

2009



ANNUAL REPORT



Aotearoa  
CREDIT UNION

SAVINGS | INVESTMENTS | LOANS

## OUR STRATEGIC OUTCOMES

Kia pupuri me te whakanui anō i tō mātou mana hai  
rōpū angitu o te tahua

*To sustain and increase our reputation as a  
successful financial organisation*

Kia whakarato ki te whanau ngā huanga tonu

*To provide actual benefits that are realised by the  
members*

Kia tu ake hai rōpū mau tonu ki ngā tikanga o te  
manaakitanga me te whaka-whanaungatanga

*We will be an organisation that exercises  
manaakitanga and whaka-whanaungatanga*

Kia whiwahi mātou i te manakohanga he umanga  
Maori, umanga toa

*To be respected as a successful Maori enterprise/  
role model*

## CONTENTS

Our history	1
Chairman's report	2
General Manager's report and review	3
Board and governance	7
Products and services	8
Auditor's statement	9
Income statement	10
Balance sheet	11
Cashflow statement	12
Notes to the financial statements	13
Schedule of share accounts	25
Board of directors	27
Directory	28
Partners in our progress	29





# GENERAL MANAGER'S REPORT & REVIEW OF THE YEAR



FOR THE YEAR ENDED 30 SEPTEMBER 2009

It is my pleasure to present the General Manager's report and review for the year ending 30<sup>th</sup> September 2009. The past year has continued to be a year of challenges for the financial services sector but Aotearoa Credit Union, by sticking to its core business, has again managed to report another good year.

This year has been marked by ever increasing compliance to Government regulations which have become tighter on Non-Banking Deposit takers. This has seen a continuing consolidation within the Credit Union Movement with Credit Union mergers taking advantage of economies of scale, back office efficiencies and particularly the need to reduce the costs of this compliance. Aotearoa Credit Union benefited by accepting the transfer of the members and business of the Hamilton based Clerical and Industrial Credit Union. From the 1<sup>st</sup> of October 2008, their members enjoyed the benefits of being members of Aotearoa Credit Union.

## OPERATIONAL REVIEW

We are pleased to again report an increased membership, increasing our membership 19.6% (2008 18.3%) to 13,993 members. Aotearoa Credit Union continues to record the largest percentage of membership increase of any New Zealand Credit Union.

We have not added any more branches this year, but in December 2009 we will be relocating Wanganui Branch and are also opening a branch in Porirua in early 2010.

In 2010 we intend to redevelop Papatoetoe Branch and are hoping to relocate Hamilton Branch to Frankton.

## LENDING

Our lending experienced continued strong growth during the year, we approved 38,589 loans (2008 31,782) totaling \$8.97m (2008 \$6.95m), outstanding lending increased 40% to \$8.7m million.

One of our biggest challenges is processing this number of loans, most of which are below \$250. During the year we introduced the Next Pay Day overdraft, which is an interest free short term overdraft to assist members until their next benefit or wages are received. This requires the minimum of documentation and can be promptly assessed and approved.

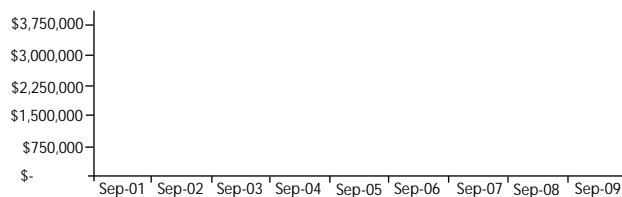
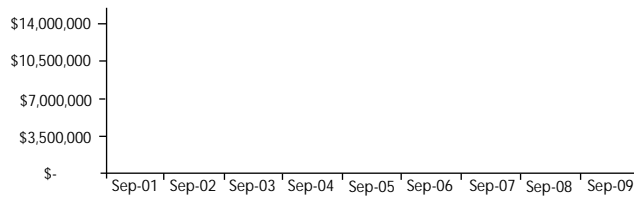
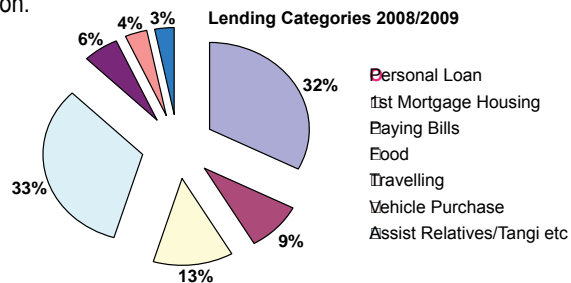
We are very pleased that our delinquency provision is below 2% of total lending.

## FINANCIAL PERFORMANCE

Aotearoa Credit Union has maintained a strong balance sheet throughout the year and it has been able to continue to offer very reasonable lending interest rates and loan establishment fees whilst still offering competitive returns on savings and investment accounts.

This year's surplus of \$610,220 includes \$421,846 on the acquisition of Clerical and Industrial Credit Union (CLIND). This result, after provision for dividends, is a good result in face of the challenges and resulted in Aotearoa Credit Union's reserves increasing by 26% to \$2.966 million. Bringing in CLIND's balance sheet, assets increased 32% to \$15.184 million. As the following graph illustrates Asset growth has been consistent over the past nine years.

Members' savings recorded a very pleasing 35% increase for the year, reaching \$11.2 million.



ANNUAL REPORT 2009



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# GENERAL MANAGER'S REPORT & REVIEW OF THE YEAR CON'T

## THE ENVIRONMENT

During 2009 many of our members were affected by the economic gloom with household earnings being drastically reduced with layoffs or reduced hours, increased costs of living and greater difficulty in receiving benefits. Though there is, in many cases justified, criticism of the long term recipients of benefits the reality is that very few become rich on the benefit. Our experience is that the benefit provides the basic family needs and there is little left for the unexpected extras such as Tangi, school fees, childrens' clothing or unexpected car repairs. Aotearoa Credit Union has continued to provide assistance by way of loans to enable members to cover these costs.

We were very pleased to continue our close relationship with the Mangere Budgeting Services Trust, working closely with their CEO Darryl Evans whose admirable organisation has been able to assist members with budgetary assistance.

Our members continue to be attracted to, and frustrated by, the activities of the loan sharks and door to door truck selling organisations. We participated in the Ministry of Consumer Affairs review of the review of fringe lenders and hopefully the outcome will see some controls over these operators.

Aotearoa Credit Union was also very pleased to be a partner alongside Ngati Whatua o Orakei, as hosts, for a significant section of *Atamira Maori in the City 2009* by way of supporting the *National Maori Innovation Summit*. This was a platform provided by Ngati Whatua o Orakei as mana whenua hosts to display Maori activities, resources and achievements. Aotearoa Credit Union was also a sponsor of the Innovation Icon Awards Dinner and Aotearoa Credit Union's nominee for the awards, Travis O'Keefe, was the winner of the Supreme Award.

As a locally owned and managed co-operative, Aotearoa Credit Union continues to provide services and products to our members. We can provide virtually every service a bank can but additionally there is a very friendly face and a teller who probably knows you by name.

## OUR PEOPLE

At Aotearoa Credit Union we recognise that the staff are our greatest asset, as the branches get busier we expect them to do more and regularly we have to stop and thank them. Daily our staff meet with our members and work with them offering the best solutions and the best ways to serve them. Aotearoa Credit Union is committed to providing a work environment and culture that allows the staff to thrive by developing and recognising their individual talents and skills and fostering a team spirit.

## THE FUTURE

Aotearoa Credit Union is well placed to continue to assist its members and the greater community. Its strategic intents of both maintaining a sound financial organisation as well as reaching out to the community will continue.

We will continue to work with our members to enhance their lives, to support our staff in the development of positive and fulfilling careers with us, and to further expand our involvement in the wider community.

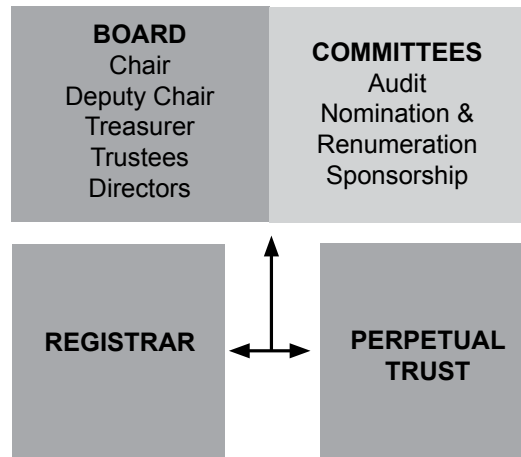
## APPRECIATION

Again we thank our members for their continued support of Aotearoa Credit Union. As with everything, there is a choice and it is again very pleasing to note that more of our new members joined us by being referred by existing members than by any other form of advertising. The spoken word is the best carrier of good news.

I extend my personal appreciation to our very committed, hardworking and loyal staff, though the saying is often repeated, our staff are the Credit Union's key asset and all take a pride in knowing that they are able to make a difference to the financial well-being of our members.

Moving on, 2010 may continue to be a very tough year for many members, we thank you for your support and loyalty and in return we undertake to continue to provide support and assistance when needed.

Bruce Bleakley  
General Manager



The directors of Aotearoa Credit Union are all members of the Credit Union.

The board consists of seven elected non-executive Directors. Details of the directors are set out on page 24 of this report.

The primary responsibilities of the board include:

- Establishing and continuing policies which ensure sound financial management of the Credit Union
- Establishment of long term goals and strategic plans to achieve these goals
- Review and adoption of annual budgets for the financial performance of the Credit Union and monitoring of results on a monthly basis
- Managing risk by ensuring that there are adequate policies, procedures and systems of internal controls together with appropriate monitoring of compliance activities
- Working with management

The Board has some standing committees that focus on specific areas of the Board's responsibilities, namely Nomination and Remuneration, Audit and Sponsorship.

## DIRECTORS' FEES

The Directors are paid directors' fees. These fees vary depending on the responsibilities of each director. The Treasurer is also paid an Honorarium recognising the increased workload attached to that position.

