



Celebrating
60 YEARS of
UKRAINIAN
SETTLEMENT
in Australia

annual report 2007

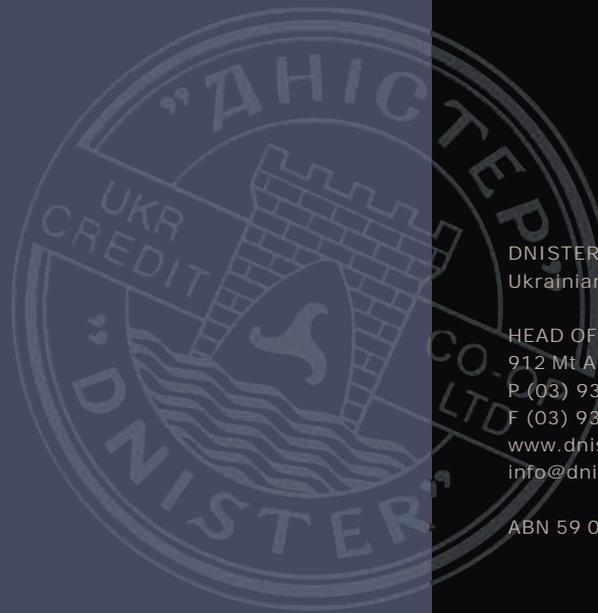
48 years strong.



our mission

Financial Advantage,
Prosperity and Wealth . . .

for Members and the
Ukrainian Community in
Australia.



DNISTER
Ukrainian Credit Co-operative

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four generations of ukrainian australians

Celebrating 60 years of Ukrainian settlement in Australia

Separated from family, their homeland and most of their possessions, a young Australia presented promising opportunities for many new arrivals from a war torn Europe.

In 1948 the first significant number of Ukrainian immigrants reached Australia's shores. Soon after, they began to establish not only their new lives but also many community organisations. Churches, schools, youth organisations, sporting teams, co-operatives and cultural groups soon emerged. People wanted to maintain their cultural heritage as a tie to their homeland and for the benefit of their children.

Today we have developed into a vibrant community of Ukrainians throughout Australia which provides the very essence of community life, identity and spirit in maintaining our heritage and identity.

Dnister is one such organisation. As the 50th Anniversary of Dnister approaches in 2009 it is an opportune time to acknowledge the vision of the migrants who saw the need for a credit Co-operative within the community.

The 60th anniversary of Ukrainian Settlement in Australia allows us to reflect on the enormous contribution individuals and organisations have made not only to the Ukrainian Community but also to multi-cultural Australia. The work continues; third and fourth generation Ukrainians in Australia and newly arrived Ukrainians are continuing the tradition of hard work and commitment, keeping a sense of identity and most importantly community.

Ukrainians being Ukrainians at the first Moomba Festival, Melbourne, March 1955. Petro Powarczuk center front playing a traditional Ukrainian Instrument 'the Kobza'.

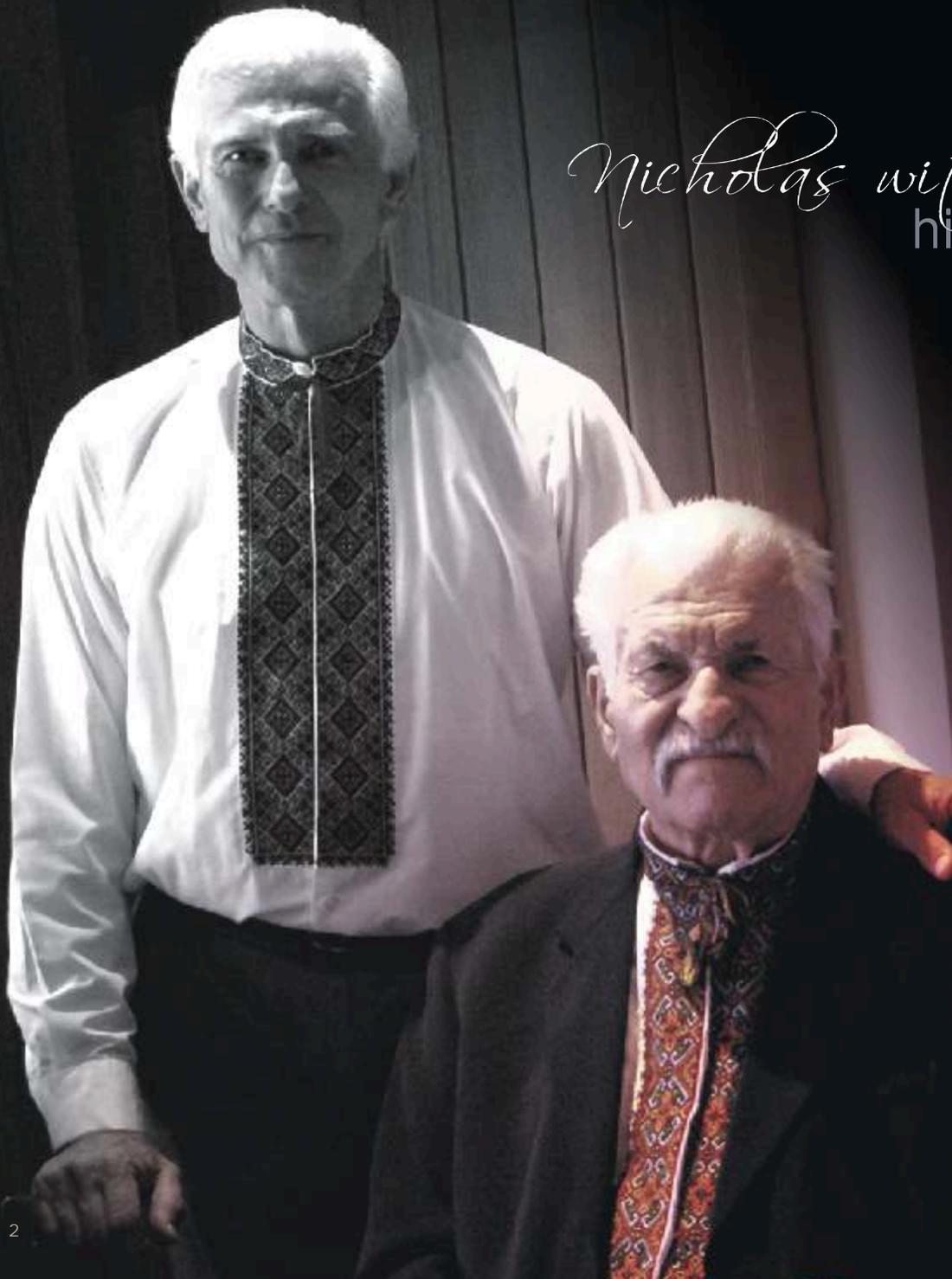
contents

On the 15th of July 1949 Peter and Anna Powarczuk set foot on Australian soil after having left Ukraine to begin their new lives. Four generations of the family have grown up in Australia and they have kindly shared some of their photos and experiences to help us depict and celebrate this significant anniversary. We wish to express our gratitude to Great Grandparents Petro and Anna Powarczuk and Eva Kuczerepa, Grandparents Nicholas and Helena Powarchuk, Grandchildren Nicole and Marko and their partners Mark Theeuwen and Natalie (Klym), Great Grandchildren Kiana, Mia and Xavia.



