Annual Report

2012-2013

Dnister Ukrainian Credit Co-operative Limited

Our mission

Financial advantage, prosperity and wealth for Members and the Ukrainian Community in Australia

Contents

Chairman's Report

Our profit before tax was $240,000. This result was achieved despite the Reserve Bank of Australia reducing interest rates three times from 3.50% to 2.75%. These interest rate reductions impacted on Dnister's margins and profit as we strove to maintain our competitive positioning in the market. In addition, the Co-operative's higher than industry average of term deposit funding had a significant bearing on profitability when interest rates fell.

Dnister provided further value for members by absorbing $170K in fees and charges during the year, continuing our delivery of significant rebates and excellent value for money. We also continued our strong tradition of community support by providing $39,000 on a range of sponsorships and resource assistance to Ukrainian Schools and other community organisations.

Member assets under management remained stable at $131M. After taking into account property revaluations, our equity increased by $524,000 to $17.3m.

Our loan and deposit portfolios remained relatively stable which is a good result in a very competitive banking environment. Importantly, the quality of our loan book has been maintained at a high level despite challenging economic conditions.

We have also continued to satisfy all of our regulatory and compliance requirements.

The Board focus for 2012/13 has been on laying the foundations for the future. After an extensive recruitment process, the Board appointed Liam Tiernan as our new Chief Executive Officer in September 2012. Since that time, comprehensive Strategic Plan, Business Plan and Budget documents have been developed for the 3 year period from 2012/13 to 2015/16.

The management team is now working hard to deliver on the Business Plan entitled 'Building a Sustainable Future'. Its primary objective is to evolve our Co-operative so that it embraces the changing nature of banking and positions us as a genuine retail banking alternative for our members. Some of our achievements to date have been as follows :

- Implementation of a new range of marketing campaigns, to ensure we provide good products at very competitive rates.
- Establishment of a new server network linking all of our branches and providing the platform for new and contemporary products and services.
- Fostering of an achievement based culture to build on our strong member servicing focus in a changing banking environment.

Over the coming months, we will be launching some exciting new products and services. I encourage all of our members to take advantage of them and to continue to support our Co-operative.

I would like to thank my fellow Directors for their valuable contribution during the year. I would also like to thank our former Directors John Lipkiewicz and Frank Fursenko for their contribution and service to Dnister.

Sincere thanks and appreciation are also extended to our staff for their hard work and dedication to serving the needs of our members.

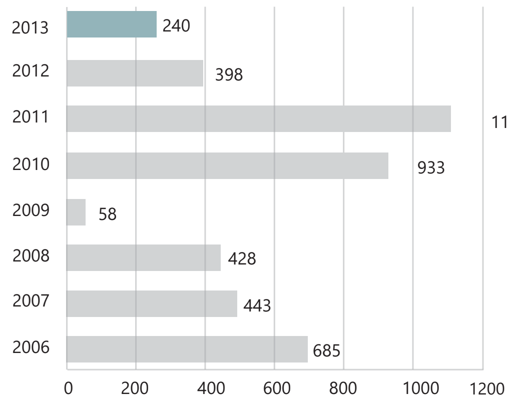
Most importantly, I would like to thank you, our members, for your loyalty and support. I encourage you to fully utilise the products and services Dnister offers to continue building the strength of your Co-operative.

As a member owned financial institution, we remain committed to providing value for our members rather than profit for shareholders and will continue to strive hard to balance the different needs of our deposit and lending members.

