENDA

1. Receipt of the Financial Report, Directors Report, and Auditor's Report for the year ended 30 June 2008.

2. To consider and, if thought fit, to approve the following as separate resolutions:
 - *That Robert Frederick STAPLES, a director retiring from office by rotation in accordance with the credit union's constitution, be re appointed as director until the end of the 2011 AGM.*
 - *That Amity Jane HAWTHORN, a director retiring from office by rotation in accordance with the credit union's constitution, be re appointed as director until the end of the 2011 AGM.*

3. To consider and, if thought fit, to approve the following resolution:
 - *That the maximum total directors' remuneration for each financial year be set at \$95,500, commencing with the current financial year.*

4. To consider, and if thought fit, to approve the following resolution as a special resolution:
 - *That the Credit Union's Constitution be amended by replacing Rule 15.2(1) with:*

*(1) The quorum for a **board** meeting is half the total number of **directors** and the quorum must be present at all times during the meeting.*

5. To consider, and if thought fit, to approve the following resolution as a special resolution:
 - *That the Credit Union's Constitution be amended by replacing Item 1 in the table in Appendix 2 Clause A2-1 with:*

1	Community	The person lives in Australia
---	-----------	-------------------------------

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2008.

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

DIRECTORS

The names and details of the directors of the Credit Union in office during the financial year and until the date of this report are:

Names, qualifications, experiences and special responsibilities

C.L. Berry	Director for the entire year (continuing), Chair of Board, aged 60, Engineer, Cowra Shire Council. Credit Union Director 16 years. Director Member of Australasian Mutuals Institute. Member Corporate Governance and Community Dividend Fund Committee's. Interest in shares – 1 ordinary share.
L.J. Finn	Director until 16/11/07 (retired), aged 45. Administration Manager, Parkes Shire Council. Credit Union Director for 18 years. Director Member of Australasian Mutuals Institute. Member Audit, Corporate Governance, and Community Dividend Fund committee's. Interest in shares – 1 ordinary share.
A.J. Hawthorn	Director for the entire year (continuing), Aged 29. Director Corporate Services, Forbes Shire Council. Credit Union Director 1½ years. Member of Institute of Chartered Accountants. Director Member of Australasian Mutuals Institute and Member Audit Committee. Interest in shares – 1 ordinary share.
S.M. Mackay	Appointed Director (continuing), Aged 26. Solicitor, McGroders Solicitors Forbes. Credit Union Director since 08/02/08. Member of Law Society NSW. Director Member of Australasian Mutuals Institute and Member Audit Committee. Interest in shares – 1 ordinary share.
N.B. Powter	Director for the entire year (continuing), aged 75, Retired. Foundation Chairman of the Credit Union. Credit Union Director for 39 years. Director Member of Australasian Mutuals Institute. Member Corporate Governance Committee. Interest in shares – 1 ordinary share.
P.D. Norris	Director for the entire year (continuing), Vice Chair of the Board, aged 56 years. Logistics Officer, IBM. Credit Union Director 14 years. Director Member of Australasian Mutuals Institute and Member Audit Committee. Interest in shares – 1 ordinary share.
P.N. Scholefield	Director for the entire year (continuing), Chair of Audit committee, aged 65. Farmer, Company Director. Credit Union Director 13 years. Director Member of Australasian Mutuals Institute and Member Audit Committee. Interest in shares – 1 ordinary share.
R.F. Staples	Director for the entire year (continuing), aged 55. Director of Engineering & Technical Services, Cabonne Shire Council. Credit Union Director 9 years. Director Member of Australasian Mutuals Institute and Member Corporate Governance and Community Dividend Fund Committee's. Interest in shares – 1 ordinary share.
R.H. Wyatt	Director until 30/03/08 (deceased), aged 75. Foundation Director of Credit Union. Director Member of Australasian Mutuals Institute and Member Corporate Governance and Audit Committee's. Interest in shares – 1 ordinary share.

Interests in contracts or proposed contracts with the Credit Union

No Directors have an interest in a contract with the Credit Union.

COMPANY SECRETARY

B.R. Hartin, Diploma FS, FAMI.

Appointed Secretary September 1996

Experience

General Manager (& Secretary) of Central West Credit Union Ltd since 1996, 21 years experience at management level in financial institutions including 19 years at CWCU, aged 47, Fellow Australasian Mutuals Institute.

PRINCIPAL ACTIVITIES

The principal activity of the Credit Union during the year was the provision of financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the constitution. There were no significant changes in the nature of the activities undertaken by the Credit union during the period.

OPERATING RESULTS

The profit of the Credit Union after Income Tax and Extraordinary items amounted to \$1,222,345 (2007 \$1,268,259).

DIVIDENDS RECOMMENDED

The Directors confirm that no dividend has been paid during the financial year, and do not recommend payment of a dividend.

REVIEW OF OPERATIONS

The accompanying balance sheet reveals that the Credit Union's total assets increased by \$4.6 million or (5.78%) during the 12 months to 30 June 2008, and now stand at \$84.3 million.

The operating profit for the year ended 30 June 2008 of \$1.2 million after tax was a decrease of 3.62% on the 2007 result, growing reserve levels to 14.1% of assets, compared to 13.5% at the end of the previous year. Profitability remains sound whilst still being able to return benefits to members. The Credit Union maintains reserves well in excess of all regulatory requirements. These reserves enable continued growth of the Credit Union, whilst maintaining sufficient funds to satisfy statutory requirements, and continue to provide increased levels of products and services to its members. The Credit Union was also able to absorb some of the increases in the cost of funds by keeping loan rates lower than many of its competitors. Total membership remained largely stable at 11,640 as at 30 June 2008.

Monthly loan funding levels averaged \$1.60 million for the year ended 30 June 2008, with a total of \$19.2 million (756 loans) disbursed during the period. This result was a 28% increase on the previous year, and reflects the Credit Union's strengthened position in the lending market, and lower loan rates in the face of larger increases in the market at large. The Credit Union's loan portfolio grew by \$5.4 million (10.1%) for the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Credit union during the period.

SIGNIFICANT EVENTS AFTER THE 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.

LIKELY DEVELOPMENTS AND RESULTS

There are no outstanding developments which are likely to materially influence the financial or operational performance of the Credit Union.

REGISTER OF DIRECTORS

A register is maintained, containing information about Directors, including details of each Director's interest, if any, in securities issued by your Credit Union. There are no such securities on issue. The register is open for inspection:

- * by any member of the Credit Union, without fee; and
- * by any other person, on payment of the amount prescribed by the Credit Union's Constitution.

FINANCIAL ACCOMMODATION TO DIRECTORS

Financial accommodation to Directors complies with the Corporations Act and is shown in the Financial Statement in accordance with applicable accounting standards (Note 27).

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Credit Union or a related corporation with a Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest. Director's fees are disclosed in Note 27 to the financial report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Credit Union paid a premium in respect of a contract insuring directors and officers of the company 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.