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Nicholas with
his father Petro



Petro Powarczuk and his son Nicholas ready for Sunday Mass, 1952. Since settlement, over 30 Ukrainian churches have been established throughout Australia. The majority of them belong to the Ukrainian Catholic and Ukrainian Orthodox denominations and there are also a small number of Ukrainian Baptist churches.

chairmans report

On behalf of the Board of Directors and Staff at Dnister Ukrainian Credit Co-Operative, I am pleased to report a profit before tax of \$443,000 to our members.

In our 2006 annual report I spoke at great length about Dnister's strategic plan to 2010 and the two areas that are extremely important to us as Directors; our bond of being Ukrainian and our leadership role within the Ukrainian community.

I want to take a moment to highlight some of the major events Dnister is presently involved in, working closely with key Ukrainian community organisations.

As we commemorate the 75th anniversary of Holodomor, the forced famine imposed on Ukraine by the Soviet Union, Dnister is committed, in conjunction with CYOA, to be a leading organisation in providing financial assistance to commemorate this day! Like me, I am sure that there are many others who have been touched by this tragedy.

At the conclusion of the 2007 year will be the National Summer Camp for Ukrainian Youth hosted by CYM & Plast, under the patronage of CYOA. In celebration of 60 years of Ukrainian settlement in Australia, we as a Board are enthusiastic to have sponsored this event and encourage all to participate and get involved.

In 2008, Australia will be hosting World Youth Day. The Ukrainian Catholic Church will be leading and organising key events in both Melbourne and Sydney for Ukrainian participants. Dnister is proud to be a major contributor to such a significant event.

As part of our ongoing commitment, 25% of our 2006 Net Profit (\$127,500) was allocated, through the CSAC (Community Sponsorship Advisory Committee) back to the Ukrainian community. The Board is delighted with the continued progress of this program and strongly applaud all those involved in assisting this process. Once again we congratulate David Hasset and his Melbourne team and Paul Bazalicki and the Geelong CSAC for their outstanding job in reviewing, prioritising and recommending the disbursement of funds towards worthwhile Ukrainian community projects.

With community support and growth as part of our strategic agenda, please join me in welcoming new additions to the Dnister family:

- Mark James has been appointed to the position of General Manager.
- Taras Moravski joins us as Business Development Manager. Taras' role is to work closely with and enhance the relationship between Dnister and the Ukrainian community across Australia.
- Theo Alexander who filled a casual vacancy on the Board of Directors earlier this year. Theo, a practicing Barrister, brings his expertise in corporations law to the board room.
- As I write, I would also like to welcome Mark Krupa to the position of Finance Manager. It's great to see Ukrainians putting their hands up and wanting to make a difference!

I would like to thank Mr Michael Karaszkewycz for his service to the Board, and Mr Peter Berketa who due to work commitments retired from the Board at the end of 2006. On behalf of the Board and Staff we thank them both for their contribution and wish them all the very best for the future.

I wish you well for the future and I am confident that we will continue to provide our Members and the Ukrainian Community in Australia with outstanding products, services and financial support.

Finally, to you our members and to my fellow Directors, thank you for your continued support and loyalty to Dnister Ukrainian Credit Co-Operative.

Michael Kornitschuk
Chairman

directors report

The names and details of the Co-operative's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Michael Kornitschuk

B.Sci., Dip.App.Bio
(Non-Executive Chairman)

Mr Kornitschuk combines his work as a General Manager of a leading Australian supplier of medical goods and services with his role as non-executive Chairman of Dnister Ukrainian Credit Co-operative Ltd. Mr Kornitschuk has been a Director of the Co-operative for thirteen years, including the last seven as Chairman; and was also a member of the Remuneration and Strategy Committees this year. During the past four years he has also served as a director of the following organisations: - Chairman of the Ukrainian Orthodox Church- Essendon*

Andrew Matiszak

Life. F.A.I.B.S., M.I.E(Aust), C.P.E., Dip.C.E., B.S.C., B.I.C., S.I.C., Grad Cert Fire Safety / BCA Performance, RBP-BS/BI/AD (Non-executive Director)

Mr Matiszak combines his work as Managing Director of a building consulting company with his role as non-executive Director of the Co-operative. Mr Matiszak has been a Director of the Co-operative for eight years and was a member of the Remuneration, Strategy and Audit Committees last year. During the past four years he has also served as a Director of the following organisations: - State Treasurer Australian Institute of Building Surveyors (Vic Chapter)* - Building Practitioners Board*- Chairman of Ukrainian Elderly Peoples Home*- Overnewton Anglican Community College*

Richard Horban

AICM (Non-executive Director and Audit Committee Chairman)

Mr Horban, semi retired, combines his work as a Contractor in Credit Management. Currently contracted with Carter Holt Harvey Packaging. Mr Horban is a non-executive Director of the Co-operative and has been on the Board for 5 years and was a Member of the Remuneration, and Human Capital Committees, and Audit Committee Chairman of the Co-Operative

Walentyn Mykytenko

B.E., Post Grad Dip. Eng.Mgt, Dip. Elec.Eng, Dip. Fin. Services
(Non-executive Director)

Mr Mykytenko is a retired General Manager from a multi-national aviation company and is a non-executive Director of the Co-operative. Mr Mykytenko has been a Director of the Co-operative for three years and was a member of the Audit and Nominations committees, Chairman of the Remuneration, Strategy and Human Capital Committees this year. During the past four years he has also served as a Director of the following organisations: - Ukrainian Orthodox Church - Essendon*

Greg Anolak

B. Sci, Dip.Ed (Non-executive Director)

Mr Anolak is a retired Teacher and became a non-executive Director of the Co-operative in November 2005. Mr Anolak has been a Director of the Co-operative for three years and was a member of the Audit, Remuneration and Human Capital committees this year. During the past four years he has also served as a Director of the following organisation: - Ukrainian Orthodox Church - Essendon*

John Kotowskyj

B.C.E (civil) M.I.E (Aust) (Non-executive Director)

Mr Kotowskyj combines his work as the principal and owner of a Structural Engineering and Building consultancy practice with his role as non executive Director of the Co-operative. Mr Kotowskyj was appointed to the Board last year and is currently serving on the Human Capital and Nominations committees.