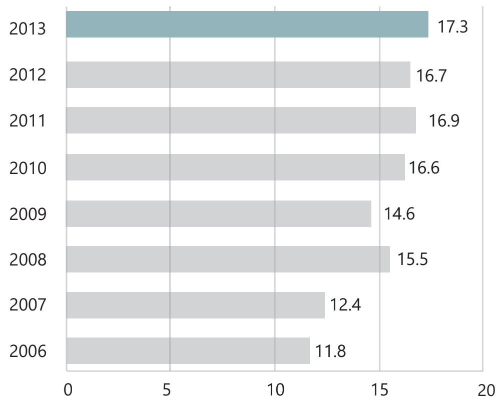
Wal Mykytenko
Chairman

Highlights

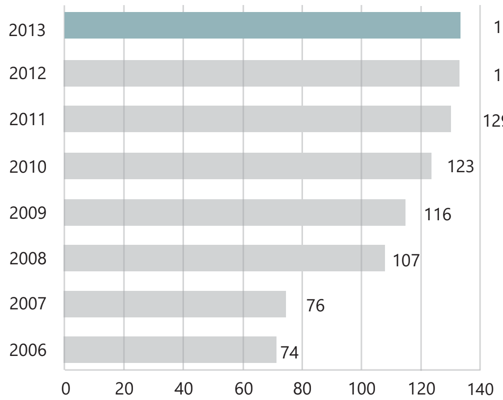
PROFIT BEFORE TAX IN $000's



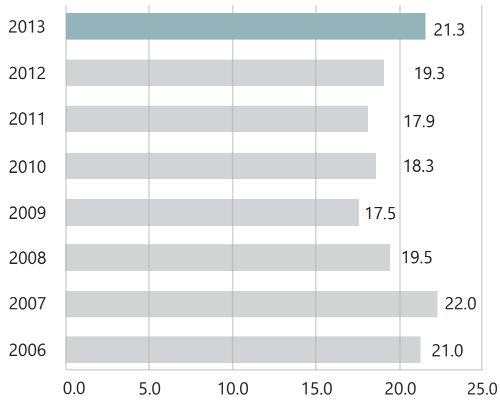
MEMBERS EQUITY IN $M



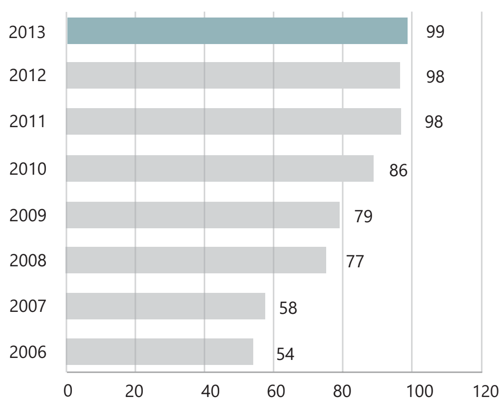
TOTAL ASSETS IN $M



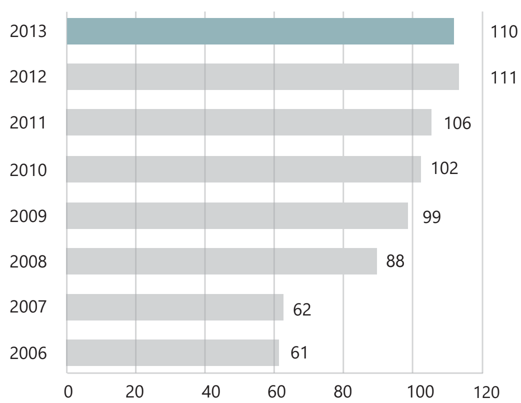
CAPITAL ADEQUACY RATIO %



LOANS UNDER MANAGEMENT IN $M



MEMBER DEPOSITS IN $M



Directors' Report

The Directors of Dnister Ukrainian Credit Co-operative Limited ("the Co-operative") submit their report for the year ended 30 June 2013. Dnister Ukrainian Credit Co-operative Limited is a company limited by ordinary shares and incorporated in Australia.

DIRECTORS

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

WALENTYN MYKYTENKO

B.E., Post Grad Dip. Eng.Mgt., Dip. Elec.Eng., Dip. Financial Services, AMP (MUBS), Member of Melbourne University Business School Association and Fellow of Australasian Mutuals Institute.
(Non-executive Chairman and Corporate Governance Committee Chairman)

Mr Mykytenko is a retired General Manager of a multi-national aviation company and is a Non-executive Director of the Co-operative. Mr Mykytenko has been a Non-executive Director of the Co-operative for nine years, including the last five years as Chairman, and is the Chair of the Corporate Governance Committee.

MICHAEL KORNITSCHUK

B.Sci., Dip.App.Bio
(Non-executive Deputy Chairman and Audit and Risk Management Committee Chairman)

Mr Kornitschuk combines his work as a Managing Director of a leading Australian supplier of medical goods and services with his role as Non-executive Director of Dnister Ukrainian Credit Co-operative Ltd. Mr Kornitschuk has been a Non-executive Director of the Co-operative for nineteen years, including nine as Chairman, and is the Chair of the Audit and Risk Management Committee. During the past nine years he has also served as: Chairman of the Ukrainian Orthodox Church- Essendon*.