DIRECTORS' MEETINGS

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

Director	Board		Corporate Governance Committee		Audit Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Berry	24	24	3	3	-	-
Finn	10	8	1	1	3	3
Powter	24	23	2	1	3	3
Wyatt	16	12	1	1	5	4
Staples	24	22	2	2	-	-
Norris	24	22	-	-	8	8
Scholefield	24	24	-	-	8	8
Hawthorn	24	21	-	-	6	6
Mackay	10	10	-	-	3	3

AUDITOR'S INDEPENDENCE DECLARATION

The auditors have provided the declaration of independence to the Board as prescribed by the Corporations Act 2001, as set out on page 6 of this report.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded off under the option available to the Credit Union under ASIC Class Order 06/51. The Credit Union is an entity to which the Class Order applies.

This report is made in accordance with a resolution of the Board of Directors at Parkes on 30th September 2008.



C.L. Berry
Chairman

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CENTRAL WEST CREDIT UNION LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008, 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.


MORSE GROUP
237 Lords Place
Orange
Dated: 24 September 2008


JD O'MALLEY
PARTNER



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
CENTRAL WEST CREDIT UNION LIMITED
ABN 67 087 649 885**

Scope

Report on the financial report

We have audited the accompanying financial report of Central West Credit Union Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' responsibility for the financial report

The directors of the Credit Union are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with 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. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Credit Union's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Central West Credit Union Limited on 24 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.



Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

Audit Opinion

In our opinion:

- a. the financial report of the Central West Credit Union Limited 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 2008 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
- b. The financial report also complies with International Financial Reporting Standards as discussed in Note 1.

Morse Group

MORSE GROUP

237 Lords Place
Orange
Dated: 30 September 2008

J. O'Malley

JO'MALLEY
PARTNER

DIRECTORS' DECLARATION

The directors of Central West Credit Union Ltd declare that:

The financial statements comprising Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, accompanying notes and notes related thereto, are in accordance with the Corporations Act 2001, and:

- (a) comply with Accounting Standards and the Corporations Act 2001; and
- (b) give a true and fair view of the financial position of the Credit Union as at 30 June 2008, and performance for the year ended on that date.

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.

A handwritten signature in black ink, appearing to read 'C.L. Berry', is placed on a light yellow rectangular background.

C.L. Berry
Chairman

Parke, 30th September 2008

INCOME STATEMENT

YEAR ENDED 30 JUNE 2008	Notes	CENTRAL WEST CREDIT UNION LIMITED	
		2008	2007
		\$'000	\$'000
INTEREST REVENUE	2a	6,615	5,819
INTEREST EXPENSE	2c	2,758	2,192
<i>NET INTEREST INCOME</i>		3,857	3,627
OTHER INCOME	2b	888	857
		4,745	4,484
<i>NON-INTEREST EXPENSES</i>			
IMPAIRMENT LOSSES ON LOANS AND ADVANCES	2d	18	7
FEE AND COMMISSION EXPENSES		-	-
GENERAL ADMINISTRATION:			
- EMPLOYEES' COMPENSATION & BENEFITS		1,021	922
- DEPRECIATION & AMORTISATION	2f	162	124
- INFORMATION TECHNOLOGY		275	268
- OFFICE OCCUPANCY		206	182
- OTHER ADMINISTRATION EXPENSES	2e	800	624
TOTAL GENERAL ADMINISTRATION	2f	2,464	2,120
OTHER OPERATING EXPENSES	2f	536	606
<i>TOTAL NON-INTEREST EXPENSES</i>		3,000	2,726
OPERATING PROFIT BEFORE INCOME TAX		1,727	1,751
INCOME TAX EXPENSE	3	504	483
OPERATING PROFIT AFTER INCOME TAX		1,223	1,268

**STATEMENT OF CHANGES IN MEMBER EQUITY
FOR THE YEAR ENDED 30th JUNE 2008**

	Retained Profits	Redeemed Capital Account	Reserve for Credit Losses	Other Reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Total at 30 June 2006	8,959	65	377	70	9,471
Net Profit for the year	1,268	-	-	-	1,268
Transfers to (from) Reserves	(7)	8	(8)	6	(1)
Total at 30 June 2007	10,220	73	369	76	10,738
Net Profit for the year	1,223	-	-	-	1,223
Transfers to (from) Reserves	(7)	7	27	-	27
Of Available for Sale Assets	-	-	-	(76)	(76)
Total at 30 June 2008	11,436	80	396	-	11,912

BALANCE SHEET

AT 30 JUNE 2008	Notes	CENTRAL WEST CREDIT UNION LIMITED	
		2008	2007
		\$'000	\$'000
ASSETS			
Cash	4	634	408
Receivables from other financial institutions	5	23,409	24,554
Receivables	6	548	301
Prepayments		29	26
Loans to members	7,8	58,381	53,019
Investments	9	268	345
Property, plant and equipment	10	790	785
Taxation assets	11	64	50
Intangible Assets	12	186	214
TOTAL ASSETS		84,309	79,702
LIABILITIES			
Borrowings		-	-
Deposits from members	13	71,106	68,207
Creditor accruals and settlement accounts	14	967	475
Taxation Liabilities	15	101	105
Provisions	16	223	177
TOTAL LIABILITIES		72,397	68,964
NET ASSETS		11,912	10,738
MEMBERS' EQUITY			
Redeemed Capital Account	17	80	73
Other reserves	18	396	445
Retained profits	19	11,436	10,220
TOTAL MEMBERS' EQUITY		11,912	10,738

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2008	Notes	CENTRAL WEST CREDIT UNION LTD	
		2008	2007
		\$'000	\$'000
OPERATING ACTIVITIES			
<i>Revenue Inflows</i>			
Interest received		6,372	5,646
Fees and commissions		674	700
Dividends		66	124
Other Income		148	33
<i>Revenue Outflows</i>			
Interest Paid – Members		(2,654)	(2,154)
Interest Paid – Short term Borrowings		(2)	(3)
Suppliers and employees		(2,612)	(2,643)
Income tax paid		(525)	(504)
NET CASH FLOWS FROM OPERATING ACTIVITIES	31	1,467	1,199
INFLOWS FROM OTHER OPERATING ACTIVITIES			
Net increase in Member loans		(5,335)	(1,832)
Net increase in Member deposits and shares		2,899	3,063
NET CASH FLOWS FROM OTHER OPERATING ACTIVITIES		(2,436)	1,231
INVESTING ACTIVITIES			
<i>Inflows</i>			
Proceeds of sale of investment in shares		87	-
Proceeds on sale of property, plant and equipment		13	-
Net cash received on transfer of engagements		-	-
<i>Less: Outflows</i>			
Purchase of Investment securities		(1,145)	-
Purchase of fixed assets		(124)	(34)
Purchase of Intangible Assets		(31)	(434)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,200)	(468)
FINANCING ACTIVITIES			
<i>Inflows(Outflows)</i>			
Borrowings (net movement)		-	-
Issue of Permanent Share Capital		-	-
Proceeds of Subordinated Debt issued		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH HELD		(2,169)	1,962
Cash at Beginning of Year		20,962	19,000
CASH AT END OF YEAR	31	18,793	20,962

NOTES TO THE ACCOUNTS

30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

(a) Basis of Measurement

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

(b) Loans to Members

(i) Basis of recognition

All loans are initially recognised at fair value, net of transaction costs incurred and inclusive of loan origination fees. Loans are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loans using the effective interest method.