Theo Alexander

LLB (Melb), Grad Dip Leg Prac, ZDaF (Munich), MAICM (Non-executive Director)

Mr Alexander combines his work as a barrister of the Supreme Court of Victoria and High Court of Australia, Lecturer in Law at Deakin University, and Chairman of the Essendon Community Legal Centre with his role as a non-executive Director of Dnister for the preceding six months, having been appointed by the Board in April 2007. He is also Chairman of a student exchange organisation based in Melbourne. During his directorship, he was also a member of the Strategy Committee.

* denotes current directorship.

Peter Berketa

B.Bus (Acc), B.I.T., CPA, AIM
(Non-executive Director)

Mr Berketa combined his work as a Group Purchasing Manager for a large multi-national corporation, with his role as a non-executive Director of the Co-operative. Mr Berketa has been a Director of the Co-operative for the last five and a half years, retiring from the Board late 2006.

Michael Karaszekwycz

Dip.QS (Non-executive Director)

Mr Karaszekwycz combined his work as a Director of a Quantity Surveying and other Property Services company with his role as non-executive Director of the Co-operative. Mr Karaszekwycz has been a director for four years, retiring in November 2006.

Baba Helena &
grand daughter
Kiana



Helen Powarchuk (Kuczerepa) dressed up for an end of year concert Ukrainian school, Essendon 1962. Ukrainians wanted their children to learn the language, its history and culture and as a result Ukrainian language schools established in many Ukrainian centres throughout Australia. Today 60 years on, every Saturday morning their children and grandchildren also attend the same schools established years ago.

directors report

results

The Co-operative's return to members for the year ending 30 June 2007 was \$631,000 (2006:\$740,000). This includes a net profit of \$311,000 (2006:\$510,000) and an additional increase in reserves as the result of property value adjustments of \$320,000 (2006:\$230,000).

The result reflects our further investment in infrastructure and people to better position the organisation to take advantage of future growth.

Both 2007 and 2006 financial results have been prepared and presented in accordance with the new International Financial Reporting Standards.

dividends

In accordance with the constitution, no dividend is paid in respect of any shares.

board monitoring of performance

Management and the Board monitor the Co-operative's overall performance from the implementation of the mission statement and strategic plan through to the performance of the company against budget.

The Board, together with management, have identified key performance indicators (KPIs) that are used to monitor performance. Management monitors KPIs and reviews performance against them monthly. Directors receive KPIs for review prior to each board meeting allowing all Directors to actively monitor the Co-operative's performance.

principal activities

The principal activities of the entity during the financial year were receiving funds on deposits, advancing loans, insurance services and the leasing of Dnister property.

liquidity and funding

The Co-operative has a short-term overdraft facility with Creditlink Services Ltd of \$0.3 million and for longer funding requirements access to Trinity Securities Program. The Co-operative has sufficient funds to finance its operations and maintains these facilities primarily to allow the Co-operative to take advantage of favorable credit union financing opportunities.

risk management

The Co-operative takes a pro-active approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Co-operative's objectives are aligned with the risks and opportunities identified by the Board.

The Co-operative believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee. Instead, the Audit Committee and other sub-committees (convened as appropriate) in response to issues and risks identified by the Board as a whole to further examine the issues and report back to the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of the Strategic Plan, which encompasses the Co-operative's mission, vision and goals, designed to meet members' needs and manage business risk.

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against budget, including the establishment and monitoring of KPIs of both a financial and non-financial nature.

- The establishment of committees to report on specific business risks.

directors meetings

The number of Directors meetings attended by each Director and the number of committee meetings Directors were eligible to attend for the financial year

	Directors Meetings	Audit Committee	Nomination Committee	Human Capital Committee
Total meetings held	17	7	4	8
Number attended				
M Kornitschuk	11	-	-	8
T Alexander	1	-	-	-
G Anolak	17	5	-	-
P Berketa	7	-	2	6
R Horban	15	7	-	7
M Karaszkwycz	4	-	-	-
J Kotowskyj	12	-	2	-
A Matiszak	11	4	-	-
W Mykytenko	17	3	4	6

Indemnity and Insurance

To the extent permitted by law and that the officer or auditor is not indemnified by directors' and officers' liability insurance (2007:\$3,400 in premiums) maintained by the co-operative, the co-operative indemnifies every person which has been an officer or auditor of the Co-operative against any liability.

significant events after balance date

There were no subsequent events to be brought to the attention of members for the financial year ended 30 June 2007.

Four Generations & our youngest Dnister member Xavia



Once arriving into Australia, Ukrainians like many immigrants set out on their journeys to establish their new lives. Communities provided a haven for support which also incorporated financial assistance in borrowing moneys. The community provided this service and when the influx of transactions of deposits and loans became unmanageable the need for a financial institution was evident. Dnister was the first Ukrainian credit Co-operative in Australia, officially established in 1959.

Dnister's bond in providing financial support to the community and members continues to this day. Baby Xavia is one of our youngest happy members who recently received his first gift from the Co-operative - a \$500 Bonus Saver Account.

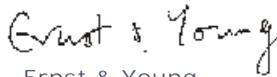
auditors report

independence and non-audit services

The directors received the following declaration from the auditor of Dnister Ukrainian Credit Co-operative Ltd.

Auditor's Independence Declaration to the Directors of Dnister Ukrainian Credit Co-operative Ltd

In relation to our audit of the financial report of Dnister Ukrainian Credit Co-Operative Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.


Ernst & Young



Denis Thorn
Partner
Melbourne
26th September 2007



Liability limited by a scheme approved under
Professional Standards Legislation.

NON - AUDIT SERVICES

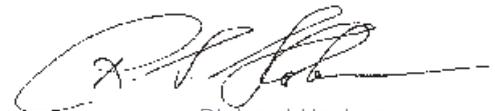
The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised. Ernst & Young received or are due to receive the following amounts for the provision of non-audit services :

Tax compliance services	\$7,210
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The report is signed in accordance with a resolution of the directors of Dnister Ukrainian Credit Co-operative.



p.p. Michael Kornitschuk
Chairman of the Board
Melbourne, 26th September 2007



Richard Horban
Chairman of the Audit Committee

corporate governance statement

The Board of Directors of Dnister Ukrainian Credit Co-operative Ltd are responsible for the corporate governance of the Co-operative.

The Board guides and monitors the business and affairs of the Co-operative on behalf of the members by whom they are elected and to whom they are accountable.

An important feature of the Board is to ensure compliance with the prudential and solvency requirements of the Australian Prudential Regulatory Authority (APRA) and the Australian Securities & Investment Commission (ASIC).