## STANDING COMMITTEES

The Board appoint standing committees such as the Audit Committee, Nomination and Remuneration Committee and Sponsorship Committee.

## AUDIT COMMITTEE

This Committee operates under a charter approved by the Board.

The Committee provides assurance to the Board that the financial disclosures made by management accurately portray the Credit Union's financial position. The Audit Committee is also charged with ensuring that the Credit Union complies with all relevant laws, regulations and accounting conventions. The Committee employs independent accounting firms who undertake internal and year end audits.

## NOMINATION AND REMUNERATION COMMITTEE

This committee operates under a charter approved by the Board. The Committee has the following key roles:

1. Contracting and evaluation of the General Manager's performance
2. The nomination and appointment of directors and associate directors
3. Setting an appropriate honorarium for the Treasurer
4. Setting director fees
5. Evaluation of the performance of the board and directors
6. Human resource planning



## PRODUCTS AND SERVICES

- **Access account** Banking facilities such as direct debits, direct credits and automatic payments.
- **Serious saver account** A high interest “on call” savings account.
- **Junior savers account** A fun account for young people, earning attractive interest, that will encourage them into good savings habits for the future.
- **Loan provider account** In the spirit of co-operation these savings are pooled to provide funds for members to borrow.
- **Golden years Package** Specifically designed for members who have their National Superannuation credited directly into their Access Account.
- **Accesscard™** A real-time online Maestro® enabled debit card which can be used at over 9 million retail outlets and ATMs in 93 countries.
- **Accessteller®** 24-hour telephone banking.
- **AccesstxtSMS** Text balance enquiry and transfer facility.
- **Accesscash®** ATMs located at various branches of Aotearoa Credit Union.
- **Loan protection** Life insurance linked to a loan balance.
- **Pioneer** Motor vehicle insurance primarily offered with Credit Union car loans.
- **Funeral plan** An insurance plan to provide family members with peace of mind in the event of death.
- **Credicare** This unique bereavement fund allows you to help your fellow members while providing peace of mind for you and your family. Upon death, an immediate tax free payment of \$4,000 is paid directly to the Undertaker.
- **Loans** Personal loans are available for just about any worthwhile purpose - car, boat, home improvements, holidays, whatever.

# AUDITORS STATEMENT

## AUDIT REPORT TO THE MEMBERS OF AOTEAROA CREDIT UNION

We have audited the financial report on pages 8 to 18. The financial report provides information about the past financial performance of the Credit Union and its financial position as at 30 September 2009. This information is stated in accordance with the accounting policies set out on pages 11 to 13.

### Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of a financial report which gives a true and fair view of the financial position of the Credit Union as at 30 September 2009 and of the results of operations and cash flows for the year ended on that date.

### Auditor's Responsibilities

It is our responsibility to express an independent opinion of the financial report presented by the Board of Directors and report our opinion to you.

### Basis of Opinion

An Audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Credit Union's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluate the overall adequacy of the presentation of information in the financial report.

We have no relationship with or interests in the Credit Union other than in our capacity as auditors.

### Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Credit Union as far as appears from our examination of those records; and
  - the financial report on pages 8 to 18:
    - complies with generally accepted accounting practice in New Zealand
    - gives a true and fair view of the financial position of the Credit Union as at 30 September 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 21 December 2009 and our unqualified opinion is expressed as at that date.



Chartered Accountants  
Auckland.

ANNUAL  
REPORT  
2009



AOTEAROA CREDIT UNION  
 INCOME STATEMENT  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 \$	2008 \$
<b>REVENUE</b>			
Interest Revenue	2	1,441,886	1,321,697
Dividend Revenue	2	7,301	30,078
Other Revenue	2	4,345,066	3,366,240
<b>TOTAL REVENUE</b>		<b>5,794,253</b>	<b>4,718,015</b>
<b>EXPENDITURE</b>			
Finance Costs	2 & 3	340,374	312,866
Loan Impairment Expenses	2	90,694	69,639
Employee Benefits	2	1,645,071	1,372,935
Occupancy	2	586,560	538,196
Depreciation	2	331,036	272,064
Other Expenditure	2	2,190,298	1,956,748
<b>TOTAL EXPENDITURE</b>		<b>5,184,033</b>	<b>4,522,448</b>
<b>Profit for the year attributable to members post dividend</b>		<b>610,220</b>	<b>195,567</b>

STATEMENT IN CHANGES OF EQUITY  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Retained Earnings \$	Other Reserves \$	Total Reserves \$
<b>Balance at 1 October 2007</b>	1,650,684	510,000	2,160,684
Profit for the year	195,567	-	195,567
Total recognised income and expenses	195,567	-	195,567
Transfers to and from reserves:			
- General Reserve	(65,000)	65,000	-
<b>Balance at 30 September 2008</b>	1,781,251	575,000	2,356,251
<b>Balance at 1 October 2008</b>	1,781,251	575,000	2,356,251
Profit for the year	610,220	-	610,220
Total recognised income and expenses for the year	610,220	-	610,220
Transfers to and from reserves:			
- General Reserve	(234,364)	234,364	-
<b>Balance at 30 September 2009</b>	2,157,107	809,364	2,966,471

The attached notes to the financial statements form part of and should be read in conjunction with the financial statements

AOTEAROA CREDIT UNION  
BALANCE SHEET  
AS AT 30 SEPTEMBER 2009

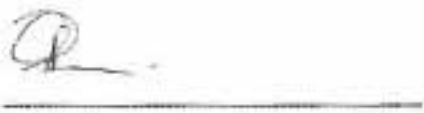
	Note	2009 \$	2008 \$
<b>MEMBERS' FUNDS</b>			
Retained Earnings	4	2,157,107	1,781,251
Other Reserves	4	809,364	575,000
<b>TOTAL MEMBERS FUNDS</b>		<b>2,966,471</b>	<b>2,356,251</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	5	1,282,001	955,504
Short Term Deposits	5	3,910,000	2,950,000
Trade and Other Receivables	6	197,061	186,334
Loans to Members'	7 & 8	8,641,744	6,140,204
Property, Plant and Equipment	9	801,018	947,418
Capital Notes	10	352,688	300,778
<b>TOTAL ASSETS</b>		<b>15,184,512</b>	<b>11,480,238</b>
<b>LIABILITIES</b>			
Trade and Other Payables	11	986,563	832,709
Members' Deposits	12	11,231,478	8,291,278
<b>TOTAL LIABILITIES</b>		<b>12,218,041</b>	<b>9,123,987</b>
<b>NET ASSETS</b>		<b>2,966,471</b>	<b>2,356,251</b>

These Financial Statements are authorised for issue by:



Director

21 December 2009  
Date



Director

21 December 2009  
Date

ANNUAL  
REPORT  
2009



The attached notes to the financial statements form part of and should be read in conjunction with the financial statements

AOTEAROA CREDIT UNION  
 CASH FLOW STATEMENT  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest Received		1,463,157	1,354,727
Fees and Commissions Received		3,912,917	3,375,185
Bad Loans Recovered		14,854	15,371
Other Income		2,560	2,604
Proceeds from Members Deposits		134,028,711	115,245,387
Loans repaid by members		10,876,605	8,303,874
Withdrawals of Members Deposits		(131,961,873)	(114,402,446)
Loans issued to members		(12,229,887)	(9,196,717)
Interest Paid		(327,829)	(304,728)
Payments to Suppliers and Employees		(4,333,075)	(3,843,983)
<b>Net Cash Provided by/(used in) Operating Activities</b>		<b>1,446,140</b>	<b>549,274</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(223,756)	(342,165)
Net Movement in Short Term Investments		(960,000)	250,000
<b>Net Cash Provided by/(used in) Investing Activities</b>		<b>(1,183,756)</b>	<b>(92,165)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Hire Purchase Principal Payments		(21,024)	(7,979)
<b>Net Cash Provided by/(used in) Financing Activities</b>		<b>(21,024)</b>	<b>(7,979)</b>
Total Net Increase in Cash Held		241,360	449,130
Cash and Cash Equivalents at the Beginning of the Year		955,504	506,374
Cash Received from Acquisition of Operation		85,137	
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>1,282,001</b>	<b>955,504</b>
<b>RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES WITH OPERATING PROFIT</b>			
	Note	2009 \$	2008 \$
Profit for the year		610,220	195,567
Non Cash Items			
Depreciation		331,036	272,064
Bad Debts		89,239	74,662
Bad Debts W/Back		-	-
Provision for Loan Impairment		1,455	(5,023)
Discount on Acquisition of Operation	24	(421,846)	-
Loss on Disposal of Fixed Assets		379	421
Changes in Assets and Liabilities			
Movements in Accounts Receivables		(11,638)	18,363
Movements in Member Deposits		2,066,838	842,941
Movements in Loans to Members		(1,353,282)	(892,843)
Movements in Accounts Payable		133,739	97,521
Items Classified as Investing Activities			
Fixed Assets in Accrual Above		-	(54,399)
<b>Net Cash Provided by /(used in) Operating Activities</b>		<b>1,446,140</b>	<b>549,274</b>

The attached notes to the financial statements form part of and should be read in conjunction with the financial statements.

## Reporting Entity

The Aotearoa Credit Union ("The Credit Union") is registered, incorporated and domiciled in New Zealand under the Friendly Societies and Credit Unions Act 1982. The Credit Union is an issuer for the purposes of the Financial Reporting Act 1993. The financial report is a general purpose financial report which has been prepared in accordance with the Financial Reporting Act 1993, the Friendly Societies and Credit Unions Act 1982 and relevant Securities Regulations.

These financial statements have also been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for a public benefit entity. The financial statements also comply with International Financial Reporting Standards ("IFRS"). The presentation and functional currency is New Zealand Dollars. Figures are rounded to the nearest dollar.

The financial statements were authorised for issue by the directors on 21st December 2009.