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Credit Union at balance date, less any allowance or provision against debts considered doubtful.

(ii) Interest Earned

Term Loans - The loan interest is calculated on the basis of daily balance outstanding and is charged in arrears to a members account on the last day of each month.

Overdraft –The loan interest is calculated initially on the basis of the daily balance outstanding and is charged monthly in arrears to a members account, on the last day of each month. Interest may also be debited on the day when the balance is cleared and facility cancelled.

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

(iii) Loan origination fees and discounts

Under AIFRS, Loan establishment fees and discounts are initially deferred as part of the loan balance, and would normally be brought to account as income over the expected life of the loan. However, for Central West Credit Union, the influence of these amounts on the balance sheet and profit and loss is not material. Therefore, adjustments have not been made which would otherwise have reduced the reported profit for 2007/8.

(c) Loan Impairment

(i) Specific Provision

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. The amount provided for doubtful debts is determined by management and the Board to recognise the probability of loan amounts not being collected in accordance with terms of the loan agreement. The Critical assumptions in the calculation are as set out in Note 8.

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

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset or a group of financial assets is impaired. Evidence of impairment may include indications that a borrower has defaulted, is experiencing significant financial difficulty, or where the debt has been restructured to reduce the burden to the borrower.

(ii) Reserve for Credit Losses (formerly held as a General Provision)

In addition to the above specific provision, the Board 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 is based on estimation of potential risk in the loan portfolio based upon:

- The level of security taken as collateral.
- The concentration of loans taken by employment type

As a result of changes to Accounting Standards prescribed by AIFRS, the General Provision is no longer eligible for recognition as a provision to be offset against the gross balance of loans. The provision for general credit risk in the loan portfolio is now recognised as the Reserve for Credit Losses.

(d) Bad Debts Written Off

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

(e) Property, Plant and Equipment

Land and buildings are measured at cost (fair value) less accumulated depreciation. Property, plant and equipment with the exception of freehold land, are depreciated on a straight line basis so as to write off the net cost of each asset over its expected useful life to the Credit Union. Estimated useful lives are as follows:

- Buildings - 40 years.
- Leasehold Improvements -10 years.
- Plant and Equipment - 3 to 7 years.
- Assets less than \$500 are not capitalised.

(f) Receivables from Financial Institutions

Term deposits are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity. All deposits are in Australian currency. The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the Balance Sheet.

(g) Equity Investments and Other Securities

Investments in shares where a market value is readily available are revalued to market value, with the gains and losses reflected in Equity through the Available for Sale Revaluation Reserve.

Investments in shares which do not have 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.

All investments are in Australian currency.

(h) Member Savings

(i) Basis for Measurement

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

(ii) Interest Payable

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

(i) Borrowings

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

NOTES TO THE ACCOUNTS

30 JUNE 2008

Note 1 (cont)

(j) Provisions for Employee Entitlements

Provision is made for the credit union's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave which will be settled after one year, have been measured at their nominal amount.

Other employee entitlements payable later than one year have been measured at the present value of the estimates future cash outflows to be made for those entitlements.

Provision for long service leave is on a pro-rata basis from the attainment of 5 years of employment with the Credit Union based on the present value of its estimated future cash flows. Annual leave, is accrued in respect of all employees on pro-rata entitlement for part year of service and leave entitlement due but not taken at balance date. Sick Leave is non vesting and as such no provision is required, however an estimate of 1 years liability has been provided for based on historical data. Contributions are made by the Credit Union to an employee's superannuation fund and are charged to expense as incurred.

(k) Leasehold on Premises

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(l) Income Tax

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

Deferred tax assets and liabilities are recognized for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. These differences are presently assessed at 30%.

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

(m) Intangible Assets

Items of computer software which are not integral to the computer hardware owned by the credit union are classified as Intangible Assets, not as part of Plant and Equipment. Computer software is amortised over the expected useful life of the software. These lives range from 2 to 5 years.

(n) Goods and Services Tax

As a financial Institution the Credit Union is Input Taxed on all income except other income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the 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 Credits, of which 75% of the GST paid is recoverable.

NOTES TO THE ACCOUNTS

30 JUNE 2008

Note 1 (cont)

(n) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included where applicable GST is collected. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the Balance Sheet. 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 Australian Taxation Office are classified as operating cash flows.

(o) Impairment of Assets

At each reporting date the credit union assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognized in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

2. INCOME STATEMENT

a. Analysis of Interest Revenue

Interest Revenue 2008

Liquid Assets
Loans and advances

Interest Revenue 2007

Liquid Assets
Loans and advances

CENTRAL WEST CREDIT UNION LTD		
Average Balance \$'000	Interest \$'000	Average Interest Rate %
24,503	1,811	7.39
55,700	4,804	8.62
80,203	6,615	8.25
23,981	1,376	5.73
53,138	4,443	8.36
77,119	5,819	7.55

2b. Non-Interest Revenue Comprises

Fees and commissions

- Loan fee income
- Other fee income
- Insurance commissions
- Other commissions

Total Fee and Commission Revenue

Other Income

- Dividends Received
- Profit from sale of shares
- Bad debts recovered
- Rental Income
- Profit on disposal of assets
 - Property, plant and equipment
 - Investments
- Miscellaneous Revenue

Total Non-Interest Revenue

2008 \$'000	2007 \$'000
49	58
420	312
105	111
100	90
674	571
66	124
-	-
28	14
28	33
5	-
-	-
87	115
888	857

2.c. Borrowing Expenses

c. Analysis of Interest Expense

Interest Expense 2008

Member deposits
Short-term borrowings

Interest Expense 2007

Member deposits
Short-term borrowings

Average Balance \$'000	Interest \$'000	Average Interest Rate %
69,541	2,752	3.96
59	2	3.39
69,600	2,754	3.96
66,559	2,185	3.28
90	3	3.33
66,649	2,188	3.28

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

2.d. Impairment Losses on loans and advances

Increase in Provision for Impairment
Bad debts written off directly against profit
Total Impairment Losses on Loans & Advances

2008 2007
\$'000 \$'000

- -
18 7
18 7

2.e. Individually Significant Items of Expenditure

The following items of expense are shown as part of Administration Expenses and considered to be significant to the understanding of the financial performance:

Redicard Transaction Fees

352 353

2.f. Prescribed Expense Disclosures

Net gain/loss on available for sale investments

- previously recognized in equity
- not previously recognized in equity

76 -
11 -

General Administration – Employee Costs include:

Net Movement in provisions for employee annual leave
Net Movement in provisions for employee sick leave
Net Movement in provisions for employee long service leave

21 23
3 1
15 10

General Administration – Depreciation & Amortisation expense comprises:

Buildings
Plant and Equipment
Intangible Assets (Computer Software License)

21 21
82 78
59 25
162 124

Other Operating Expenses include:

External Auditor's Remuneration
- Audit Fees (A.A Williams)
- Audit Fees (Morse Group)
- other services (Morse group)

\$(Actual) \$(Actual)
5,014 11,423
33,550 -
1,650 -
40,214 11,423

Finance Lease Charges

Impairment losses on investments in equity
Loss on Disposal of Assets
- Property, plant and equipment
- Investments

\$'000 \$'000
- -
- -
- -

Net movements in provisions for other liabilities

- -

Supervision Levy paid to APRA

3 4

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

	2008	2007
	\$'000	\$'000
3. INCOME TAX EXPENSE		
a. The income tax expense comprises amounts set aside as:-		
Provision for Income Tax – Current year	518	533
Movement in Deferred Tax Assets	(14)	(50)
Income Tax Attributable to Operating Profit	504	483
b. The prima facie tax on operating profit and extraordinary items differs from the income tax provided in the financial statements as follows:		
Prima facie tax on operating profit	492	525
Change in income tax expense due to:		
- Non deductible expenses	22	18
- Adjustment for prior year	-	2
- Capital gains tax liability	15	-
- Deferred Tax Assets	(14)	(50)
Less Franking Rebate	(11)	(12)
Income tax expense attributable to operating profit	504	483
Income tax attributable to profit on extraordinary item	-	-
Total income tax provided on operating profit and extraordinary item	504	483
4. CASH		
Cash on hand	634	408
	634	408
5. RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
Deposits with Industry body (CUSCAL)	20,909	23,054
Deposit with other Credit Unions	2,500	1,500
	23,409	24,554
6. RECEIVABLES		
Interest receivable on deposits with other financial institutions	511	268
Sundry debtors and settlement accounts	37	33
	548	301

NOTES TO THE ACCOUNTS

30 JUNE 2008

7. LOANS AND ADVANCES

Overdrafts and revolving credit

Term loans

Subtotal

Less: Provision for impairment

Net loans and advances

(a) Maturity Analysis

Overdrafts

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

(b) Security Dissection

Secured by mortgage over business assets

Secured by mortgage over real estate

Partly secured by goods mortgage

Secured by members' deposits

Unsecured

(c) Concentration of Risk

The loan portfolio of the Credit Union does not include any loan which represents 10% or more of capital.

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

- NSW residents

- Other

Loans to natural persons

Residential loans and facilities

Personal loans and facilities

Business loans and facilities

Loans to Corporations

Notes

CENTRAL WEST CREDIT UNION LTD

2008

2007

(\$'000)

(\$,000)

1,977

1,150

56,412

51,904

58,389

53,054

8

(8)

(35)

58,381

53,019

1,977

1,150

1,395

1,484

3,976

4,108

15,008

14,669

36,033

31,643

58,389

53,054

-

-

47,103

41,019

7,228

7,344

486

523

3,572

4,168

58,389

53,054

56,660

51,318

1,729

1,736

58,389

53,054

42,481

38,273

12,777

12,060

2,636

2,291

57,894

52,624

495

430

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

8. PROVISION ON IMPAIRED LOANS

a. Total Provision comprises:

Specific provisions

8

35

General provisions

-

-

Total Provision

8

35

b. Movement in the Specific Provision:

Balance at the beginning of the year

35

27

Add (deduct):

Transfers from (to) Income Statement

-

-

Transfers from (to) General Reserve for Credit Losses

(27)

8

Bad debts written off from provision

-

-

Specific Provision Balance at end of year

8

35

c. The specific loans provision consists of :

(i) Prescribed provision required under the APRA Prudential Standards

8

35

(ii) Additional specific provision

-

-

8

35

d. Impaired Loans Written Off :

Amounts written off against the provision for impaired loans

-

-

Amounts written off directly to expense

18

7

Total Bad Debts

18

7

Less Bad debts recovered

(28)

(14)

Net Bad Debts Expense/(Income)

(10)

(7)

e. Impaired Loans Disclosures

Impaired Loans as at Balance Date

Balance of impaired loans

3

34

Estimated value of loans which is secured

0

0

Renegotiated Loans not impaired

Balance of renegotiated loans

-

6

Estimated value of loans which is secured

-

0

Loans upon which interest in not being Accrued

Loans with Provision for Impairment

3

34

Less: Specific Provision

(3)

(34)

0

0

Loans with no provision for impairment

0

0

Total Non-Accrual Loans

3

34

NOTES TO THE ACCOUNTS

30 JUNE 2008

8. PROVISION ON IMPAIRED LOANS (cont'd)

Loans with repayments Past Due but not impaired
(due to security held)

Assets Acquired via enforcement of security
(excluding loans reported above)

- Real Estate

- Other

Revenue on Impaired Loans (Non-Accrual &
Restructured)

Interest and other revenue recognised as revenue earned
during the year

Interest and other revenue accrued but not recognised as
revenue earned during the year (i.e. income foregone)

9. INVESTMENTS

Shares in Listed companies – at market value

- Veda Advantage Limited

Shares in Unlisted companies – at cost

- Credit Union Services Corporation (Aust) Limited

- Combined Financial Processing Pty Ltd

Other

Total Value of Investments

CENTRAL WEST CREDIT UNION LTD	
2008	2007
\$'000	\$'000
-	-
-	-
-	-
1	3
1	3
-	76
248	248
20	18
-	3
268	345

(a) Veda Advantage Limited

The Credit Union was allocated shares through the demutualisation of the Credit Reference Association of Australia Limited. These shares have been acquired at no cost and have been valued in the accounts of the Credit Union at market value. These were disposed under a scheme of arrangement in July 2007.

(b) Credit Union Services Corporation (Aust) Limited

The shareholding in CUSCAL is measured at cost as fair value could not be measured reliably. This company was created to supply services to the member Credit Unions and does not have an independent business focus. These shares are held to enable the Credit Union to obtain essential banking services. The shares are not able to be traded and are not readily redeemable.

The financial reports of CUSCAL record net tangible asset backing of these shares exceeding their cost value. Based on the net assets of CUSCAL, any fair value determination on these shares is likely to be greater than their cost value, but due to the absence of a ready market and restrictions on the ability to transfer the shares, a market value is not able to be readily determined.