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives for the group and monitoring management performance in the achievement of these objectives.
- Adopting an annual budget and monitoring the financial performance of the Co-operative.
- Overseeing the establishment and maintenance of internal controls and effective monitoring systems.
- Ensuring all major business risks are identified and effectively managed.
- Ensuring the Co-operative meets its legal and statutory obligations.

structure of the board

Directors of the Co-operative are considered to be independent and free from any business or other relationship that could interfere with, or could be perceived to materially interfere with the exercise of their unfettered and independent judgement.



term in office

The term in office held by each Director at the end of the reporting period is as follows:

M Kornitschuk	13 years
A Matiszak	8 years
R Horban	5 years
W Mykytenko	3 years
G Anolak	2 years
J Kotowskyj	7 months
T Alexander	1 month

audit committee

The Board has an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists in the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control to the Audit Committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee during the year were:

R Horban
A Matiszak
W Mykytenko
G Anolak

human capital committee

It is the Co-operative's objective to provide maximum stakeholder benefit through the retention of an executive team by remunerating key executives fairly and appropriately with reference to employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of the executive's emoluments to the company's financial and operational performance.

No Director since the end of the previous financial year, has received or become entitled to receive a benefit (other than a benefit in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the accounts) by reason of a contract made by the company with a Director or with a firm of which he is member or with a company in which he has a substantial financial interest.

The members of the Human Capital Committee during the year were:

W Mykytenko
G Anolak
J Kotowskyj

*Nicole, Klara,
eva, helena
Anna & Mia*

The first branch of the Ukrainian Women's Association was formed on September 13th, 1949 in Cowra migrant camp. Associations emerged in many of the Ukrainian centres and the women involved organised community functions and events. They also promoted Ukrainian arts and craft such as Pysanky (Ukrainian Easter Eggs) and embroidery.

The organisation took a keen interest in the position of women back in the Ukraine. They circulated petitions to bring attention to human rights abuses of women under the Soviet system. They also performed charitable work by sending parcels to Ukraine and raising funds for the victims of Chernobyl.



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notes to the financial statements

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directors declaration

for the year ended 30 June 2007

In accordance with a resolution of the directors of Dnister Ukrainian Credit Co-operative Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001;
and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.



p.p. Michael Kornitschuk
Chairman of the Board
Melbourne, 26th September 2007



Richard Horban
Chairman of the Audit Committee

Grandson Mark with
natalie & great grand children
Xavia and Mia



From an early age children in the Ukrainian community get involved in the many cultural organisations. Youth groups Plast and CYM both run programs throughout the year and host a summer camp during the summer holidays. There are also many Ukrainian dancing groups, choirs and sporting teams which keep the youth involved in the Ukrainian community and provide great opportunities to socialise and make friends.



independent audit report

to members of Dnister Ukrainian Credit Co-operative Limited

We have audited the accompanying financial report of Dnister Ukrainian Credit Co-Operative Limited ("the co-operative") which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the co-operative are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. In Note 2.2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors Responsibility

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

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

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

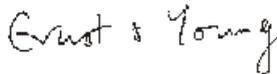
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the co-operative a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we are engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

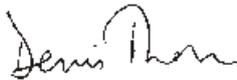
Audit opinion

In our opinion:

1. the financial report of Dnister Ukrainian Credit Co-Operative Limited is in accordance with:
 - (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Dnister Ukrainian Credit Co-Operative Limited at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
 - (b) other mandatory financial reporting requirements in Australia.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.2



Ernst & Young



Denis Thorn
Partner
Melbourne
26 September 2007

income statement

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Interest Income			
Interest income	4	4,950	4,428
Interest expense	5	(2,793)	(2,344)
Net interest income		2,157	2,084
Fees and Commission Income			
Fees and commission income	6	79	89
Net fees and commission income		79	89
Other operating income	7	955	906
Total operating income		3,191	3,079
Credit loss expense	8	(33)	32
Net operating income		3,158	3,111
Salaries and associated costs		1,219	1,051
Depreciation of property and equipment	15	145	100
Sponsorship and financial assistance		124	114
Other operating expenses	9	1,227	1,161
Total operating expenses		2,715	2,426
Profit before tax		443	685
Income tax expense	10	(132)	(175)
Net profit attributable to members		311	510
Net increase in asset revaluation reserve as a result of fair value adjustment	15	320	230
Total changes in equity attributable to members		631	740

balance sheet

as at 30 June 2007

	Note	2007 \$'000	2006 \$'000
Assets			
Cash and balances with bank	11	724	1,255
Financial investments - held to maturity	12	10,705	14,105
Net loans and advances to customers	13	55,204	49,748
Investment properties	14	1,945	1,775
Property and equipment	15	7,036	6,652
Deferred tax assets		125	169
Other investments	16	88	88
Other assets	17	375	626
Total assets		76,202	74,418
Liabilities and Equity			
Customer deposits	18	61,449	60,516
Current tax liabilities		-	(44)
Deferred tax liabilities		889	891
Other liabilities	19	1,290	1,077
Provisions	20	158	193
Total liabilities		63,786	62,633
Retained earnings	21	7,904	7,614
Credit loss reserve	21	149	138
Foundation reserve	21	10	-
Asset revaluation reserve	21	4,353	4,033
Total Equity		12,416	11,785
Total Liabilities and Equity		76,202	74,418

cash flow statement

for the year ended 30 June 2007

	Note	2007	2006
Operating activities		\$'000	\$'000
Profit before tax		442	685
Adjustments for:			
- Changes in operating assets	22	207	(220)
- Changes in operating liabilities	22	165	(74)
- Non-cash items included in profit before tax	22	(26)	(52)
Net cash flows from operating activities		788	339
Investing activities			
Net increase in loans and advances		(5,490)	(4,009)
Net liquidity investments sold (purchased)		3,400	(823)
Purchase of property and equipment		(207)	(315)
Net cash flows from operating activities		(2,297)	(5,147)
Financing activities			
Net increase in customer deposits		933	5,210
Net cash flows from financing activities		933	5,210
Net increase in cash and cash equivalents		(531)	402
Cash and cash equivalents at 1 July		1,255	853
Cash and cash equivalents at 30 June	22	724	1,255
Operational cash flows from interest and dividends			
Interest received		5,035	4,235
Interest and other costs of finance paid		2,689	2,378
Dividends received		24	22

During the 1960s, "Obnova" was a club organised by the Catholic Church for highschool and university students studying Ukrainian. Members would get together for academic presentations and discussions.

Today, Ukrainian Studies are offered both at Monash and Macquarie Universities.