JOHN KOTOWSKYJ

B.C.E. (civil) M.I.E. (Aust)
(Non-executive Director, Audit and Risk Management Committee Member, and Capital Committee Chairman)

Mr Kotowskyj combines his work as Principal and owner of a Structural Engineering and Building consultancy practice with his role as Non-executive Director of the Co-operative. Mr Kotowskyj has been a Non-executive Director of the Co-operative for seven years, and is the Chair of the Capital Committee and a member of the Audit and Risk Management Committee.

FRANK FURSENKO JP

B.Sc., Dip.Comp.Sc., Dip.Ed.
(Non-executive Director, Audit and Risk Management Committee Member)
Resigned 3 March 2013

Mr Fursenko is a retired Academic and Program Director of the University of South Australia and was a Non-executive Director of the Co-operative. Mr Fursenko had been a Non-executive Director of the Co-operative for five years, having joined the Board after the successful merger with Hoverla Ukrainian Credit Co-operative Ltd. At Hoverla, Mr Fursenko had been a Non-executive Director for nine years. Currently serving as: committee member of the Ukrainian-Australian Professional and Business Association (UAPBA) for the past thirty-three years, eight of those years as President, and President of the Ukrainian Collectibles Society (UCS) for the last nineteen years.

JOHN LIPKIEWICZ

BA, MBA, ANZIIF(AFF), AMI, AICD.

(Non-executive Director, Corporate Governance Committee Member and Capital Committee Member)

Retired 11 November 2012

Mr Lipkiewicz combined his work as a General Manager at Community CPS Australia with his role as Non-executive Director of the Co-operative. Mr Lipkiewicz had been a Non-executive Director of the Co-operative for three years.

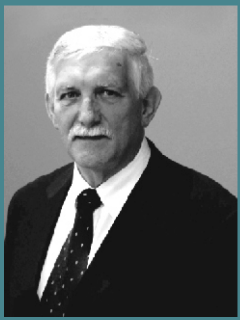
MARKO MISKO

LLB (Hons 1), B.Com.

(Non-executive Director, Corporate Governance Committee Member and Capital Committee Member)

Mr Misko combines his work as a Partner at Clayton Utz with his role as Non-executive Director of the Co-operative. Mr Misko has been a Non-executive Director of the Co-operative for four years.

MICHAEL KWAS



(B.Bus Acc)

(Non-executive Director, Audit and Risk Management Committee Member)

Mr Kwas is a retired Accountant and has well over forty years' experience in the industry. Mr Kwas has been involved in numerous community organizations such as: a Scout Leader in the past twenty-five years for the Plast Ukrainian Scouts Association – State and Federal Executive, a member of the Ukrainian Golf Club, a member of the Association of Ukrainians in Victoria and Sunshine and the Ukrainian Church in Ardeer. Mr Kwas has been a Non-executive Director of the Co-operative for two years.

LIANA SLIPETSKY

(B.Arts, Real Estate Agents Representative Course, Real Estate Agents Licensed Course)

(Non-executive Director, Corporate Governance Committee Member)

Miss Slipetsky is currently an Owner and Director of Slipetsky Property. She is an active member in the Association of Ukrainians (Noble Park branch) and also holds membership in Plast Ukrainian Scouting Association and the Ukrainian Women's Association. She worked as a journalist for the Ukrainian Radio program on SBS, taught at Ukrainian school in Noble Park and completed Ukrainian studies at Monash University. Miss Slipetsky has been a Non-executive Director of the Co-operative for two years.

BOHDAN WOJEWIDKA

(BASppSc [Computer Studies], Diploma Company Directors Course – GAICD)

(Non-executive Director, Audit and Risk Management Committee Member and Capital Committee Member)

Mr Wojewidka has an extensive background in strategic and operational management and is currently employed at Trility Pty Ltd as an Information Technology Manager. Previously he was employed at ABB Grain Ltd as Executive Manager – Business Process and Information Systems, South Australian Chamber of Mines and Energy as an Assistant Chief Executive and at Newmont Australia Ltd as an Executive General Manager – Business Information and Communications Technology. Mr Wojewidka's is currently serving as: member and Chairman of the Ukrainian Youth Association South Australia and member of the Ukrainian Association in South Australia. Mr Wojewidka has been a Non-executive Director of the co-operative for two years.