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

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

2008 2007
\$'000 \$'000

10. PROPERTY, PLANT AND EQUIPMENT

Freehold land & buildings at cost (valuations June 2008)
Provision for depreciation
Total land and buildings

888 888
327 306
561 582

Plant and equipment at cost
Provision for depreciation

870 833
641 630
229 203

Total Property, Plant and Equipment

790 785

Movement in asset balances during the year

	2008		2007	
	Property \$	Plant & Equipment \$	Property \$	Plant & Equipment \$
Opening Balance	582	203	604	179
Purchases	-	124	-	101
Revaluation Increase	-	-	-	-
	582	327	604	280
Less:				
Assets Disposed	-	16	-	-
Depreciation Charge	21	82	22	77
Revaluation Decrease	-	-	-	-
Impairment Loss	-	-	-	-
Balance at the end of the year	561	229	582	203

2008 2007
\$'000 \$'000

11. RECOGNISED DEFERRED TAX ASSETS

Provision for Employee Benefits
Provision for Doubtful Debts

62 50
2 -

12. INTANGIBLE ASSETS

Software Licence Fees
Less: Accumulated Amortisation

314 434
(128) (220)
186 214

Movement in Intangible Asset balances during the year

	2008	2007
	\$	\$
Opening Balance	214	434
Purchases	31	-
	245	434
Less:		
Assets Disposed	-	-
Amortisation Charge	59	220
Balance at the end of the year	186	214

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

	2008	2007
	\$'000	\$'000
13. DEPOSITS		
Call deposits	36,609	36,123
Term deposits	34,381	31,968
Total Deposits	70,990	68,091
Member Shares	116	116
Total Deposits and Shares	71,106	68,207
Concentration of Deposits		
NSW residents	69,917	66,454
Other	1,189	1,753
	71,106	68,207
The Credit Union's deposit portfolio does not include any deposit which represents 10% or more of total liabilities.		
14. CREDITOR ACCRUALS AND SETTLEMENT ACCOUNTS		
Creditors and Accruals	62	100
Interest Payable on Deposits	365	267
Sundry creditors	540	108
	967	475
15. TAXATION LIABILITIES		
Provision for Income Tax	101	105
Provision for Income Tax comprises:		
Provision – previous year	105	76
Less paid	(105)	(76)
Over/under statement in prior year	(2)	2
Provision for tax for current year	520	531
Less Instalments paid in current year	(417)	(428)
	101	105
16. PROVISIONS		
Provision for employee Annual Leave	117	96
Provision for employee Sick Leave	10	8
Provision for employee Long Service Leave	88	73
Provision for Marketing expenses	8	-
	223	177
Total number of employees at year end (full-time equivalent):	20	19

NOTES TO THE ACCOUNTS

30 JUNE 2008

16. PROVISIONS (cont'd)

Movement in Provisions (2008)

	Annual Leave \$'000	Sick Leave \$'000	Long Service Leave \$'000	Marketing Expenses \$'000	Total Provisions \$'000
Opening Balance	96	8	73	-	177
Additional provisions created during 2008	84	26	22	8	140
Reductions in provisions (Payment of Leave or Marketing Expense)	(63)	(24)	(7)	-	(94)
Balance at the end of the year	117	10	88	8	223

Movement in Provisions (2007)

	Annual Leave \$'000	Sick Leave \$'000	Long Service Leave \$'000	Marketing Expenses \$'000	Total Provisions \$'000
Opening Balance	73	8	63	-	144
Additional provisions created during 2008	70	6	11	-	87
Reductions in provisions (Payment of Leave or Marketing Expense)	(47)	(6)	(1)	-	(54)
Balance at the end of the year	96	8	73	-	177

Notes

CENTRAL WEST CREDIT UNION LTD

2008	2007
\$'000	\$'000

17. REDEEMED CAPITAL ACCOUNT

Balance at the beginning of the year	73	65
Transfer from retained earnings on share redemptions	7	8
Balance at end of year	80	73

a. Share Redemption

The account represents the amount of redeemable preference shares redeemed by the Credit Union since 31 December 2000. The Law requires that the redemption of the shares be made from retained earnings. Since the value of the shares have been paid to members in accordance with the terms and conditions of the issue, the account represents the amount of profits appropriated to the account.

18. RESERVES

Available for Sale Revaluation Reserve – Equity	-	76
General Reserve for Credit Losses	396	369
Balance at end of year	396	445

a. The Available for sale revaluation reserve – equity accounts for the unrealised gains in assets due to revaluation to fair value

b. General Reserve for Credit Losses – this reserve records amounts previously set aside as a general provision and is maintained to comply with the prudential standards set down by APRA.