*Ukrainian student's
club gathering
melbourne 1969*



statement of
changes in equity
as at 30 June 2007

	Retained Earnings	Other Reserves (Note 21)	Total
Total at 1 July 2006	7,614	4,171	11,785
Increase in statutory amount set aside for losses on loans and advances	(11)	11	-
Increase in amount set aside for foundation reserve	(10)	10	-
Revaluation increment of fair value of building	-	320	320
Net profit attributable to members	311	-	311
Total recognised income and expense for the period	290	341	631
Total at 30 June 2007	7,904	4,512	12,416

	Retained Earnings	Other Reserves (Note 21)	Total
Total at 1 July 2005	7,108	3,937	11,045
Increase in statutory amount set aside for losses on loans and advances	(4)	4	-
Increase in discretionary amount set aside for foundation reserve	-	-	-
Revaluation increment of fair value of building	-	230	230
Net profit attributable to members	510	-	510
Total recognised income and expense for the period	506	234	740
Total at 30 June 2006	7,614	4,171	11,785

Grand daughter Nicole
mark and great grand daughter
Kiara



As well as Australia, there are large Ukrainian communities in Canada, Argentina and England, but smaller diaspora can be found in many countries around the world. Many of the organisations in Australia belong to international bodies and over the years many people have participated in international events. This has developed strong relationships between the diaspora and many friends have been made through participation.

Just recently an Australian delegation of the Ukrainian Scouting Organisation - 'PLAST' were in Canada for an International Camp and the Ukrainian Youth Association Dance Ensemble - 'Verchovyna' are planning an overseas tour in 2008.

notes to the
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for the year ended 30 June 2007

1. Corporate information

Dnister is a member owned Co-operative specialising in serving the financial needs of Australians of Ukrainian decent, heritage or cultural affinity. The principal activities of the entity are receiving deposit funds, advancing loans, providing insurance services and the leasing of Dnister property.

The financial report of Dnister Ukrainian Credit Co-operative Ltd for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of directors on the 26th September 2007.

2. Accounting policies

2.1 Basis of preparation

The financial report has been prepared on a historical cost basis, except for investment properties and land & buildings which have been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars, unless otherwise stated under the option available to Credit Unions under ASIC class order 98/100.

2.2 Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

2.3 Significant accounting judgments & estimates

In the process of applying the Co-operative's accounting policies, management has used its judgments and made estimates in determining amounts recognised in the financial statements. The most significant use of judgement and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Impairment losses on loans & advances

The Co-operative assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

There are three ways that impairment and losses on loans and advances are accounted for. They are as follows;

- Prescribed provisions, which are prescribed collectively according to category of loan and weighted according to days in arrears, and is an APRA requirement.

- Credit Loss Reserve provides for impairment based on 0.3% of the risk weighted adjusted total loans portfolio, and is an APRA requirement.

- Specific provisions are determined by Management in conjunction with the Board where they consider it prudent to provide extra provisions for a specific loan on an individual basis.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in profit and loss.

The Co-operative assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed.

notes to the
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for the year ended 30 June 2007

(ii) Securitisation

As part of its operations the Co-operative securitises financial assets, through an arrangement with Trinity Securities Program where it acts as an agent to complete loans on their behalf for on-sale to an investment trust. The Co-operative also manages the securitised loans portfolio on behalf of the trust. The Co-operative is only liable for loan repayments default to the extent of interest foregone by the trust, and for which the Co-operative has mortgage insurance to recoup all such payments.

The balance of securitised loans at the end of 2007 was \$2.65m (2006: \$3.75m).

(iii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Available for sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the income statement.

3. Impairment of financial assets

(i) Loans and advances to customers

Loans and advances are measured at amortized cost after assessing required provisions for impairment. Loans are considered bad and written off when all avenues of legal and other action to recover the debt have been exhausted.

All loans and advances are reviewed and graded according to the anticipated level of credit risk. The classification adopted is described as follows:

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

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

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

- Past Due Loans are loans where payments of principal and/or interest are at least 90 days in arrears. Full recovery of both principal and interest is expected.

(ii) Held to maturity financial investments

The cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

4. Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset.

(1) Co-operative as a lessor

Leases in which the Co-operative retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases.

notes to the
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for the year ended 30 June 2007

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

8. Property and equipment

(i) Cost

Equipment is stated at cost less accumulated depreciation & any accumulated impairment losses.

Land & Buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of revaluation.

(ii) Impairment

The carrying values of equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying amount may be impaired.

(iii) Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same

asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve relating to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets & the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance sheet date.

(iv) Derecognition and disposal

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds & the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(v) Depreciation

Depreciation is calculated on a straight-line basis on all equipment. Major depreciation rates are as follows.

- Other furniture & equipment 6.7 years
- Computer software & hardware 3 years

notes to the
financial statements
for the year ended 30 June 2007

When a member cancels or resigns their membership they are entitled to be refunded their initial \$10 investment. No interest or dividends are payable on the shares issued because they are withdrawn on the closure of membership. They are therefore recorded as a liability in the financial accounts as part of deposits at call, rather than as equity.

13. Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from an asset or liability transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(iii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred from the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost acquisition of the asset or part of the expense item as applicable.
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Taxation authority are classified as operating cash flows.

3. Segmentation reporting

The Co-operative operates predominantly in the finance industry in Victoria and Western Australia. The main operations comprise the acceptance of deposits and making loans to members.



Over the 60 years of settlement many immigrants and their children married, had families and as a result the Ukrainian community grew. The many various community groups and organisations were highly active and by 1953 The Australian Federation of Ukrainian Organisations (CYOA) had been established .

Over the years many more Ukrainian families have migrated and now call Australia home. The 2006 Australian Census states that close to 38,000 Australians are of Ukrainian ancestry, the majority living in New South Wales and Victoria while the remainder in Australia's other states and territories.

family
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accounting standards

not yet applicable

Certain Australian Accounting Standards that have recently been issued or amended but are not yet effective or have not been adopted by the Credit Co-operative for the annual reporting period ending 30 June 2007. The assessment of the impact of these new standards and interpretations (to the extent relevant by the Credit Co-operative) is set out as follows:

Reference	Title	Summary	Application Date Of Standard*	Impact On Group Financial Report	Application Date For Group*
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 7 Financial Instruments: Disclosures.	1 Jan 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the financial statements.	1 Jul 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 AASB 2 Group and Treasury Share Transactions.	1 Mar 2007	The standard is not expected to have any impact on the Credit Co-operative's financial statements.	1 Jul 2007
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 Service Concession Arrangements.	1 Jan 2007	The standard is not expected to have any impact on the Credit Co-operative's financial statements.	1 Jul 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 Operating Segments.	1 Jan 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the financial statements.	1 Jul 2009

accounting standards

not yet applicable

Reference	Title	Summary	Application Date Of Standard*	Impact On Group Financial Report	Application Date For Group*
AASB 8	Operating Segments	New standard replacing AASB 114 Segment Reporting, which adopts a management approach to segment reporting.	1 Jan 2009	Refer to AASB 2007-3 above.	1 Jul 2009
AASB 123 (amended)	Borrowing Costs	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 Jan 2009	Refer to AASB 2007-6 above.	1 Jul 2009
AASB Interpretation 10	Interim Financial Reporting and Impairment	Addresses an inconsistency between AASB 134 Interim Financial Reporting and the impairment requirements relating to goodwill in AASB 136 Impairment of Assets and equity instruments classified as available for sale in AASB 139 Financial Instruments: Recognition and Measurement.	1 Nov 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Credit Co-operative's financial statements.	1 Jul 2007

notes to the

financial statements

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
4. Interest income			
Loans & advances to customers		4,009	3,564
Deposits with other financial institutions		856	795
Regulatory deposits		85	69
		4,950	4,428
5. Interest expense			
Customer deposits		2,791	2,342
Other		2	2
		2,793	2,344
6. Fees and commission income			
Other fees received		79	89
Total fees and commission income		79	89
7. Other operating income			
Dividend Income		24	22
Rental Income		664	621
Change in fair value of investment property	14	170	175
Other		97	88
		955	906
8. Credit loss expense			
Bad & doubtful debts to customers		33	(32)
Total credit loss expense		33	(32)
9. Other operating expenses			
Marketing, printing and postage		94	148
Other tenancy expenses		249	230
Corporate governance, audit & compliance		186	136
Subsidised member transaction expense		179	138
Data & communications		293	325
Other		226	184
Total other operating expenses		1,227	1,161

	Note	2007 \$'000	2006 \$'000
10. Taxation			
Taxation income statement			
The components of income tax expense for the years ended 30th June 2007 and 2006 are:			
Current tax			
Current income tax		46	130
Deferred tax			
Relating to origination and reversal of temporary differences		86	45
Income tax expense reported in the income statement		132	175
Reconciliation of total tax charge			
A reconciliation between tax expense and the accounting profit multiplied by Australia's domestic tax rate for the years 30 June 2007 and 2006 is as follows :			
Accounting profit before tax		443	685
At Australia's statutory income tax rate of 30% (2007: 30%)		133	205
Adjustment in respect of current income tax of prior years		-	7
Non-deductible expenses		(1)	(37)
		132	175
The effective income tax rate for 2007 is 29.8% (2006: 26%)			
11. Cash and balances with bank			
Cash on hand		139	281
Current account with Bank		585	74
Overnight deposits with Bank		-	900
		724	1,255
12. Financial investments held to maturity			
Term and negotiable certificates of deposits with banks (fully redeemable), not longer than 3 months.		4,105	4,331
Term and negotiable certificates of deposits with banks (fully redeemable), Longer than 3 months and not longer than 12 months		6,600	9,774
		10,705	14,105

notes to the

financial statements

for the year ended 30 June 2007

	Note	2007	2006
		\$'000	\$'000
13. Loans and advances to customers			
Overdraft and revolving credit		3,712	3,105
Term Loans		50,522	46,267
Directors and related parties		1,056	467
Gross loans and advances		55,290	49,839
Less: Allowance for impairment losses		(86)	(91)
		55,204	49,748
Loans by maturity			
Overdrafts		3,712	3,105
Not longer than 3 months		748	776
Longer than 3 months & less than 12 months		8,956	2,451
Longer than 12 months & less than 5 years		1,655	1,391
Longer than 5 years		40,219	42,116
		55,290	49,839
Loans by purpose			
Residential mortgages		34,450	30,673
Consumer lending		13,316	13,947
Corporate & small business lending		7,524	5,219
		55,290	49,839
Loans by geographic location			
Loans in Victoria		53,954	49,110
In other states		1,336	729
		55,290	49,839
Loans by security type			
Secured by mortgage		49,941	44,638
Secured by other		1,934	3,936
Unsecured		3,415	1,265
		55,290	49,839

Impairment allowance for loans and advances to customers

A reconciliation of the allowance for impairment losses for loans and advances is as follows

At start of year	91	131
Charge for the year (note 8)	33	48
Recoveries (note 8)	-	(80)
Amounts written off	(38)	(8)
At end of year	86	91
14. Investment properties		
At 1 July	1,775	1,600
Net change from fair value adjustment	170	175
	1,945	1,775

notes to the

financial statements

for the year ended 30 June 2007

15. Property and Equipment	Land & Buildings	Computer Hardware & Software	Other Furniture & Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Fair value:				
At 1 July 2006	6,280	689	1,319	8,288
Additions	-	176	34	210
Disposals	-	(326)	(168)	(494)
Net change from fair value increment	320	-	-	320
At 30 June 2007	6,600	539	1,185	8,324
Depreciation and impairment:				
At 1 July 2006	-	492	1,144	1,636
Disposals	-	(326)	(167)	(493)
Depreciation charge for the year	-	108	37	145
At 30 June 2007	-	274	1,014	1,288
Fair value:				
At 1 July 2006	6,280	197	175	6,652
At 30 June 2007	6,600	265	171	7,036
Fair value:				
At 1 July 2005	6,050	511	1,244	7,805
Additions	-	178	75	253
Disposals	-	-	-	-
Net change from fair value increment	230	-	-	230
At 30 June 2006	6,280	689	1,319	8,288
Depreciation and impairment:				
At 1 July 2005	-	457	1,088	1,545
Disposals	-	-	(9)	(9)
Depreciation charge for the year	-	35	65	100
At 30 June 2006	-	492	1,144	1,636
Fair value:				
At 1 July 2005	6,050	54	156	6,260
At 30 June 2006	6,280	197	175	6,652

	2007	2006
	\$'000	\$'000
16. Other investments		
Indue class 'a' shares	57	57
Indue Limited SDD	31	31
	88	88

The Indue shares above are held as part of the requirements of the contract we have with Indue, who facilitates some of our banking services.