## Nature of Business

The purpose of a Credit Union is to promote savings among its members and to use those savings for their mutual benefit. The Credit Union is restricted in its borrowings and members contribute to the Credit Union by way of share subscriptions. The shares cannot be transferred or sold. Members are able to withdraw their funds subject to certain conditions. The Credit Union makes loans to members or invests funds on the members' behalf. Interest and other income are received by the Credit Union and interest is paid to depositing members in the form of interest on shares.

The Credit Union operates predominantly in one industry, being the investment of members' funds. All operations are based in New Zealand.

The following new Financial Reporting Standards and amendments to standards relevant to the entity are not yet effective for the period ended 30 September 2009, and have not been applied in preparing these financial statements. They will be applied from the period beginning 1 October 2009. The following standards may have impact on the disclosure but are unlikely to have impact on recognition and measurement in the financial statements:

NZ IFRS 7 - Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures). Effective for annual reporting periods beginning on or after 1 January 2009 and expected to be initially applied in the financial year ending 30 September 2010.

NZ IAS 1 Presentation of Financial Statements - Revised Standards: effective for annual reporting periods beginning on or after 1 January 2009 and expected to be initially applied in the financial year ending 30 September 2010.

The other standards and interpretations in issue not yet adopted are not expected to have impact on Credit Union's financial statements.

## Trust Deed

To meet the requirements of The Securities Act 1978 a Trust Deed was entered into on the 18 October 2001 between the Trustees of the Credit Union and Perpetual Trust Ltd. Perpetual Trust Ltd as the Prudential Supervisor was appointed to act in the interests of the members of the Credit Union by monitoring the compliance by the Credit Union of its obligations, its Rules, the Trust Deed and the Friendly Societies and Credit Unions Act 1982. In addition, the Prudential Supervisor is under duty to exercise reasonable diligence to ascertain whether the Credit Union has:

- committed any breach of the Trust Deed or any of the conditions of issue of the shares; and
- sufficient assets to meet its obligations to members as they fall due.

## 1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Credit Union in the preparation of the financial report. Except where stated, the accounting policies have been consistently applied.

### a) Measurement Base

These financial statements have been prepared on a going concern in accordance with the historic cost basis, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

### b) Members' Shares (Deposits)

Members' shares in the Credit Union have characteristics of both debt and equity instruments. For the purposes of financial reporting, members' shares are recorded as debt instruments. All payments of dividends on these shares are recorded as interest payments.

Members have the right to one vote at the meetings of the Credit Union, regardless of how many shares they hold in the Credit Union.

### c) Financial Instruments Recognition

Financial instruments are initially measured at fair value plus transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

#### Basis of recognition and measurement

The Credit Union classifies financial instruments into one of the following categories at initial recognition: financial assets or liabilities at fair value through profit or loss, available for sale, loans and receivables, held to maturity, and financial liabilities measured at amortised cost.

Some of these categories require measurement at fair value. Where available, quoted market prices are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

A financial instrument is recognised if the Credit Union becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Credit Union's contractual rights to the cash flows expire or if the Credit Union transfers them without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognised if the Credit Union's obligations specified in the contract are extinguished.

#### Financial Assets at Fair Value through Profit and Loss

The Credit Union has no financial assets or financial liabilities at fair value through the Income Statement as defined in NZ IAS 39.

#### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised costs using the effective interest rate method less impairment losses.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash, bank balances, call deposits and deposits with less than 3 months maturity. Bank overdrafts that are repayable on demand and form an integral part of the Credit Union's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.



#### **Receivables Due from other Financial Institutions**

Receivables from other financial institutions are primarily settlement account balances due from banks, New Zealand Association of Credit Unions (NZACU) and other credit unions. They are brought to account at the gross value of the outstanding balance. Interest is brought to account in the Income Statement on the effective interest basis less impairment losses.

#### **Trade and Other Receivables**

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are measured at amortised cost less impairment (if any).

#### **Held-to-maturity Investments**

The Credit Union has no available held-to-maturity investments.

#### **Available for Sale Financial Assets**

Capital Notes are non-derivative financial assets that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The Capital Notes are measured at cost as their fair value could not be measured reliably as there is no active market for this investment. Revenue on Capital Notes is recognised using the effective interest method. Where Capital Notes are disposed or determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period. The Capital Notes are disclosed as unquoted equity investments in the NZACU's financial statements.

#### **d) Financial Liabilities**

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses.

#### **e) Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Credit Union's activities. Revenue is shown inclusive of Goods and Services Tax, returns, rebates and discounts. The Credit Union recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Credit Union and when specific criteria have been met for each of the Credit Union's activities, as described below.

#### **Loans Interest Revenue**

Loan interest is calculated on the daily loans balance outstanding and is charged at each payment date. Loan interest is recognised in the Income Statement using the effective interest method.

#### **Investment Interest Revenue**

Investment interest revenue is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### **Dividend Revenue**

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

#### **Fees & Commissions Revenue**

Fees and commission are brought to account on an accrual basis once a right to receive consideration has been attained.

#### **Loan Origination Fees Revenue**

Where loan origination fees are not material these are taken to revenue when the loan is drawn down. Fees collected represent reimbursement of costs incurred as specified by the Credit Contracts and Consumer Finance Act 2003 (CCCFA).

#### **f) Impairment – Loans & Advances**

All loans are subject to continuous management review to assess whether there is any objective evidence that any loan, or group of loans, is impaired. Impairment loss is measured as the difference between the loan's carrying amount and the value of estimated future cash flows, discounted at the loan's original effective interest rate. Impairment losses are recognised in the Income Statement.

The amount provided for impairment of loans is determined by management and the board. The Prudential Standards issued by NZACU enable the minimum provision to be based on specific percentages of the loan balance, contingent upon the length of time the repayments are in arrears, and the security held. This approach is adopted by the Credit Union. In addition, the board makes a provision for loans in arrears where the collectability of the debts is considered doubtful by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

In addition a statutory General Reserve as required by section 119 of the Friendly Society and Credit Unions Act 1982 is maintained to cover risks inherent in the loan portfolios. Movements in the General Reserve for credit losses are recognised as an appropriation of retained earnings.

Bad debts are written off when identified to the provision for impaired loans.

The various components of impaired assets are as follows:

"Non-accrual loans" are loans and advances for which there is reasonable doubt that the Credit Union will be able to collect all amounts of principal and interest in accordance with the terms of the agreement and, therefore, interest is not being accrued on the principal outstanding.

"Restructured loans" are loans where the original contractual terms have been modified to provide for concessions of interest, principal or repayment for reasons related to financial difficulties of the member.

"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.

"Past-due loans" are loans where the repayments are past due between 1 and 30 days.

#### **g) Goods & Services Tax**

The Credit Union is not registered for GST. GST is therefore included in the amounts recognised as expenses, assets and liabilities.

#### **h) Income Tax**

No amounts have been provided for Income Tax as the Credit Union's income from members is exempt under section CW 44 of the Income Tax Act 2007. Income derived other than from members does not produce a taxable profit.

**i) Property, Plant and Equipment (PP&E)**

Each class of plant and equipment is carried at cost less, where applicable, adjustments for any accumulated depreciation and impairment losses.

**Property**

The Credit Union does not own freehold land or buildings.

**Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (i.e. if the asset is impaired).

**Depreciation**

The depreciable amount of all plant and equipment is depreciated over their useful lives to the Credit Union commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

Plant and Equipment is depreciated on a straight-line basis. A summary of the rates used are:

Computer Equipment 3 years, Plant & Equipment 3 years, Leasehold Improvements 3 years, Leased Plant & Equipment 3 years

Assets under \$200 are not capitalised.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement.

**j) Impairment of Non-Financial Assets**

At each reporting date, the Credit Union reviews the carrying values of its tangible and intangible assets to determine whether those assets have been impaired. If impaired, 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 assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Income Statement.

**k) Leases**

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

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Leased payments for operating leases net of any incentives received from the lessor, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**l) Members' Deposits**

Members' term deposits are brought to account at cost. Interest on deposits is brought to account on an accrual basis, Interest accrued at balance date is shown as a part of other payables.

**m) Employee Benefits**

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made.

**n) Changes in Accounting Policy**

There have been no changes in accounting policy. All policies have been applied on bases consistent with those used in prior years.

**o) Statement of Cash Flows**

The Statement of Cash Flows is prepared using the direct approach.

Definitions of Terms Used in the Statement of Cash Flows:

"Cash & Cash Equivalents" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the organisation as part of their day-to-day cash management.

"Investing Activities" are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

"Financing Activities" are those activities relating to changes in size and composition of the capital structure of the Credit Union.

"Operating Activities" include all transactions and other events that are not investing or financing activities.

**p) Accounting Judgement**

The preparation of the financial statements requires the use of management judgements, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates.

Management have made judgements when applying the Credit Union's accounting policies with respect to the classification of financial instrument recognition.

**q) Accounting Estimates**

The details of the critical accounting estimates and assumptions are set out in note 8 for the impairment provisions for loans.



AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

2. REVENUE AND EXPENDITURE	Note	2009 \$	2008 \$
<b>REVENUE</b>			
<b>Interest Revenue</b>			
Interest on Loans		1,208,058	1,051,561
Interest on Investments		233,828	270,136
<b>Total Interest Revenue</b>		<b>1,441,886</b>	<b>1,321,697</b>
<b>Revenue from Rendering of Services</b>			
Loan Application Fees		1,225,367	1,020,083
Commissions		45,852	64,313
Total Revenue from Rendering of Services		1,271,219	1,084,396
<b>Dividend Revenue</b>			
		<b>7,301</b>	<b>30,078</b>
<b>Other Revenue</b>			
Transaction Fees Recovered		2,634,587	2,263,869
Bad Debts Recovered		14,854	15,371
Dividends		2,560	2,604
Discount on Acquisition of Operation	24	421,846	-
<b>Total Other Revenue</b>		<b>3,073,847</b>	<b>2,281,844</b>
<b>TOTAL REVENUE</b>		<b>5,794,253</b>	<b>4,718,015</b>
<b>EXPENDITURE</b>			
<b>Finance Costs</b>			
Interest on Members Call Shares		181,283	226,294
Interest on Members Term Shares		146,546	78,434
Hire Purchase Interest		12,545	8,138
<b>Total Finance Costs</b>		<b>340,374</b>	<b>312,866</b>
<b>Loan Impairment Expenses</b>			
Bad Debts Written Off to impairment allowance		89,239	74,662
Movement in allowance for impaired loans		1,455	(5,023)
<b>Total Loan Impairment Expenses</b>		<b>90,694</b>	<b>69,639</b>
<b>Employee Benefits</b>			
Salaries & Wages		1,587,188	1,323,561
Staff Training/Expenses		50,984	44,037
ACC Levies		6,899	5,337
<b>Total Employee Benefits</b>		<b>1,645,071</b>	<b>1,372,935</b>
<b>Occupancy</b>			
Rent & Rates		405,311	344,131
Security		61,079	64,980
Other Occupancy Expenses		120,170	129,085
<b>Total Occupancy</b>		<b>586,560</b>	<b>538,196</b>
<b>Depreciation Expenditure</b>			
Leasehold Improvements		125,883	93,658
Plant and Equipment		147,137	117,128
Computer Equipment		38,172	46,102
Leased Plant and Equipment		19,844	15,176
<b>Total Depreciation Expenditure</b>		<b>331,036</b>	<b>272,064</b>
<b>Other Expenditure</b>			
Auditors Remuneration			
External audit			
Audit of Financial Statements		27,305	22,271
Audit Consulting Services		14,000	-
Internal audit:			
Internal Audit		7,620	16,359
Consulting IFRS		-	10,400
Data Processing		295,369	236,439
Loss on Disposal of Plant & Equipment		379	567
Directors Fees		107,688	111,817
Directors Expenses and Training		19,999	7,436
Donations Made/Community Support		54,470	21,995
Transactions Costs		948,018	866,812
Other Expenses		715,450	662,652
<b>Total Other Expenditure</b>		<b>2,190,298</b>	<b>1,956,748</b>
<b>TOTAL EXPENDITURE</b>		<b>5,184,033</b>	<b>4,522,448</b>

AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

**3. INTEREST PAID**

Interest is paid to depositing members and relates to the Credit Union's ability to pay the interest. At times during the period the Credit Union may offer depositors special accounts that have a pre-set interest rate. All Interest is calculated monthly on the Minimum Monthly Balance (MMB) held in the account over the month. Interest rates applied to members' deposits for the period were:

		2009	2008
<b>Savings Accounts</b>			
Cash Account	All balances	0.00% MMB	0.00% MMB
Serious Saver Account and Children's Account	Up to \$499	2.00% MMB	2.00% MMB
	\$500 to \$999	3.00% MMB	3.00% MMB
	Over \$1,000	6.00% MMB	6.00% MMB
Loan Provider	All balances	2.00% MMB	2.00% MMB
	All balances	5.00% MMB	5.00% MMB
Christmas Account	Up to \$499	2.00% MMB	2.00% MMB
	\$500 to \$999	3.00% MMB	3.00% MMB
	Over \$1,000	6.00% MMB	6.00% MMB
Education Account	All balances	2.00% MMB	2.00% MMB
	All balances	2.00% MMB	2.00% MMB
Primary	All balances	2.00% MMB	2.00% MMB
Special Savings	All balances	2.00% MMB	2.00% MMB
Special Purpose	All balance	2.00% MMB	2.00% MMB
<b>Term Shares</b>			
11 Term Deposit (1 month)		3.50%	5.40%
13 Term Deposit (3 months)		4.00%	7.00%
16 Term Deposit (6 months)		5.25%	8.25%
19 Term Deposit (9 months)		5.00%	6.75%
112 Term Deposit (12 months)		5.50%	9.25%
124 Term Deposit (24 months)		5.00%	8.00%

**4. RESERVES**

	Retained Earnings	General Reserve	Total Members' Reserves
<b>2009</b>			
Balance brought forward	1,781,251	575,000	2,356,251
Operating Profit for the Year	610,220		610,220
Transfer to General Reserve (	234,364)	234,364	-
<b>Balance Carried Forward</b>	<b>2,157,107</b>	<b>809,364</b>	<b>2,966,471</b>
The Reserve % to Total Assets	14.21%	5.33%	19.54%
<b>2008</b>			
Balance brought forward	1,650,684	510,000	2,160,684
Operating Profit for the Year	195,567		195,567
Transfer to General Reserve	(65,000)	65,000	-
<b>Balance Carried Forward</b>	<b>1,781,251</b>	<b>575,000</b>	<b>2,356,251</b>
The Reserve % to Total Assets	15.52%	5.01%	20.53%

**Retained Earnings**

Reserves arising from retained profits accumulated from operations.

**General Reserve**

A General Reserve has been established in accordance with S119 of the Friendly Societies and Credit Unions Act 1982 which requires the Credit Union to transfer 5% of gross earnings to the General Reserve until the General Reserve is the equivalent of 5% of total assets, and thereafter maintained at 5% of total assets. The reserve may not be distributed until the Credit Union is being wound up or dissolved, but may be applied for the following purposes:

- To offset losses made by the Credit Union on loans to members', and
- To such persons of such amounts in such special circumstances, as the Registrar, on application, may approve.

**Total Reserve**

The Trust Deed requires that the total reserves, including retained earnings, of the Credit Union amount to at least 8% of the total assets of the Credit Union.

**5. CASH, CASH EQUIVALENTS & SHORT TERM DEPOSITS**

	Term	Interest Rates	2009 \$	2008 \$
Cash & Bank	On call		786,021	669,474
Credit Union ATM Cash Float	On call		495,980	286,030
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>			<b>1,282,001</b>	<b>955,504</b>
Deposits at NZACU Central Banking	30 – 365 days	3.44%	1,050,000	1,950,000
Deposits at Westpac Institutional Bank	1 year		-	-
Deposits at Australia & New Zealand Bank	30 – 365 days	4.34%	2,860,000	1,000,000
Balance Cash, Cash Equivalents & Term				
<b>Deposits Carried Forward</b>			<b>5,192,001</b>	<b>3,905,504</b>

The Credit Union does not hold tradeable securities. Effective interest rates are the original contracted values. Movements in market rates will not affect the recorded value of investments. The deposits with the NZ Association of Credit Union's Central Banking facility are excess funds held by the Credit Union. The NZACU minimises its exposure to credit risk by maintaining a diversified portfolio with controls over maturity, counter party and concentration of investment risks.

ANNUAL REPORT 2009



AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

6. TRADE AND OTHER RECEIVABLES	2009	2008
	\$	\$
Accrued Interest	82,690	96,660
Sundry Debtors	-	7,110
Prepayments	114,182	81,464
Other Receivables	189	1,100
	197,061	186,334

**7. LOANS TO MEMBERS'**

Loans are made in accordance with the lending policy of the Credit Union and are repayable on demand. A provision for impairment has been made at the end of the reporting period. Bad loans are written off against the provision for impairments. All loans that have been placed with a collection agency are assessed for impairment individually and provided for in full as there is no realisable collateral held.

a) Loans to Members Comprises:	2009	2008
	\$	\$
Neither Past Due nor Impaired	8,573,308	6,083,284
Past due but not impaired	24,437	14,919
Impaired individually	8,454	12,202
Impaired Collectively	104,342	97,141

<b>Gross Loans</b>	<b>8,710,541</b>	<b>6,207,546</b>
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**Less:**

Allowance for Impairment Individually	(8,454)	(12,202)
Allowance for Impairment Collectively	(60,343)	(55,140)

<b>Net Loans to Members</b>	<b>8,641,744</b>	<b>6,140,204</b>
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**b) Credit Quality – Security Dissection**

Secured by Mortgage over Real Estate	826,142	118,936
Secured by Motor Vehicles	394,932	341,098
Secured by Members Shares	6,178,596	5,222,230
Unsecured	1,310,871	525,282

<b>Gross Loans</b>	<b>8,710,541</b>	<b>6,207,546</b>
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It is impractical to provide a valuation of the security held against loans due to the large number of assets to be valued to arrive at the amount. A breakdown of the quality of the security on a portfolio basis is as follows:

Security held as First Mortgage against Real Estate is on the basis of:		
- Loan to Valuation Ratio of less than 80%	826,142	118,936
- Loan to Valuation Ratio of more than 80% but Mortgage Insured	-	-
- Loan to Valuation Ratio of more than 80% but not Mortgage Insured	-	-
<b>TOTAL</b>	<b>826,142</b>	<b>118,936</b>

**c) Credit Quality – Concentration of Loans**

(i) Loans to individual or related groups of members which exceed 10% of member funds in aggregate	-	-
(ii) Loans to members are concentrated solely in New Zealand and principally within the common bond of the Credit Union	100%	100%

(iii) Loans by member type (purpose)  
 For year ended 30 September 2008

Loans to natural persons		
Residential loans and facilities	826,142	118,936
Personal loans and facilities	7,884,399	6,088,610

<b>TOTAL</b>	<b>8,710,541</b>	<b>6,207,546</b>
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**8. IMPAIRMENT OF LOANS AND ADVANCES**

a) Allowance for Impairment	2009	2008
	\$	\$
Balance at 01 October	(67,342)	(72,365)
Addition / (Reduction) in allowance	(90,694)	(69,639)
Bad Debts Written off to allowance	89,239	74,662
Asset Acquired through the enforcement of Security	--	--
<b>Balance at 30 September</b>	<b>(68,797)</b>	<b>(67,342)</b>
<b>b) Calculation of allowance for Impairment</b>		
Allowance per Prudential Standards (Impaired Collectively)	(60,343)	(55,140)
Additional specific allowance (Impaired Individually)	(8,454)	(12,202)
<b>Closing Balance</b>	<b>(68,797)</b>	<b>(67,342)</b>

**Key assumptions in determining the allowance for impairment**

In the course of the preparation of the annual report the Credit Union has determined the likely impairment loss on loans which have not maintained loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances.

AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

In identifying the impairment likely from these events the Credit Union is required to estimate the potential impairment using the length of time the loan is in arrears and the historical losses arising in past years. An estimate is based on the period of impairment.

Period of Impairment	% of Balance
31 days to 90 days	20%
91 days to 180 days	40%
181 days to 270 days	60%
271 days to 365 days	80%
Over 365 days	100%
Unauthorised Overdraft savings	100%

The present value of the future cash flows from the impaired asset group is then calculated by discounting the loans' current value (carrying amount less provision) at the loans effective interest rate (taken collectively to be 15.08%).

	2009 \$	2008 \$
<b>c) Impairment of loans</b>		
<b>Non Accrual Loans (no interest charged)</b>		
Loans with allowance for impairment	8,454	12,202
Allowance for impairment	(8,454)	(12,202)
<b>Total Non-Accrual Loans</b>	<b>-</b>	<b>-</b>
<b>Past due loans 30 days to 90 days</b>		
Total past due loans 30 days to 90 days	23,085	24,580
Allowance for impairment	(7,300)	(7,773)
<b>Total Past Due Loans 30 days to 90 Days</b>	<b>15,785</b>	<b>16,807</b>
<b>Past due loans &gt;90 days</b>		
Total past due loans beyond 90 days	81,257	72,561
Allowance for impairment	(53,043)	(47,367)
<b>Total Past Due Loans &gt;90 Days</b>	<b>28,214</b>	<b>25,194</b>

There were no restructured loans or loans where real estate or other assets were acquired through the enforcement of security at 30 September 2009.

**d) Interest and Other Revenue recognised and foregone**

There is no interest and other revenue recognised and foregone.

**e) Fair value of Assets Acquired**

There are no assets acquired through the enforcement of security.

**f) Loans with Repayments Past-Due but not Impaired**

The total past past-due loans (which were overdue between 1 and 30 days) but not impaired as at 30 September 2009 was \$24,437 (2008 \$14,919).

**g) Loans Renegotiated**

There are no past due or impaired loans that have been renegotiated that fall outside the Credit Unions normal lending criteria.

<b>Total Renegotiated Loans not Impaired</b>	<b>51,990</b>	<b>51,360</b>
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>

**a) Classes of Property, Plant & Equipment**

**Leasehold Improvements**

At Cost	629,415	626,104
Accumulated Depreciation	(370,919)	(245,036)
	<b>258,496</b>	<b>381,068</b>

**Plant and Equipment**

At Cost	844,952	692,425
Loss on W/off	(379)	
Accumulated Depreciation	(414,424)	(267,432)
	<b>430,149</b>	<b>424,993</b>

**Computer Equipment**

At Cost	297,322	272,305
Accumulated Depreciation	(238,919)	(204,762)
	<b>58,403</b>	<b>67,543</b>

**Leased Plant & Equipment**

At Cost	99,222	99,222
Accumulated Depreciation	(45,252)	(25,408)
	<b>53,970</b>	<b>73,814</b>

<b>Total Plant &amp; Equipment</b>	<b>801,018</b>	<b>947,418</b>
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ANNUAL  
 REPORT  
 2009



AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

**b) Movements in Carrying Amounts**

Reconciliations of the carrying amounts of each class of plant and equipment between the beginning and end of the current financial year as set out below.

2009	Plant & Equipment	Computer Equipment	Leasehold Improvements	Leased Plant & Equipment	Total
	\$	\$	\$	\$	\$
Balance at the Beginning of the period	424,993	67,543	381,068	73,814	947,418
Additions	152,672	29,032	3,311	-	185,015
Disposals	(379)	-	-	-	(379)
Depreciation Expense	(147,137)	(38,172)	(125,883)	(19,844)	(331,036)
<b>Carrying amount at the end of the financial period</b>	<b>430,149</b>	<b>58,403</b>	<b>258,496</b>	<b>53,970</b>	<b>801,018</b>
<b>2008</b>					
Balance at the Beginning of the period	308,280	91,951	34,264	56,034	790,529
Additions	234,281	21,821	140,462	32,956	429,520
Disposals	(440)	(127)	-	-	(567)
Depreciation Expense	(117,128)	(46,102)	(93,658)	(15,176)	(272,064)
<b>Carrying amount at the end of the financial period</b>	<b>424,993</b>	<b>67,543</b>	<b>381,068</b>	<b>73,814</b>	<b>947,418</b>

**c) Impairment Losses**

There was no impairment loss in respect of plant and equipment.

**10. CAPITAL NOTES**

NZACU Business Services Division Trust Base Capital Notes (Capital Notes). These represent monies invested with the NZACU Business Services Division Trust for an open-ended term. The Capital Notes constitute unsecured obligations of the NZACU Business Services Division Trust and rank equally and without priority or preference among themselves. The Capital Notes rank after creditors in the event of the winding up of the NZACU Business Services Division Trust. Capital Notes may only be sold or transferred to another Credit Union that is a member of the NZACU Business Services Division Trust and with the consent of the NZACU Business Services Division Trust Board of Directors. There is no active market for these securities which have no guaranteed interest rate return.

Dividends are payable on a six monthly basis subject to the profitability of the NZACU Business Services Division Trust.

	Note	2009	2008
		\$	\$
Capital Notes at Amortised Cost		300,778	300,778
Acquired due to acquisition of operation	24	51,910	-
		<b>352,688</b>	<b>300,778</b>

**11. TRADE AND OTHER PAYABLES**

	Note	2009	2008
		\$	\$
Trade Payables		221,505	212,621
Accrued Interest payable		23,950	119,109
Resident Withholding Tax		35,579	22,864
Sundry Creditors and Accrued Expenses 1		09,753	43,318
Employee Entitlements		183,779	153,195
Hire Purchase	13	67,044	88,067
ACCESSCARD Settlement		344,953	193,535
		<b>986,563</b>	<b>832,709</b>

**12. MEMBERS' DEPOSITS**

	2009	2008
	\$	\$
<b>Ordinary Shares</b>		
Savings Accounts	3,051,790	1,816,313
Christmas Club	233,825	170,014
Loan Provider Account	6,739,145	5,315,568
<b>Total Ordinary Shares</b>	<b>10,024,760</b>	<b>7,301,895</b>
<b>Term Shares</b>		
<b>Original Maturity Terms</b>		
0-3 Months	16,215	32,059
6 Months	352,707	170,593
9 Months	72,107	13,435
12 Months	659,119	773,296
Greater than 12 Months	106,570	-
<b>Total Term Shares</b>	<b>1,206,718</b>	<b>989,383</b>
<b>Total Members' Deposits</b>	<b>11,231,478</b>	<b>8,291,278</b>

AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

**13. COMMITMENTS**

**a) Future Capital Commitments**

The Credit Union has not entered into any contracts for the purchase of Property, Plant & Equipment not recognised as a liability (2008: NIL).

**b) Finance Lease Commitments**

	2009 \$	2008 \$
Payable:		
Not longer than 1 Year	26,693	25,387
Longer than 1 and not longer than 5 Years	40,351	62,680
Longer than 5 Years	-	-
	67,044	88,067
Minimum lease Payments	79,422	111,728
Less Future Finance Charges	(12,378)	(23,661)
	67,044	88,067

**c) Operating Lease Commitments**

The Credit Union leases various branch outlets and offices under non-cancellable operating lease agreements. All property leases are non-cancellable with three to six year terms. Rent is payable monthly in advance. Options exist to renew the leases at the end of each term.

Non cancellable operating leases contracted for but not capitalised in the financial statements, payable:

Not longer than 1 Year	383,102	325,577
Longer than 1 and not longer than 5 Years	1,049,495	816,519
Longer than 5 Years	3,000	21,101
	1,435,597	1,163,197

The Credit Union also leases various plant and machinery under cancellable operating lease agreements. The Credit Union is required to give six-months notice for the termination of these agreements. The future minimum lease payments under non-cancellable operating leases are as follows:

Cancellable operating leases contracted for but not capitalised in the financial statements, payable:		
Not longer than 1 Year	33,570	33,570
Longer than 1 and not longer than 5 Years	35,642	69,212
Longer than 5 Years	-	-
	69,212	102,781

**14. CONTINGENT LIABILITIES**

There are no contingent liabilities disclosed in the financial statements (2008: NIL).

**15. SEGMENTAL REPORTING**

The Credit Union operated in the New Zealand financial services industry. All operations were carried out in New Zealand.

**16. RESERVE BANK GOVERNMENT DEPOSIT GUARANTEE SCHEME**

The Credit Union's deposits are guaranteed for a period from 12 October 2008 until 31 December 2009 under the Reserve Bank's Government Deposit Guarantee Scheme.

**17. EVENTS OCCURRING AFTER BALANCE DATE**

Withdrawal from the Government Deposit Guarantee Scheme The Board of Directors have notified the Reserve Bank Governor of the intention to withdraw from the Government Deposit Guarantee Scheme as of 1 January 2010. The Board are of the view that the market conditions existing at the time the Guarantee Scheme was launched are no longer present and that the Credit Union has the necessary capital adequacy and liquidity to ensure continuing viability.

**18. 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.

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

- Market risk management
- Credit risk management
- Liquidity risk management
- Operations risk management
- Capital adequacy management

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

**Market Risk 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 to manage the risk is to maintain a balanced "on book" strategy by ensuring the net interest rate gaps between members loans and members shares are not excessive. The measured gap in each 3 month range to be maintained is between 11 – 12% of the difference between loans and members deposits. The gap is measured monthly to identify any large exposures to the interest rate movements and to rectify the excess through targeted fixed rate interest products available through investment assets, and term deposits liabilities to rectify the imbalance to within acceptable levels. The policy of the Credit Union is not to undertake derivatives to match the interest rate risks.