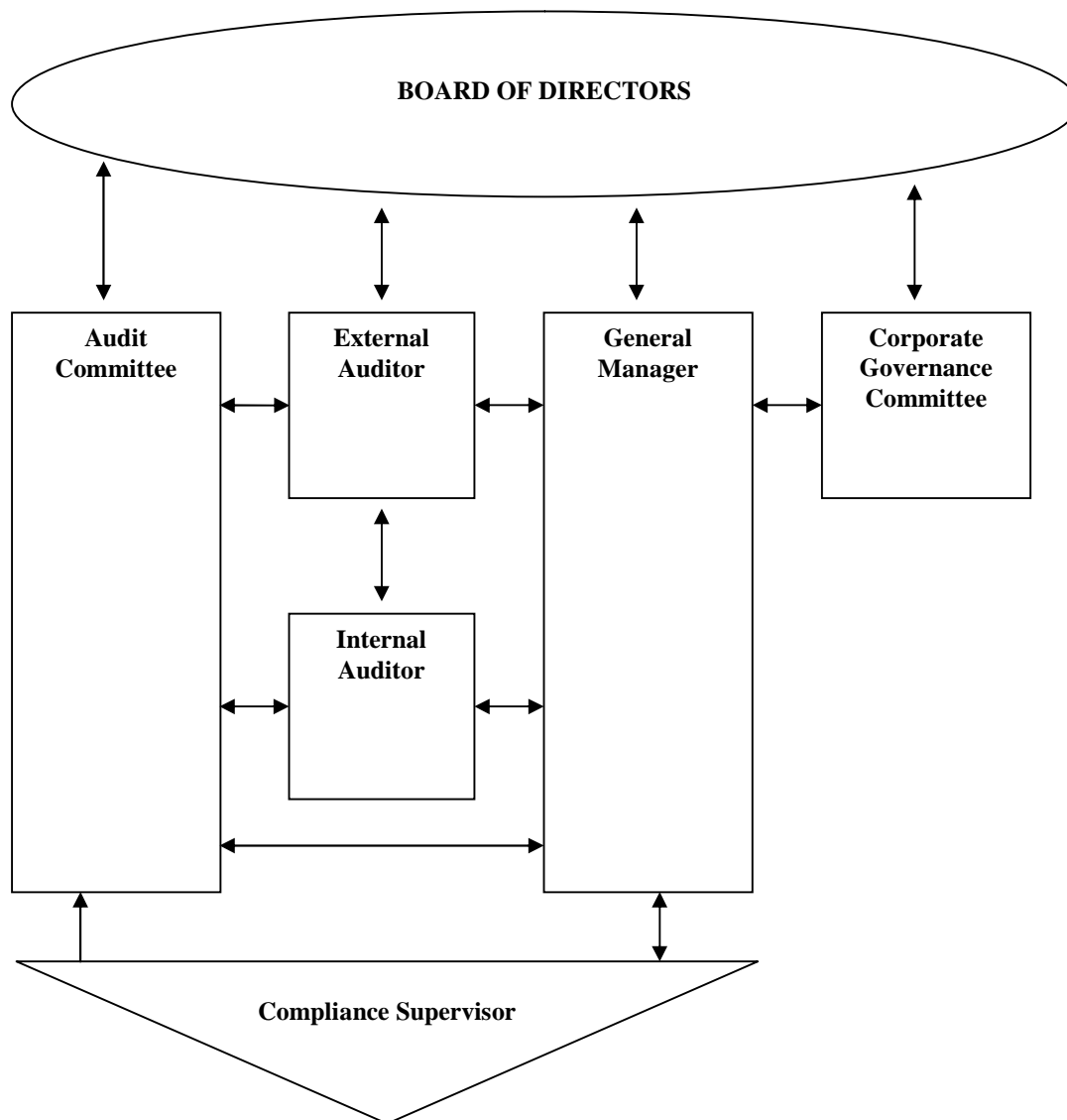
19. RETAINED EARNINGS

Retained profits at the beginning of the year	10,220	8,959
Add:		
- Operating Profit for the year	1,223	1,268
Less:		
- Transfer to Redeemed Capital Account on share redemptions	(7)	(7)
Balance at end of year	11,436	10,220

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The credit union's risk management focuses on the major areas of market risk, credit risk and operational risk. The following diagram illustrates the communication, direct reporting lines, and compliance structure established within the Credit Union to promote a structured approach to compliance, in addition to providing an appropriate foundation for transparency:



NOTES TO THE ACCOUNTS
30 JUNE 2008

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont).

The Credit Unions goals with respect to overall Compliance obligations and framework are:

- To create a compliance framework that ensures regulatory obligations are met and assists to prudently mitigate associated risks by identifying, measuring, managing, and monitoring such risks in an effective and transparent manner;
- To establish and foster a strong compliance culture and commitment within the organisation through continual training and open communication, without inhibiting staff initiative or creativeness;
- To ensure that effective and suitably resourced Internal Audit, External Audit, and internal compliance resources are in place to monitor and report on the overall compliance framework to the satisfaction of the Board of Directors, Management, Auditors, and Regulatory bodies (APRA & ASIC).

To achieve the goal of creating an effective and efficient compliance framework, the following key compliance resources are currently utilised:

- a) Internal Audit (independent – non staff). The Internal Auditor is contracted by the Credit Union to attend and review internal controls currently employed by the organisation, identify additional risks that may have arisen within the operating environment, and recommend initiatives or improvements to enhance the Credit Unions overall internal control environment
- b) External Audit - The External Auditor has responsibilities to the Credit Union Board of Directors, Credit Union members, APRA, ASIC, and relevant associated bodies.
- c) External Compliance Reviews (independent consultants) - The Credit Union regularly engages external independent consultants and/or legal experts to perform Compliance Reviews. The Credit Union also retains resource on an annual retainer basis, which provides the organisation with direct access to expert knowledge and advice in relation to compliance issues.
- d) Compliance Supervisor (staff member) - The Credit Union's Compliance Supervisor is an internal staffing resource which has been established to assist with the provision of structure, coordination of compliance functions and systems, and the performance of regular internal "compliance checking" procedures. The Compliance Supervisor has a primary role of establishing, developing and increasing the culture of compliance within the credit union.
- e) Board Audit/Corporate Governance Committees – The board is the primary governing body. It approves the level of risk which the credit union is exposed to and the framework for reporting and mitigating those risks.

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

Market risk and Hedging policy: The credit union is not exposed to currency risk, and other price risk. The credit union does not trade in the financial Instruments it holds on its books. The credit union is exposed to interest rate risk arising from changes in market interest rates. The policy of the credit union is to maintain a balanced 'on book' hedging strategy by ensuring the net interest rate gaps between assets and liabilities are not excessive. Based on calculations as at 30 June 2008, the net profit impact for a 2% movement in interest rates would be \$122,750. The credit union performs a sensitivity analysis to measure market risk exposures on a monthly basis.

Credit risk – loans: The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken . Note 7(b) describes the nature of the security held against the loans as at the balance date. The details of the geographical and industry concentrations are set out in Note 7.

Credit risk – Liquid Investments: The risk of losses from the liquid investments undertaken is reduced by the nature and quality of the independent rating of the investee and the limits to concentration on one entity.

Credit risk – Equity Investments: All investments in the equity instruments are solely for the benefit of service to the credit union. The credit union invests in entities set up for the provision of services such as IT solutions, treasury services etc where specialisation demands expert staff which is best secured by one entity. Further details of the investments are set out in note 9.

Liquidity Risk: The credit union has set out in Note 21 the maturity profile of the financial assets and financial liabilities, based on the contractual repayment terms. The credit union is required to maintain at least 9% of total adjusted liabilities as liquid assets capable of being converted to cash within 24 hours under the APRA Prudential standards. The credit union policy is to apply 12% of funds as liquid assets to maintain adequate funds for meeting member withdrawal requests. The ratio is checked daily. Should the liquidity ratio fall below this level the management and board are to address the matter and ensure that the liquid funds are obtained from new deposits, or other borrowing facilities available. Note 25 describes the borrowing facilities as at the balance date.

Operational risk: the credit union has detailed policies with respect to insurance, fraud, business continuity, IT systems and other physical risks. A full business continuity plan is in place to mitigate 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.

Capital Management: Minimum levels of capital adequacy are prescribed by the Australian Prudential Regulation Authority (APRA), to mitigate risks posed by credit risk, market risk and operations risk. The credit union has undertaken a detailed Internal Capital Adequacy Assessment Process, and has committed to maintaining a minimum capital ratio of 12%, with an optimal target of 20%. The capital ratio as at the end of the financial year over the past 5 years is as follows:

2008	2007	2006	2005	2004
24.90%	24.52%	23.05%	20.81%	20.41%

NOTES TO THE ACCOUNTS
30 JUNE 2008

21. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

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

2008	Within 1 month \$'000	1 – 3 Months \$'000	3 – 12 Months \$'000	1- 5 Years \$'000	Over 5 years \$'000	No Maturity \$'000	Total \$'000
ASSETS							
Cash	-	-	-	-	-	634	634
Advances to other financial institutions	11,159	7,000	5,250	-	-	-	23,409
Loans and Advances to Members	1,977	1,395	3,976	15,008	36,025	-	58,381
Investments	-	-	-	-	-	268	268
On-Balance Sheet	13,136	8,395	9,226	15,008	36,025	902	82,692
Undrawn commitments	10,849	-	-	-	-	-	10,849
Total Financial Assets	23,985	8,395	9,226	15,008	36,025	902	93,541
LIABILITIES							
Deposits from members	41,096	8,607	20,431	856	-	116	71,106
On-Balance Sheet Liabilities	41,096	8,607	20,431	856	-	116	71,106
Undrawn commitments	-	-	-	-	-	-	-
Total Financial Liabilities	41,096	8,607	20,431	856	-	116	71,106