Directors' Report

COMPANY SECRETARY

Current

LIAM TIERNAN

BBus (Acct), CPA

Mr Liam Tiernan was appointed Chief Executive Officer of the Co-operative on 17 September 2012 and was appointed the Company Secretary on 16 October 2012.

Previous

KENNETH LEE TET

FCPA, FCIS, FCSA, FACID, FAIM

Mr Ken Lee Tet was appointed the Company Secretary on 22 May 2012 and Acting General Manager of the Co-operative on 3 April 2012.

PRINCIPAL ACTIVITIES

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

REVIEW OF RESULTS AND OPERATIONS

The Co-operative's net profit after income tax for the year ending 30 June 2013 is $165,000 (2012: $273,000). The net profit includes a fair value decline on the revaluation of investment property of $35,000 (2012: $75,000 gain).

This result reflects a challenging year for Dnister predominantly due to a competitive and reducing interest rate environment.

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.

LIQUIDITY AND FUNDING

The Co-operative has a short-term overdraft facility of $350,000 (2012: $350,000) and for longer funding requirements access to a Trinity Securitisation 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 favourable credit union financing opportunities. The Co-operative also has a $10,000,000 wholesale funding facility with Questor.

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 those risks and opportunities.

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

- Board approval of the Strategic Plan, which encompasses the Co-operative's vision, mission 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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Total Equity has increased from $16,754,000 to $17,278,000, an increase of $524,000, while Loans and Advances increased from $98,002,000 to $98,880,000. Member Deposits decreased from $111,613,000 to $110,074,000.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There were no significant events to be brought to the attention of members for the financial year ended 30 June 2013.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The operations of the Co-operative are expected to continue in line with current objectives and strategies.

INDEMNITY AND INSURANCE

To the extent permitted by law and that the officer or auditor is not indemnified by Directors and Officers' Liability Insurance (2013: $5,500 in premiums) maintained by the Co-operative, the Co-operative indemnifies every person who has been an officer or auditor of the Co-operative against any liability.

DIRECTORS' MEETINGS

The number of Directors' meetings attended by each Director and the number of meetings Directors were eligible to attend for the financial year were as shown in the table below:

		Meetings of Committees		
	Board Meetings	Audit & Risk Management	Corporate Governance	Capital Committee
Number of meetings held:	12	4	4	1
Number of meetings attended:				
W Mykytenko	12	-	4	-
M Kornitschuk	10	4	-	-
J Kotowskyj	9	4	-	1
J Lipkiewicz	2 (4)	-	1 (1)	-
M Misko	7	-	4	1
F Fursenko	7 (8)	1 (1)	-	-
M Kwas	11	4	-	-
L Slipetsky	12	-	4	-
B Wojewidka	10	1 (2)	-	- (1)

( ) brackets denote meetings eligible to attend

Directors' Report

COMMITTEE MEMBERSHIP

As at the date of this report, the Co-operative had an Audit and Risk Management Committee, Corporate Governance Committee and Capital Committee.

Members of the Board acting on the committees of the Board during the year were:

AUDIT & RISK MANAGEMENT COMMITTEE
M Kornitschuk (c)
J Kotowskyj
F Fursenko
M Kwas
B Wojewidka
CORPORATE GOVERNANCE COMMITTEE
W Mykytenko (c)
J Lipkiewicz
M Misko
L Slipetsky
CAPITAL COMMITTEE
J Kotowskyj (c)
M Misko
B Wojewidka

Notes: (c) designates the chairman of the committee

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company ASIC CO 98/100. The company is an entity to which the Class Order applies.

Auditors Independence Declaration

The directors received the following declaration from the auditor of the Co-operative

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF DNISTER UKRAINIAN CREDIT CO-OPERATIVE LIMITED

In relation to our audit of the financial report of Dnister Ukrainian Credit Co-operative Limited for the financial year ended 30 June 2013, 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

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
24 September 2013

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Building a better working world

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 2001*. The nature and scope of each type of non-audit service 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	$10,000

The report is signed in accordance with a resolution of the directors of the Co-operative.

On behalf of the Board

Walentyn Mykytenko
Chairman of the Board
24 September 2013

M. Kornitschuk

Michael Kornitschuk
Chairman of the Audit Committee
24 September 2013

Corporate Governance Statement

The Board of Directors of Dnister Ukrainian Credit Co-operative Limited is 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 & Investments Commission (ASIC).