ANNUAL  
 REPORT  
 2009



AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

The Credit Union performs sensitivity analysis to measure market risk exposures. The method used in determining the sensitivity was to evaluate the profit based on the timing of the interest re-pricing between the members' loans and members' deposits for the next 12 months. In doing the calculation the assumptions applied were that:

- The interest rate change would be applied equally over to the loan products and term deposits.
- The rate change would be as at the beginning of the 12 month period and no other rate changes would be effective during the period.
- The term deposits would all re-price to the new interest rate at the term maturity, or be replaced by deposit with similar terms and rates applicable.
- All loans would be repaid in accordance with the current contractual repayment terms.
- The value and mix of call savings to term deposits will be unchanged.
- The value and mix of personal loans to mortgage loans will be unchanged.

	Carrying Amount (\$)	Profit & Equity (\$)	Profit & Equity (\$)
<b>2009</b>			
<b>Financial Assets</b>		-1%	+1%
Bank deposits	3,910,000	-2,452	2,452
Loan receivables	8,641,744	-12,069	12,069
<b>Financial Liabilities</b>		-14,521	14,521
Members deposits	11,231,478	-4,230	4,230
<b>Total Increase / (Decrease)</b>		<b>-10,291</b>	<b>10,291</b>
<b>2008</b>			
<b>Financial Assets</b>		-1%	+1%
Bank deposits	2,950,000	-2,671	2,671
Loan receivables	6,140,204	-10,500	10,500
<b>Financial Liabilities</b>		-13,171	13,171
Members deposits	8,291,278	-2,065	2,065
<b>Total Increase / (Decrease)</b>		<b>-11,106</b>	<b>11,106</b>

There has been no change to the Credit Union's exposure to market risk or the way the Credit Union manages and measures market risk in the reporting period. The Credit Union exposure to interest rate risk is set out in Note 25 which details the contractual interest change profile.

**Credit Risk – Loans**

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

The Credit Union has established policies or procedures over the:

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

Regular reviews of compliance are conducted as part of the internal audit scope. The Credit Union has a concentration in the retail lending for members who are within the territory of the Te Tai Tokerau, Tamaki Makaurau, Tainui, Wairariki, Te Tai Hauauru, Ikaroa Rawhiti, electoral districts and the main centres of the Te Tai Tonga electorate.

Daily reports monitor the loan repayments to detect delays in repayments and recovery action is undertaken after 7 days if not rectified. For loans where repayments are doubtful, recovery action commences when the loan is over 7 days in arrears. The exposures to losses arise predominantly in the non secure personal loans and facilities.

The significant accounting judgements are related to the determination of the provision for impairment of loans which is set out in Note 8.

**Credit Risk – Liquid Investment**

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

There is a concentration of credit risk with respect to investment receivables with the placement of investments in NZACU. The credit policy is that investments are only made to institutions that are credit worthy.

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

**Credit Risk – Equity Investments**

The Credit Union does not have investments in equity investments.

**Liquidity Risk**

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

The Credit Union manages liquidity risk by:

- Continuously monitoring forecast and actual daily cash flows.
- Reviewing the maturity profiles of financial assets and liabilities.
- Maintaining adequate reserve, liquidity support facilities and reserve borrowing facilities.

AOTEAROA CREDIT UNION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009

The Credit Union has a \$200,000 standby borrowing facility with the NZACU to provide support to the Credit Union if necessary at short notice (balance at 30 September 2009 \$Nil).

The Credit Union's policy is to maintain at least 10% of total assets as liquid assets capable of being converted to cash within 7 days (liquidity ratio at balance date 34%). 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 borrowing facilities available.

The maturity profile of the financial liabilities, based on the contractual repayment terms, are set out in the specific note 19. There is no expectation that the actual maturities will vary from the contracted maturities.

#### Operational Risk

Operations risks relate to those risks arising from a number of sources including legal compliance, business continuity, data infrastructure and outsourced services failures and employee errors.

These risks are managed through the implementation of policies and systems to monitor the likelihood of the events and minimise the impact. A system of internal controls are enhanced through:

- The segregation of duties between employee duties and functions, including approval and processing duties.
- Documentation of the policies and procedures, employee job descriptions and responsibilities, to reduce the incidence of errors and inappropriate behaviour.
- Implementation of the whistleblowing policies to promote a compliant culture and awareness of the duty to report exceptions by staff.

#### Capital Management

The Credit Union is regulated under the Friendly Societies and Credit Union Act 1982. There is a statutory requirement over the minimum reserves required to be maintained. In addition the Credit Union operates under a trust deed which requires the minimum reserves to be held by the Credit Union to be 8% of total assets. The Credit Union reserves as at the end of the reporting period are stated in note 4.

The Credit Union's capital is determined as follows:

	2009 \$	2008 \$
Tier 1		
Retained earnings & other revenue reserves	2,157,107	1,781,251
General Reserve	809,364	575,000
<b>Total Reserves</b>	<b>2,966,471</b>	<b>2,356,251</b>

To manage the Credit Union's capital, which can be affected by excessive growth and by changes in total assets, the Credit Union reviews the capital adequacy ratio monthly and monitors major movements in the asset levels. Policies have been implemented to require reporting to the board and the trustee if the capital ratio falls below 8%. Further, an annual capital budget projection of the capital level is maintained annually to address how strategic decisions or trends may impact on the

#### 19. 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 associated table shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding plus interest 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 is subject to change in the event that current repayment conditions are varied. Future interest receivable and future interest payable represent the expected future interest cash flows arising from the contractual obligations of the underlying monetary assets and liabilities respectively.

2009	On Call	< 1mth	1-3 mth	3-6 mth	6-12 mth	1-2 year	2-5 year >	5 year	Total
<b>Monetary Assets</b>									
<b>Receivable</b>									
Cash & Cash equivalents	1,282,001	-	-	-	-	-	-	-	1,282,001
Short Term Deposits	-	-	1,550,000	2,360,000	-	-	-	-	3,910,000
Trade & Other Receivables	-	155,333	-	-	-	-	-	-	155,333
Loans to Members	-	553,216	1,031,419	1,390,900	2,257,179	2,290,975	635,125	551,727	8,710,541
Future Interest Receivable	-	106,822	195,021	243,025	333,527	263,268	166,452	310,795	1,618,910
Capital Notes	-	-	-	-	-	-	-	352,688	352,688
<b>Total Monetary Assets Receivable</b>	<b>1,282,001</b>	<b>815,371</b>	<b>2,776,440</b>	<b>3,993,925</b>	<b>2,590,706</b>	<b>2,554,243</b>	<b>801,577</b>	<b>1,215,210</b>	<b>16,029,473</b>
<b>Monetary Liabilities</b>									
<b>Payable</b>									
Trade & Other Payables	-	919,520	-	-	-	-	-	-	919,520
Members Deposits	3,051,790	6,918,782	484,211	338,548	331,577	106,570	-	-	11,231,478
Future Interest on Members Deposits	-	8,436	14,210	14,021	16,695	4,982	-	-	58,344
Hire Purchase	-	2,797	5,595	8,392	16,785	33,570	12,283	-	79,422
<b>Total Monetary Liabilities Payable</b>	<b>3,051,790</b>	<b>7,849,535</b>	<b>504,016</b>	<b>360,961</b>	<b>365,057</b>	<b>145,122</b>	<b>12,283</b>	<b>-</b>	<b>12,288,764</b>

ANNUAL  
REPORT  
2009



AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

20098	On Call	< 1mth	1-3 mth	3-6 mth	6-12 mth	1-2 year	2-5 year >	5 year	Total
<b>Monetary Assets</b>									
<b>Receivable</b>									
Cash & Cash equivalents	955,504	-	-	-	-	-	-	-	955,504
Short Term Deposits	-	-	1,650,000	300,000	1,000,000	-	-	-	2,950,000
Trade & Other Receivables	-	157,326	-	-	-	-	-	-	157,326
Loans to Members	-	472,260	865,655	1,168,991	1,898,025	1,434,664	319,373	48,578	6,207,546
Future Interest Receivable	-	80,938	215,799	177,475	224,289	132,468	55,351	9,256	895,576
Capital Notes	-	-	-	-	-	-	-	300,778	300,778
<b>Total Monetary Assets Receivable</b>	<b>955,504</b>	<b>710,524</b>	<b>2,731,454</b>	<b>1,646,466</b>	<b>3,122,314</b>	<b>1,567,132</b>	<b>374,724</b>	<b>358,612</b>	<b>11,466,730</b>
<b>Monetary Liabilities</b>									
<b>Payable</b>									
Trade & Other Payables	-	744,642	-	-	-	-	-	-	744,642
Members Deposits	1,816,313	5,384,078	321,757	256,334	512,796	-	-	-	8,291,278
Future Interest on Members Deposits	-	1,273	5,058	10,249	35,756	-	-	-	52,336
Hire Purchase	-	2,797	5,595	8,329	16,785	33,570	44,652	-	111,728
<b>Total Monetary Liabilities Payable</b>	<b>1,816,313</b>	<b>6,132,790</b>	<b>332,410</b>	<b>274,912</b>	<b>565,337</b>	<b>33,570</b>	<b>4,652</b>	<b>-</b>	<b>9,199,984</b>

The Credit Union considers the expected maturities of the loans to members to be in-line with the contracted maturities as reported above.

The Rules allow the Trustees, at their discretion, to restrict a member access to their shares if the withdrawal of shares would reduce the member's deposits in the Credit Union to an amount less than the member's total liability to the Credit Union.

## 20. OTHER CREDIT RISKS

### a) Maximum Credit Risk Exposure

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

### b) Concentration of Credit Risk

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

### c) Large Counterparties

The Credit Union has exposure to counter-parties as follows:

	Number of Assets	Counterparties Liabilities
Assets Greater than 100% of equity	-	N/A
Between 90% and 100% of equity	1	
Between 80% and 90% of equity	-	
Between 70% and 80% of equity	-	
Between 60% and 70% of equity	-	
Between 50% and 60% of equity	-	
Between 40% and 50% of equity	-	
Between 30% and 40% of equity	1	
Between 20% and 30% of equity	-	
Between 10% and 20% of equity	1	

In relation to loans to members, where a member has shares as security or deemed security, the security has not been taken into account when calculating the percentage of exposure.