2007	Within 1 month \$'000	1 – 3 Months \$'000	3 – 12 Months \$'000	1- 5 Years \$'000	Over 5 years \$'000	No Maturity \$'000	Total \$'000
ASSETS							
Cash	-	-	-	-	-	408	408
Advances to other financial institutions	7,054	13,000	4,500	-	-	-	24,554
Loans and Advances to Members	1,150	1,484	4,108	14,669	31,608	-	53,019
Investments	-	-	-	-	-	345	345
Total Assets	8,204	14,484	8,608	14,669	31,608	753	78,326
Undrawn commitments	6,720	-	-	-	-	-	6,720
Total Financial Assets	14,924	14,484	8,608	14,669	31,608	753	85,046
LIABILITIES							
Deposits from members	40,472	7,626	18,602	1,391	-	116	68,207
On-Balance sheet Liabilities	40,472	7,626	18,602	1,391	-	116	68,207
Undrawn commitments	-	-	-	-	-	-	-
Total Financial Liabilities	40,472	7,626	18,602	1,391	-	116	68,207

NOTES TO THE ACCOUNTS
30 JUNE 2008

22. INTEREST RATE REPRICING PROFILE OF FINANCIAL ASSETS AND LIABILITIES

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

2008	Within 1 month \$'000	1 – 3 Months \$'000	3 – 12 Months \$'000	1- 5 Years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	Total \$'000
ASSETS							
Cash	-	-	-	-	-	634	634
Advances to other financial institutions	11,159	7,000	5,250	-	-	-	23,409
Loans and Advances to Members	57,235	-	256	890	-	-	58,381
Investments	-	-	-	-	-	268	268
On-Balance Sheet Assets	68,394	7,000	5,506	890	-	902	82,692
Undrawn Commitments	10,849	-	-	-	-	-	10,849
Total Financial Assets	79,243	7,000	5,506	890	-	902	93,541
LIABILITIES							
Deposits from members	41,096	8,607	20,431	856	-	116	71,106
On-Balance Sheet Liabilities	41,096	8,607	20,431	856	-	116	71,106
Undrawn Commitments	-	-	-	-	-	-	-
Total Financial Liabilities	41,096	8,607	20,431	856	-	116	71,106

2007	Within 1 month \$'000	1 – 3 Months \$'000	3 – 12 Months \$'000	1- 5 Years \$'000	Over 5 years \$'000	Non- interest bearing \$'000	Total \$'000
ASSETS							
Cash	-	-	-	-	-	408	408
Advances to other financial institutions	7,054	13,000	4,500	-	-	-	24,554
Loans and Advances to Members	53,019	-	-	-	-	-	53,019
Investments	-	-	-	-	-	345	345
On-Balance Sheet Assets	60,073	13,000	4,500	-	-	753	78,326
Undrawn Commitments	6,720	-	-	-	-	-	6,720
Total Financial Assets	66,793	13,000	4,500	-	-	53	85,046
LIABILITIES							
Deposits from members	40,472	7,626	18,602	1,391	-	116	68,207
On-Balance sheet Liabilities	40,472	7,626	18,602	1,391	-	116	68,207
Undrawn Commitments	-	-	-	-	-	-	-
Total Financial Liabilities	40,472	7,626	18,602	1,391	-	116	68,207

NOTES TO THE ACCOUNTS
30 JUNE 2008

23. NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair Value	2008 Book Value	Variance	Fair Value	2007 Book Value	Variance
ASSETS						
Cash	634	634	-	408	408	-
Advances to other financial institutions	23,409	23,409	-	24,554	24,554	-
Loans and Advances to Members	58,381	58,389	(8)	53,019	53,054	(35)
Investments	268	268	-	345	345	-
Total Financial Assets	82,692	82,700	(8)	78,326	78,361	(35)
LIABILITIES						
Deposits from members	71,106	71,106	-	68,207	68,207	-
Total Financial Liabilities	71,106	72,106	-	68,207	68,207	-

Assets where the net fair value is lower than the book value have been written down in the accounts to reflect recoverable amounts. In the case of investments, the variance reflects the tax effect on capital gains. In the case of loans, it reflects amounts held as prescribed provision, which are based on expected loss rates, and the number of days in arrears.

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

Liquid Assets and Receivables from other Financial Institutions

The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 3 months approximate their net fair value as they are short term in nature or are receivable on demand.

Loans, Advances

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

For variable rate loans, (excluding impaired loans) the amount shown in the Balance Sheet is considered to be a reasonable estimate of net fair value.

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

Deposits From Members

The net fair value of non interest bearing, call and variable rate deposits, and fixed rate deposits repricing within six months, is the amount shown in the Balance Sheet as at June 30. Discounted cash flows (based upon the deposit type and its related maturity) were used to calculate the net fair value of other term deposits.

Short Term Borrowings

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

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

24. FINANCIAL COMMITMENTS

a. Outstanding Loan Commitments (loans approved but not funded)

3,940 494

b. Loan Redraw Facilities

4,705 4,210

c. Undrawn Loan Facilities

Loan facilities available to members for overdrafts and line of credit loans are as follows:

Total value of facilities approved

4,200 3,166

Less: amount advanced

1,977 1,150

Net Undrawn Value

2,223 2,016

d. Future Capital Commitments

- -

e. Computer and Bureau Expense Commitments

The Credit Union converted to the Ultracs core banking system during the 2006/7 financial year. The costs committed under contracts with Ultradata and Combined Financial Processing Limited (CFP) are as follows :

- within 1 year

231 203

- 1 to 2 years

124 188

- 2 to 5 years

371 265

- over 5 years

52 -

778 656

f. Lease Expense commitments for operating leases on property occupied by the Credit Union:

- within 1 year

70 62

- 1 to 5 years

232 120

- over 5 years

6 10

308 192

The operating leases are in respect of property used for providing branch services to members. There are no contingent rentals applicable to leases taken out. The terms of the leases are for between 2 to 5 years and options for renewal are usually obtained for a further 5 years.

There are no restrictions imposed on the Credit Union so as to limit the ability to undertake further leases, borrow funds or issue dividends.

NOTES TO THE ACCOUNTS
30 JUNE 2008

27. DISCLOSURES ON DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL (cont)

b. Remuneration of Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any director of the Credit Union.

Key Management Persons (KMP) has been taken to comprise the directors and the 5 members of the executive management responsible for the day to day financial and operational management of the Credit Union.