17. Other assets		
Accrued interest receivable	309	394
Prepayments	50	158
Other receivables	16	74
	375	626
18. Customer Deposits		
Current accounts	26,367	23,591
Term deposits	35,082	36,925
	61,449	60,516
Deposits by geographic location		
Deposits in Victoria	58,675	58,035
In other States	2,774	2,481
	61,449	60,516
19. Other liabilities		
Interest payable on deposits	673	570
Trade creditors and sundry creditors	617	507
	1,290	1,077

notes to the

financial statements

for the year ended 30 June 2007

	2007	2006
	\$'000	\$'000
20. Provisions		
Current provisions for employee entitlements	125	140
Non-current provisions for employee entitlements	33	53
	158	193

A reconciliation of the leave provisions are as follows :	Annual \$000	Long Service \$000	Total \$000
As at 1 July 2006	122	71	193
Payments made	(96)	(29)	(125)
Additional provisions	78	12	90
As at 30 June 2007	104	54	158
As at 1 July 2005	96	66	162
Payments made	(37)	(9)	(46)
Additional provisions	63	14	77
As at 30 June 2006	122	71	193

21. Reserves	Retained Earnings \$'000	Credit loss Reserve \$'000	Foundation Reserve \$'000	Asset Revaluation Reserve \$'000
At 1 July 2006	7,614	138	-	4,033
Increase in statutory amount set aside for potential losses on loans	(11)	11	-	-
Increase in discretionary amount set aside for foundation reserve	(10)	-	10	-
Revaluation increment of fair value of building	-	-	-	320
Net profit attributable to members	311	-	-	-
At 30 June 2007	7,904	149	10	4,353
At 1 July 2005	7,108	134	-	3,803
Increase in statutory amount set aside for potential losses on loans	(4)	4	-	-
Increase in discretionary amount set aside for foundation reserve	-	-	-	-
Revaluation increment of fair value of building	-	-	-	230
Net profit attributable to members	510	-	-	-
At 30 June 2006	7,614	138	-	4,033

notes to the

financial statements

for the year ended 30 June 2007

22. Additional cash flow information	2007	2006
	\$'000	\$'000
Cash and cash equivalents		
Cash on hand (note 11)	139	281
Current account with Bank (note 11)	585	74
Overnight deposits with Bank	-	900
	724	1,255
Change in operating assets		
Net change in interest receivable	85	(129)
Net change in debtors	58	(51)
Net change in prepayments	108	(68)
Net change in future income tax benefit	(44)	28
	207	(220)
Change in operating liabilities		
Net change in interest payable	103	(34)
Net change in creditors and accruals (including tax payable)	62	(40)
	165	(74)
Non-cash items included in profit before tax		
Depreciation of property and equipment	145	154
Impairment losses on financial assets	33	(32)
Revaluation of investment property	(170)	(175)
Provisions	(35)	1
	(27)	(52)

23. Maturity analysis of assets and liabilities 2007	Less than (3) days	Less than (3) months	3-12 months	Subtotal less than 12 months	1-5 years	Over 5 years	Subtotal over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Financial assets								
Cash & balances with bank	724	-	-	724	-	-	-	724
Financial investments - held to maturity	-	4,105	6,600	10,705	-	-	-	10,705
Net loans & advances to members	-	748	8,956	9,704	1,655	43,845	45,500	55,204
Non-Financial assets								
Investment properties	-	-	-	-	-	1,945	1,945	1,945
Property and equipment	-	-	-	-	-	7,036	7,036	7,036
Deferred tax assets	-	-	-	-	125	-	125	125
Other investments	-	-	-	-	-	88	88	88
Other assets	-	275	26	301	66	8	74	375
Total	724	5,128	15,582	21,434	1,846	52,922	54,768	76,202
Liabilities								
Financial liabilities								
Borrowings								
Customer Deposits	26,368	16,348	18,313	61,029	420	-	420	61,449
Non-Financial liabilities								
Current tax liabilities	-	5	(5)	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	889	-	889	889
Other liabilities	-	1,084	201	1,285	5	-	5	1,290
Provisions	-	19	106	125	22	11	33	158
Total	26,368	17,456	18,615	62,439	1,336	11	1,347	63,786

notes to the
financial statements
for the year ended 30 June 2007

23. Maturity analysis of assets and liabilities 2006	Less than (3) days	Less than (3) months	3-12 months	Subtotal less than 12 months	1-5 years	Over 5 years	Subtotal over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Financial assets								
Cash & balances with bank	1,255	-	-	1,255	-	-	-	1,255
Financial investments - held to maturity	-	4,331	9,774	14,105	-	-	-	14,105
Net loans & advances to members	-	776	5,465	6,241	1,391	42,116	43,507	49,748
Non-Financial assets								
Investment properties	-	-	-	-	-	1,775	1,775	1,775
Property and equipment	-	-	-	-	-	6,652	6,652	6,652
Deferred tax assets	-	-	-	-	169	-	169	169
Other investments	-	-	-	-	-	88	88	88
Other assets	-	497	71	568	43	15	58	626
Total	1,255	5,604	15,310	22,169	1,603	50,646	52,249	74,418
Liabilities								
Financial liabilities								
Borrowings								
Customer Deposits	23,591	16,477	17,757	57,825	2,691	-	2,691	60,516
Non-Financial liabilities								
Current tax liabilities	-	15	(59)	(44)	-	-	-	(44)
Deferred tax liabilities	-	-	-	-	891	-	891	891
Other liabilities	-	885	167	1,052	25	-	25	1,077
Provisions	-	21	119	140	32	21	53	193
Total	23,591	17,398	17,984	58,973	3,639	21	3,660	62,633

24. Net fair value of financial assets and liabilities	Assets			Liabilities
	Cash and liquid assets	Deposits with financial institutions	Loans and advances (Net of provision)	Member deposits
2007				
Net fair value \$'000	724	10,705	55,204	61,449
Book value \$'000	724	10,705	55,204	61,449
2006				
Net fair value \$'000	355	15,005	49,748	60,516
Book value \$'000	355	15,005	49,748	60,516

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

Cash and liquid assets

The carrying values of cash and liquid assets approximate their net fair value as they are short term in nature or are receivable on demand.

Deposits with financial institutions

The carrying values of deposits with financial institutions approximate their net fair value as they are short term in nature or are receivable on demand.

Loans and advances

The carrying of loans and advances is net of the total provision for doubtful debts. Interest rates on loans both fixed and variable equate to comparable products in the market place. The carrying amount is therefore considered to be a reasonable estimate of fair value.

Member deposits

The net fair value of at call and fixed rate deposits represents the carrying amount plus the total of interest accrued on effective interest rate at balance date.

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25. Risk Management

25.1 Introduction

Risk is inherent in the Co-operative's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Co-operative's continuing profitability and each individual within the Co-operative is accountable for the risk exposure relating to his or her responsibilities. The Co-operative is exposed to credit risk, liquidity risk and market risk. It is also subject to operating risks.

Risk management structure

The Co-operative takes a pro-active approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Co-operative's objectives are aligned with the risks and opportunities identified by the Board.

Internal audit

Risk management processes throughout the Co-operative are audited annually by the internal audit function, that examines both the adequacy of procedures and the Co-operative's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

25.2 Credit Risk

Credit risk is the risk that the Co-operative will incur a loss because its members failed to discharge their obligations. The Co-operatives manages and controls risk by setting limits on the amount it is willing to accept for individuals and loan categories, and by monitoring exposures to such limits

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counter party. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- for commercial lending, charges over real estate properties, inventory and trade receivables.
- for mortgage lending, mortgages over residential properties.

Management monitors the market value of collateral, requests collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Co-operative's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Co-operative does not occupy repossessed properties for business use.