Counter-parties includes cash and cash equivalents and short term deposits held with the NZACU and the ANZ Bank.

### d) Loans to Members

Loans can only be made to Credit Union members. Loan interest rates range from 5.5% to 17% p.a. (2008: 9% to 17% p.a.). The Credit Union has a lending policy that requires various levels and types of security for loans and includes that a portion of loans may be secured over the borrowing members shares. The Friendly Societies and Credit Unions Act 1982 limits the risk of any one member and provides, along with the loan agreement that any and all shares might be used to offset an individual loan to the limit of their liability. Under section 110 of the Act, the maximum indebtedness and repayment terms of a member shall not, without the prior consent of the Registrar, exceed the following limits:

- Unsecured Loan 5% of the value of the assets of the Credit Union and 5 Years
- Secured Loan 10% of the value of the assets of the Credit Union and 30 Years

The proportion of loans with repayments in arrears in excess of three months is:

	2009	2008
	0.77%	1.01%

Other than loans, there are no other monetary assets in arrears.

AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

Loans are for varying terms but the standard loan contract includes an "on demand" clause. The monthly repayments on the loans for the past period represent an average loan of:

2009 Months	2008 Months
8.84	8.50

The proportion of loans owed in aggregate by the debtors who owe the six largest amounts is:

2009	2008
10.09%	4.11%

## 21. CONCENTRATION OF FUNDING

The Credit Union's source of funding is members' deposits. Accordingly, the funding is concentrated in and limited to the area of the "common bond" and consequently the Credit Union funding is almost exclusively from individuals residing within Auckland, Hamilton Wanganui and their satellite towns. The funding from members is recorded as Members' Shares in the Balance Sheet.

## 22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability. Significant assumptions used in determining the cash flows are that the cash flows will be consistent with the contracted cash flows under the respective contracts. The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Credit Union. There is no active market to assess the value of the capital notes.

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

### Financial Assets

#### Loans to Members

As detailed in the accounting policies, loans are carried at estimated realisable value after providing for impairments. The directors believe that any differences between carrying value and fair value are not material because the loan periods are relatively short and can be changed to "on demand" by the trustees. In addition, interest rate differences between lending dates and balance date are not significant.

#### Cash and Bank

The reported amount is equal to fair value.

#### Receivables

The reported amount takes into account the likelihood of collecting the amounts owed. The Directors believe these amounts reflect their fair value.

#### Investments

Investments are disclosed on the basis of the value at the time of purchase. Any variance between market value and cost price is not material.

### Financial Liabilities

#### Deposit from Members

Deposits from members are accepted on the basis of a fixed value of \$1 per share. Deposits not in whole dollars are deemed to be advance subscriptions for shares. Dividends not paid in cash, and reinvested by members, are deemed to be subscriptions for shares and add to the members' share balance in the Credit Union. The Directors believe the reported values reflect fair value.

Members' shares are secured by a first ranking equitable assignment by the way of security over the whole of the Credit Union's present and future undertaking, assets and revenues, including the proceeds received for the subscription shares and unpaid capital (if any). The equitable assignment by way of security was granted in favour of Perpetual Trust Limited, the Prudential Supervisor of the Credit Union, under a Trust Deed dated 18th October 2001, which has been registered with the Registrar of Companies.

The Credit Union has also granted to Perpetual Trust Limited a security interest in all its present and after-acquired personal property as additional security for the members' shares. Perpetual Trust Limited has registered a financing statement under the Personal Property Securities Act 1999 in respect of the same. The grant of this security interest was recorded in a Deed of Modification to Trust Deed dated 31 October 2002, which has been registered with the Registrar of Companies.

#### Other Liabilities

Accounts Payable is carried at fair value.

## 23. DISCLOSURES ON DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

### a) Remuneration of Key Management Persons (KMP)

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

Key management persons (KMP) have been taken to comprise the directors and the 2 members of the executive management responsible for the day to day financial and operational management of the Credit Union.

No Directors are employed by the Credit Union. Directors fee are disclosed in note 2.

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

	2009 Other KMP \$	2008 Other KMP \$
Short-term employee benefits	257,231	228,295
Total	257,231	228,295

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

ANNUAL  
 REPORT  
 2009



AOTEAROA CREDIT UNION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

The Credit Union deals with Directors and Trustees on the same terms and conditions applied to all members.

	2009	2008
<i>Directors Holdings</i>	\$	\$
Directors' holdings at balance date are:		
Owing to Directors (Shares)	11,456	7,788
Owing from Directors (Loans)	(52,083)	(22,877)

There are no shares from directors invested for a term exceeding 12 months and all directors' loans are repayable upon demand.

24. ACQUISITION OF OPERATIONS

The assets, liabilities and reserves of the Hamilton Industrial and Clerical Credit Union (HICCU) were transferred to the Credit Union on the 1st October 2008. No financial consideration was paid by the Credit Union for the assets and liabilities of the operation. As the value of the total assets exceeded the total liabilities in the books of HICCU and the Board are satisfied that these reflected 'fair value' the Credit Union has reported a gain on the transfer of engagement.

<b>Assets</b>	<b>\$</b>
Cash & Cash Equivalents	85,137
Short Term Deposits	753,060
Trade and Other Receivables	13,958
Loans to Members	1,075,928
Property, Plant & Equipment	1,950
Capital Notes	51,910
<b>Total Assets</b>	<b>1,981,943</b>
<b>Liabilities</b>	
Trade & Other Payables	39,067
Members' Deposits	1,521,030
<b>Total Liabilities</b>	<b>1,560,097</b>
<b>Net Assets</b>	<b>421,846</b>
Consideration	-
Discount on Acquisition	\$421,846

25. INTEREST RATE RISK

The Credit Union's exposure to interest rate risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and financial liabilities, is as follows:

	Floating Interest Rate		0-3 months		3-6months		6-12 months		1-2 years		Non-Interest Sensitive		Set six monthly in arrears		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Monetary Assets</b>																
Cash & Bank											1,282	955			1,282	955
Bank Deposits			1,550	1,650	2,360	300		1,000	-	-					3,910	2,950
Trade & other receivables	-	-	-	-	-	-	-	-	-	-	197	186	-	-	197	186
Loans to Member	8,642	6,140	-	-	-	-	-	-	-	-	-	-	-	-	8,642	6,140
Capital Notes (a)	-	-	-	-	-	-	-	-	-	-			353	301	353	301
<b>Total Monetary Assets</b>	<b>8,642</b>	<b>6,140</b>	<b>1,550</b>	<b>1,650</b>	<b>2,360</b>	<b>300</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,479</b>	<b>1,141</b>	<b>353</b>	<b>301</b>	<b>14,384</b>	<b>10,532</b>	
<b>Monetary Liabilities</b>																
Deposits	10,025	7,302	430	220	338	256	331	513	107						11,231	8,291
Other Payables	-	-	-	-	-	-	-	-	-		987	833	-	-	987	833
Borrowings	-	-	-	-	-	-	-	-	-						-	-
<b>Total Monetary Liabilities</b>	<b>10,025</b>	<b>7,302</b>	<b>430</b>	<b>220</b>	<b>338</b>	<b>256</b>	<b>331</b>	<b>513</b>	<b>107</b>	<b>987</b>	<b>833</b>	<b>-</b>	<b>-</b>	<b>12,218</b>	<b>9,124</b>	

\*The weighted average effective interest rate has been calculated on the interest sensitive financial instruments in each category.

(a) Capital notes do not have any predetermined rate of interest. Interest is payable on a six monthly basis in arrears subject to the profitability of the NZACU Business Services Division Trust. The last interest payment was at 15% per annum (2008: 15% per annum).

**AOTEAROA CREDIT UNION  
SCHEDULE OF SHARE ACCOUNTS  
(PARAGRAPH 1.5)**

The Credit Union reserves the right (subject to any restriction contained in the Act, the Trust Deed, its Rules or otherwise at law) to vary the rate of return, the terms and conditions of the account, or the timing of repayments on the share accounts offered by it. The Credit Union will provide members with notice of any variation and this notice may be by way of inclusion in the Credit Union's newsletter.

**Term Accounts**

Name: 1 Month Term Investment  
 Term: 1 months  
 Interest Rate: 3.5%  
 Minimum Shareholdings: \$500  
 Timing of Repayments: End of term  
 Fees and Charges: Cheque withdrawal fee \$3.00  
 Early withdrawal penalty interest rate 1%  
 Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: 3 Month Term Investment  
 Term: 3 months  
 Interest Rate: 4.0%  
 Minimum Shareholdings: \$500  
 Timing of Repayments: End of term  
 Fees and Charges: Cheque withdrawal fee \$3.00  
 Early withdrawal penalty interest rate 1%  
 Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: Month Term Investment  
 Term: 6 months  
 Interest Rate: 5.25%  
 Minimum Shareholdings: \$500  
 Timing of Repayments: End of term  
 Fees and Charges: Cheque withdrawal fee \$3.00  
 Early withdrawal penalty interest rate 1%  
 Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: 9 Month Term Investment  
 Term: 9 months  
 Interest Rate: 5.0%  
 Minimum Shareholdings: \$500  
 Timing of Repayments: End of term  
 Fees and Charges: Cheque withdrawal fee \$3.00  
 Early withdrawal penalty interest rate 1%  
 Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: 12 Month Term Investment  
 Term: 12 months  
 Interest Rate: 6.5%  
 Minimum Shareholdings: \$500  
 Timing of Repayments: End of term  
 Fees and Charges: Cheque withdrawal fee \$3.00  
 Early withdrawal penalty interest rate 1%  
 Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: 24 Month Term Investment  
 Term: 24 months  
 Interest Rate: 5.0%  
 Minimum Shareholdings: \$500  
 Timing of Repayments: End of term  
 Fees and Charges: Cheque withdrawal fee \$3.00  
 Early withdrawal penalty interest rate 1%  
 Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

**ANNUAL  
REPORT  
2009**



AOTEAROA CREDIT UNION  
 SCHEDULE OF SHARE ACCOUNTS  
 (PARAGRAPH 1.5)

**On Call Accounts**

Name: Primary Account

The following fees will apply to the members primary account. Generally any of the following account can be elected by the member to be their Primary account.