The aggregate compensation of Key Management Persons during the year comprising amounts paid or payable or provided for as follows:

	2008	2008	2007	2007
	Directors	Other KMP	Directors	Other KMP
	\$'000	\$'000	\$'000	\$'000
a. short term employee benefits	52	301	48	264
b. post-employment benefits (Superannuation contributions)	22	39	2	44
c. other long-term benefits (increase in long serve leave provision)	-	11	-	4
Total	74	351	50	312

c. Loans to Directors and other Key Management Personnel

(i) The aggregate value of loans to directors and other KMP as at Balance date amounted to:

(ii) The total value of revolving credit facilities to directors and other KMP, as at Balance date amounted to:

Less amounts drawn down and included in (i)

Net balance available

(iii) During the year, the aggregate value of loans disbursed to directors and other KMP amounted to:

- Revolving Credit Facilities

- Term Loans

(iv) During the year, the aggregate amount of Revolving credit facility limits granted or increased to directors or KMP amounted to:

(v) Interest and other revenue earned on Loans and revolving credit facilities to KMP

	2008	2007
	\$'000	\$'000
(i)	791	981
(ii)	170	87
Less amounts drawn down and included in (i)	68	47
Net balance available	102	40
(iii)		
- Revolving Credit Facilities	170	-
- Term Loans	252	189
(iv)	170	-
(v)	62	76

The Credit Union's policy for lending to directors and management is that all loans are approved and deposits accepted on the same terms and conditions which applied to members for each class of loan or deposit with the exception of KMP who are not directors.

There are no loans which are impaired in relation to the loan balances with directors or other KMP.

KMP who are not directors receive a concessional rate of interest on some loans and facilities. These benefits, where subject to fringe benefits tax, are included in the remuneration in 28.(b) above.

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

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

2008	2007
\$'000	\$'000

27. DISCLOSURES ON DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL (cont)

Other transactions between related parties include deposits from directors, and other KMP are: -

Total value of Term and Savings Deposits from KMP

Total Interest paid on deposits to KMP

548	367
15	9

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

d. Transactions with Other Related Parties

Other transactions between related parties include deposits from director-related entities or close family members of directors and other KMP.

The Credit Union's policy for receiving deposits from related parties is that all transactions are approved and deposits accepted on the same terms and conditions which applied to members for each type of deposit.

There are no benefits paid or payable to close family members of KMP.

There are no service contracts to which KMP or their close family members are an interested party.

28. ECONOMIC DEPENDENCY

- Credit Union Services Corporation (Australia) Limited (CUSCAL) supplies the Credit Union with rights to member cheques, VISA and Redicard in Australia, trade services, treasury and banking services.
- First Data International (FDI) operates the switching network used to link ATM/EFTPOS cards between ATM/POS suppliers and the Credit Union's EDP systems.

29. SEGMENTAL REPORTING

Central West Credit Union Limited operates in the retail finance industry within Australia. The operations comprise the acceptance of deposits and the provision of loans. Specific segmentation of deposits and loans are set out in Note 7 and 14.

30. SUPERANNUATION LIABILITIES

The Credit Union contributes to the CUE Super Plan for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees. The plan is administered by an independent corporate trustee.

The Credit Union has no interest in the superannuation plan (other than as a contributor) and is not liable for the performance of the plan, nor the obligations of the plan, other than the defined benefit portion of the Plan, as set out below.

As of 1st July 1992, the CUE Super Plan is a contribution accumulation type plan.

Prior to 1st July 1992, the CUE Super Plan was a defined benefit type plan with members of the Plan as at 30th June 1992 having the choice of receiving the defined benefit or their accumulated contributions. The Credit Union is only liable for the performance of the Plan if, from an actuarial evaluation, it is determined that there is a deficiency of the funds for defined benefit commitments. As at the date of the last actuarial evaluation on 1st July 2005, the plan was over-contributed for all potential defined benefits recipients.

NOTES TO THE ACCOUNTS

30 JUNE 2008

Notes

CENTRAL WEST CREDIT UNION LTD

2008
\$'000

2007
\$'000

31. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of cash

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

– Cash on hand

– Deposits at call

Closing cash balance

634	408
18,159	20,554
18,793	20,962

(b) Reconciliation of Cash from Operations to Accounting Profit:

Operating profit after tax

Provision for Impairment

Add(Deduct):

Profit on Disposal of Assets

Depreciation Expense

Increase in provisions for staff leave

Increase in provisions for income tax

Increase in Deferred Tax Assets

Increase in other provisions

Increase in Sundry Debtors

Increase in Accrued Expenses

Increase in Interest Payable

Increase in Interest Receivables

Net Cash from Revenue Activities

Add (Deduct) non revenue operations:

Increase in Loans Balances

Increase in Deposit Balances

Net cash flow from Operating Activities

1,223	1,268
-	-
(5)	-
162	124
38	34
4	29
(14)	-
8	-
(4)	-
(286)	(463)
98	34
243	173
1,467	1,199
(5,335)	(1,832)
2,899	3,063
(2,436)	1,231

32. CHANGE IN ACCOUNTING POLICIES

The following Australian Accounting Standards have been issued or amended and are applicable to the parent entity and the economic entity but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Outline of Amendment	Application Date of the Standard	Application date for Company
AASB 101 (Revised September 2007)	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.
Presentation of Financial Statements			

33. CORPORATE INFORMATION

The Credit Union is a company registered under the Corporations Act.
The address of the registered office and principal place of business is:

269 Clarinda St
Parkes, NSW, 2870

The nature of the Credit Union's operations, and its principal activities are the provision of deposit taking and loan facilities to the members of the Credit Union.

Vale - Director Ray Wyatt

(26/03/1933 – 30/03/2008)

It is with great sadness that we advise members about the passing of long serving Director Ray Wyatt at his home on 30th March 2008. Ray had bravely battled illness for an extended period and passed away at home in the company of his beloved wife Trish.

Ray was one of the founding members of your Credit Union and spent many years (40+ years) as a key member of the Credit Union's governing body in his capacity as Treasurer, Director, or Chairman. At the initial formation meeting of the Credit Union in 1966, Ray was immediately elected as Treasurer of the fledgling organisation and his devoted involvement with the Credit Union continued right up to the time of his passing. Ray remained a current Director at the time of his passing, maintaining a positive contribution to the Board of Director's operation even as his health deteriorated.

During his term with the Credit Union Ray held the positions of Chairman, Vice-Chairman, Director, Audit Committee Chairman and Treasurer. Ray took much pleasure in watching the Credit Union grow from a very small institution at inception to the successful financial institution we all benefit as members from today, with some \$84 million in assets under management. Ray could always be relied upon by his fellow Directors to provide a logical and common sense approach to issues being considered at Board level, whilst also providing the benefits of his obvious business acumen.

The positive vision shown by Ray and his fellow Directors at the original foundation meeting and subsequently throughout the continuing growth phases of the Credit Union is certainly acknowledged as a major contributing factor to current success of the organisation.

In addition to his involvement with the Credit Union, Ray was also heavily involved in his local Church, Golf administration at Local, Regional and State levels, and managed to spare time for his love of fishing whenever he could find the time.

Central West Credit Union as an organisation has certainly benefited from the devoted contributions of "Raymond Hector Wyatt" as both a member and long serving Director

NOTES