Impairment assessment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of members, credit rating downgrades, or infringement of the original terms of the contract.

25.3 Liquidity risk and funding management

Liquidity risk is the risk that the Co-operative will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Co-operative maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. In addition, the Co-operative is required by the Australian Prudential Regulatory Authority to hold a minimum of 9% high quality liquid assets at any given time. The liquidity position is assessed giving due consideration to stress factors relating to both the market in general and specifically to the Co-operative. Net liquid assets consists of cash, short term bank deposits or negotiable certificate of deposits available for immediate sale.

The ratio during the year was as follows:

	2007	2006
	%	%
30 June	17.2	22.8
Highest for period	25.8	25.9
Lowest for period	17.2	21.0

25.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Board has set limits on the level of market risk that may be accepted. The Co-operative has no significant concentration of market risk.



Nicholas
3 years old
1952

For many Ukrainians and other Eastern European migrants Bonegilla was the place they first called home, before being dispatched around Australia to join the work force. In 1949, three months after leaving Bonegilla, Nicholas was born. As a young child he experienced his parents involvement and dedication to community life and has evolved to continue their path. We specially also thank him for his dedication as a Director of Dnister from 1979-2001. Nicholas, like many other Ukrainians continues to support the Community and the Co-operative through encouraging their family to be active members.

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Interest rate risk	Floating interest rate \$'000	Fixed interest maturing in		Non-interest bearing \$'000	Total carrying amount as per balance sheet \$'000	Weighted average effective interest rate %
		1yr or less \$'000	Over 1 to 5 years \$'000			
2007						
Financial Assets						
Cash and balances with bank	585	-	-	139	724	4.45
Financial Investments	-	10,705	-	-	10,705	6.53
Loans & advances	55,204	-	-	-	-	7.92
Financial Liabilities						
Customer deposits	26,367	34,662	420	-	61,449	4.86
2006						
Financial Assets						
Cash and balances with bank	74	-	-	281	355	3.95
Financial Investments	900	14,105	-	-	15,055	5.89
Loans & advances	49,591	-	-	-	49,748	7.45
Financial Liabilities						
Customer deposits	23,591	34,234	2,691	-	60,516	4.15

25.5 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss. The Co-operative cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Co-operative is able to manage risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment of processes, including the use of internal audit.

In 1948, Petro Powarczuk and Anna Dnes were married at an Austrian Displacement Camp. The camp, like many throughout Europe was a transit home for Ukrainians who fled during the Second World War.

In under a year, the couple would travel to Italy and board the 'Nelly' and set sail for the distant land of Australia. Australia opened its doors in 1947 to thousands of displaced persons from war-torn Europe and by 1955 one million had arrived.

*Petro and Anna
wedding day
Austria 1948*



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26. Capital

The Co-operative maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Co-operative's capital is monitored using, among other measures, the rules and ratios established by the Australian Prudential Regulatory Authority. During the past the year, the Co-operative has complied in full with all its externally imposed capital requirements.

Capital Management

The primary objectives of the Co-operative's capital management are to ensure the Co-operative complies with externally imposed capital requirements and that the Co-operative maintains strong credit and healthy capital ratios in order to support its business and maximize member value.

Regulatory Capital

	2007	2006
	%	%
Total capital ratio	21.5	20.4

27. Related party disclosures

Compensation of key management personnel of the Co-operative

	2007	2006
	\$'000	\$'000
Short-term employment benefits	174	139
Post employment	11	10
Termination payments	-	-
Share based payments	-	-
	185	149
	\$'000	\$'000
Aggregate remuneration of directors included in the figure above	26	20

Transactions with key management personnel of the Co-operative

The Co-operative enters into transaction, arrangements and agreement involving directors and the General Manager in the ordinary course of business.

The Co-operative entered into a three year employment contract with a new General Manager that commenced on the 21st December 2006. Under the terms of the contract:

Mr. James may resign from his position and terminate the position by giving 3 months notice

The Co-operative may terminate the contract at any time without notice if serious misconduct has occurred.

The following table provides the aggregate value of loans to the general manager, directors, spouses and related entities:

	2007	2006
	\$'000	\$'000
Loan aggregate value	1,056	467

All loans disbursed are approved on the same terms and conditions applied to members generally for each class of their loan. All other transactions between the Key management personnel and Co-operative were conducted on normal commercial terms and there has been no breach of these terms.

28. Superannuation commitment

The Co-operative contributes to a number of superannuation plans chosen individually by its employees. Members' benefits are fully vested with that member and will be paid out upon termination of employment as preserved or non-preserved benefits spending on the contribution basis. The obligation for the Co-operative is limited to that under the Superannuation Guarantee legislation which for the 2006-07 financial year was 9% of gross income, total amounted to \$83,000 for 2007 (2006: \$72,000).



The
great australian dream
our first home

New Australian Ukrainians worked hard to start their lives over again, with one of their main goals being building a home for themselves and their families. The Powarczuk's first home was built in the vast paddocks of Sunshine, and soon a small hub of Ukrainians settled in the area. Before churches and community halls had been built, community gatherings and Church services were held in private homes. In 1950 Petro's home was the first to celebrate the Sunshine districts "Paska", the blessing of Ukrainian Easter Baskets.

Ukrainians predominantly settled in Melbourne and Sydney but there are also large Ukrainian centres in Geelong, Brisbane, Perth, Adelaide and Canberra. Smaller centers also exist in areas such as Queanbeyan, Hobart, Newcastle, Moe, Albury-Wodonga, and Northam.

corporate directory

Established	Dnister was incorporated in Victoria under the Co-operative Act on the 21st September 1959
Registered Office	912 Mt Alexander Road, Essendon VIC 3040 Tel (03) 9375 1222 Fax (03) 9370 5361
Branches	3/29-35 Milton Street, Bell Park VIC 3215 Tel (03) 5278 5950 Fax (03) 5277 9108 20 Ferguson Street, Maylands WA 6051 Tel/Fax (03) 9271 5984
External Auditors	Ernst & Young, 8 Exhibition Street, Melbourne VIC 3000
Internal Auditors	WHK Day Neilson 200 Malop Street, Geelong VIC 3220
Solicitors	DKL Lawyers Suite 5 Ground Floor 912 Mt Alexander Road Essendon VIC 3040 S. Tomy & Co. 5th Floor 414 Lonsdale Street, Melbourne VIC 3000
Legal Corporate Advisor	Mahonys Lawyers, 400 Collins Street, Melbourne VIC 3000
Bankers	Credit Union Settlement Services Limited, 6 Moorak Street Taringa QLD 4068 Westpac Banking Corporation, 260 Queen Street, Brisbane QLD 4000
Insurers	CUNA Mutual Group. Level 9 345 George Street, Sydney NSW 2000

REFERENCES

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strength in unity