Fees and Charges:

Membership fee	\$3.00 per Month
Counter Cheque Withdrawal	\$3.00
Direct Debits Set-up	\$5.00
Direct Debits Cancellation	\$5.00
Direct Debits Alteration	\$5.00
Direct Debits Dishonoured	\$25.00
Direct Debits Transaction	\$0.50
Pin Replacement	\$5.00
International ATM Withdrawal	\$7.00
International ATM Enquiry	\$0.80
International EFTPOS Withdrawal	\$0.80
Automatic Payment Cancellation	\$5.00
Automatic Payment Alteration	\$5.00
Automatic Payment (per Payment)	\$0.50
Access Card Issue	\$5.00
Access Card Replacement	15.00
ATM In Branch Transaction	\$1.00
ATM Transaction (incl. non-value)	\$2.00
EFT-POS Transaction	\$0.50
ACCESSTXT Balances	\$1.00
ACCESSTXT Transfers	\$1.00
Stopped Cheques	\$25.00
Special Answers	\$20.00
Inter Credit Union Withdrawal	\$10.00
Traces and Voucher Searches	\$13.00
Delinquent Loan Letters	\$20.00

Name: Access Account

Interest Rate: 00%

Minimum Shareholdings: \$1.00

Minimum Balance: \$10.00

Timing of Repayments: On demand

Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: Serious Saver Account

Interest Rate: Up to \$499 2.00%  
 \$500-\$999 3.00%  
 Over \$1,000 4.00%

Minimum Shareholdings: \$1.00

Timing of Repayments: On demand

Fees and Charges: Counter Cheque Withdrawal \$3.00

Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

Name: Junior Savers Account

Interest Rate: Up to \$499 2.00%  
 \$500-\$999 3.00%  
 Over \$1,000 4.00%

Minimum Shareholdings: \$1.00

Timing of Repayments: On demand

Fees and Charges: Cheque withdrawal fee \$3.00

Terms and Conditions of Account: Open for children from birth to 18 years of age. No account maintenance fees. Otherwise as set out in the Rules of the Credit Union and generally described in the Prospectus

Name: Insurance Account

Interest Rate: 00%

Minimum Shareholdings: \$00

Timing of Repayments: On demand

Fees and Charges: Counter Cheque Withdrawal \$3.00

Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

AOTEAROA CREDIT UNION  
SCHEDULE OF SHARE ACCOUNTS CON'T  
(PARAGRAPH 1.5)

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Name: Insurance Account  
Interest Rate: 00%  
Minimum Shareholdings: \$00  
Timing of Repayments: On demand  
Fees and Charges: Counter Cheque Withdrawal \$3.00  
Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

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Name: Loan Provider  
Interest Rate: 2.00%  
Minimum Shareholdings: \$00  
Timing of Repayments: 14 days notice of withdrawal  
Fees and Charges: Counter Cheque Withdrawal \$3.00  
Terms and Conditions of Account: Equivalent of \$5.00 per week to be deposited, may be used as security for loan, otherwise as set out in the Rules of the Credit Union and generally described in the Prospectus

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**Special Share Accounts**

Name: Christmas Club  
Term: 12 months  
Interest Rate: 5.00%  
Minimum Shareholdings: \$00  
Timing of Repayments: Open for withdrawals on demand between 1 December to 31 January each year,  
Fees and Charges: Cheque withdrawal fee \$3.00  
Terms and Conditions of Account: As set out in the Rules of the Credit Union and generally described in the Prospectus

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ANNUAL  
REPORT  
2009



# BOARD OF DIRECTORS

## YEAR TO SEPTEMBER 30TH 2009



From left, Barry Soutar, Robert Anderson, John Walters, Bryan Hemi, Gail Hohaia, Wyn Osborne

Name: **Robert Anderson JP**  
Occupation: Union Organiser  
Member of: Nomination and Remuneration Committee  
Joined board: 2008

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Name: **Bryan Hemi (Ngati Kahungunu, Ngati Koata)**  
Occupation: Managing Director, JNB Investments Ltd  
Qualifications: MBA, BE (Civil)  
Other Directorships: JNB Investments, Quotable Value, Property IQ  
Member of: ACU Chair; Trustee, Nomination and Remuneration Committee  
Joined board: 2003

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Name: **Gail Hohaia**  
Occupation: Contract Advisor, Te Puni Kokiri, Tamaki Makaurau  
Qualifications: Dip Bus.  
Member of: Deputy Chair; Board Secretary; Sponsorship Committee,  
Joined board: 1990

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Name: **Wyn Osborne**  
Occupation: Executive Contractor  
Qualifications: MBA, Diploma of Corporate Management, Certificate in Company Direction, Accredited Associate of the Institute for Independent Business  
Member of: Treasurer; Chair, Internal Audit Committee  
Other Directorships: Workbase Education Trust  
Joined Board: 1990

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Name: **Barry Soutar (Ngati Porou, Ngati Awa, Ngai Tai ki Tamaki)**  
Occupation: Director, Piata Ltd, Maori Management Consultancy  
Interim GM Ngai Tai ki Tamaki Trust, Treaty Claimant  
Tribe Auckland, Trustee Ngati Porou ki Tamaki, Tribal Development  
Qualifications: MBA (Hons)  
Member of: Trustee; Sponsorship Committee, Internal Audit Committee  
Joined board: 2003

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Name: **John Walters (Te Aupouri, Te Rarawa and Ngapuhi.)**  
Occupation: Commercial lawyer, WaltersLaw  
Qualifications: BA, LLB  
Member of: Nomination and Remuneration Committee  
Other Directorships: Te Rau Matatini Ltd, Institute of Geological and Nuclear Sciences Limited  
Joined board: 2001

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# DIRECTORY

Unit B/123 Ormiston Road  
Botany Junction  
Manukau 2016

E-mail: helpdesk@aotearoacu.  
co.nz  
Internet: www.aotearoacu.  
co.nz

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**HEAD OFFICE:** Unit B/123 Ormiston Road  
Botany Junction  
Manukau 2016

Fax: (09) 279 8596

Staff:  
General Manager: Bruce Bleakley  
Senior Manager/Operations: Sharlene Pokai  
Contract Accountant: Warrick Black  
Account Controller: Ann Doherty  
Administration Officer: Riki Rewiti  
Telephonists: Louann Fagasoia  
Lauama Ah-Wong

Relief Staff: Sheryl Matthews

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**PAPATOETOE BRANCH:** 9-11 St George Street  
Papatoetoe

Fax: (09) 279 8228

Staff:  
Branch Manager: Jasprit Kaur  
Member Service Officers: Marilyn Ogoy  
Suhad Al-timimi

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**GLEN INNES BRANCH:** 21 Mayfair Place,  
Glen Innes

Fax: (09) 521 7084

Staff:  
Branch Manager: Christine Godsmark  
Member Service Officers: Margaret Toetu  
Julianna Lagaaia

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**OTARA BRANCH:** Otara Shopping Centre  
Otara

Fax: (09) 265 0040

Staff:  
Branch Manager: Hiraina Whaanga  
Member Service Officers: Susan Solomon  
Miako Fetu'u  
Finehika Dale

**CLENDON BRANCH:** Clendon Park Shopping Centre,  
Clendon

Fax: (09) 269 6003

Staff:  
Branch Manager: Siatu Pilimai  
Member Service Officers: Kelly Belcher  
Shereen Ali  
Farzana Jamsheed

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**OTAHUHU BRANCH:** 4/507 Great South Road,  
Otahuhu

Fax: (09) 276 1306

Staff:  
Acting Branch Manager: Lile Pine  
Member Service Officers: Mosman Charlie  
Sophie Tanuvasa  
Fitalika Fau

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**PAPAKURA BRANCH:** 16 Broadway,  
Papakura

Fax: (09) 296 2403

Staff:  
Branch Manager: Salma Ali  
Member Service Officer: Jeannie Cameron

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**MANGERE BRANCH:** Mangere Town Centre,  
Mangere

Fax: (09) 257 5176

Staff:  
Branch Manager: Ngaroma Ngawaka  
Member Service Officer: Vaisola Tanuvasa  
Angelina Tauau

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**WANGANUI BRANCH:** 147 Victoria Avenue

Fax: (06) 345 6045

Staff:  
Branch Manager: Shirley Hamlin  
Member Service Officer: Jilleah Matthews

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**PHONE BANKING:**  
Within the Auckland calling area (09) 277 8244  
Out of the Auckland calling area (0800) 240 200

ANNUAL  
REPORT  
2009



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PARTNERS IN OUR PROGRESS  
IN 2007/2008

NEW ZEALAND ASSOCIATION OF CREDIT UNIONS:

P O Box 37 590  
Parnell

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SOLICITORS:

Burke Melrose  
P O Box 5142  
Auckland

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AUDITORS (EXTERNAL):

Staples Rodway  
P O Box 3899  
Auckland

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AUDITORS (INTERNAL):

Hayes Knight  
P O Box 9588  
Auckland

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BANKERS:

Westpac  
New Zealand Association of Credit Unions  
ANZ National Bank

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TRUST DEED SUPERVISORS:

Perpetual Trust Ltd  
P O Box 3845  
Wellington

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INSURERS:

Crombie Lockwood Insurance Brokers Ltd  
P O Box 13483  
Tauranga

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IT SUPPORT:

Net-X Ltd  
P O Box 38858  
Howick

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PRINTERS:

Logick Print and Graphics Ltd  
P O Box 12431  
Penrose

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DESIGNER:

Fresh  
22 Merlot Heights  
Huapai





Aotearoa  
CREDIT UNION

SAVINGS | INVESTMENTS | LOANS

ANNUAL REPORT 2009