The key responsibilities of the Board include:

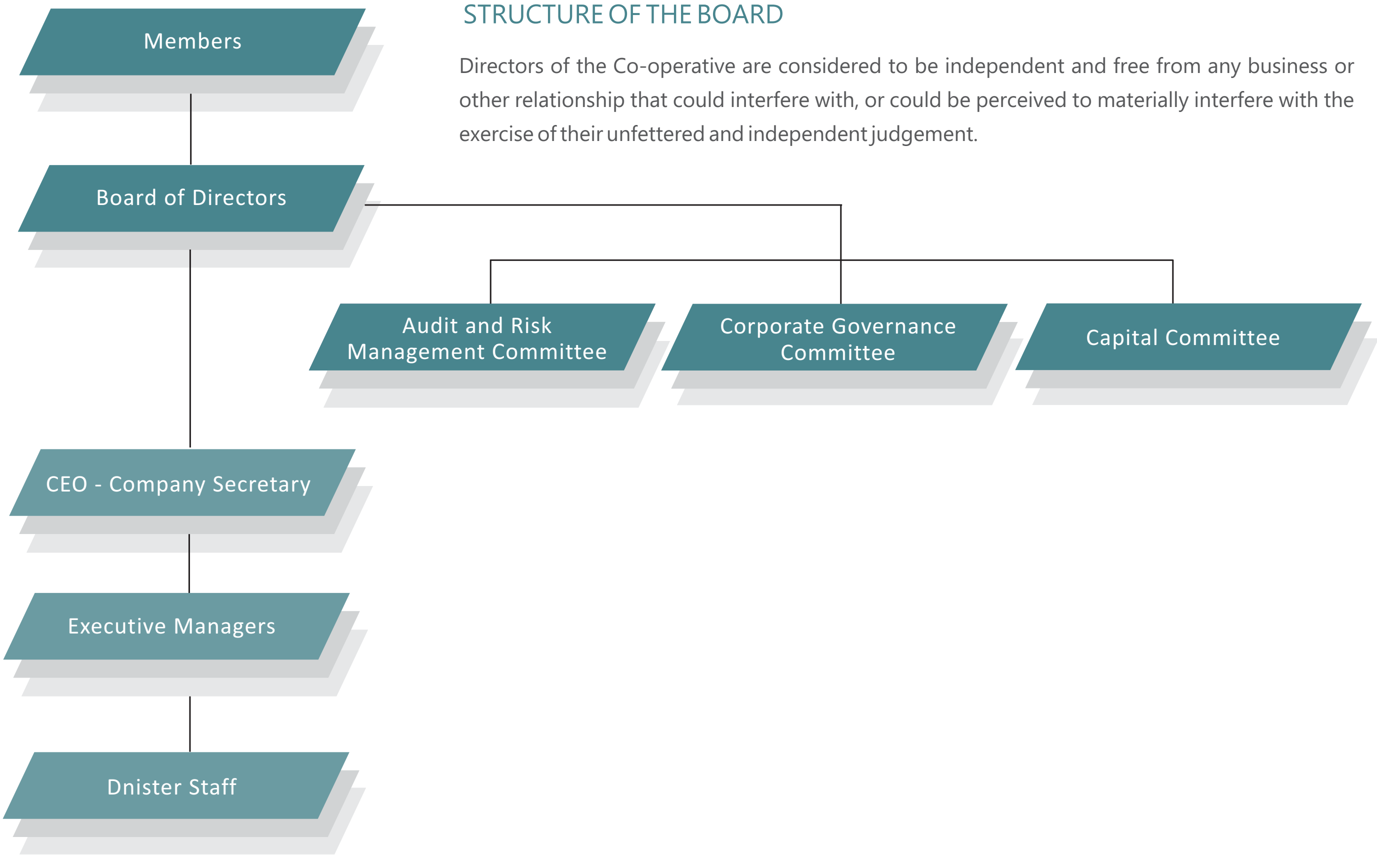
- Approving the strategic direction and related objectives and monitoring management performance in the achievement of these objectives.
- Adopting an annual budget and monitoring the financial performance of the Co-operative.
- Overseeing the establishment and maintenance of internal controls and effective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

The Board of Directors undertook the annual Board performance assessment for the year ended 30 June 2013. The key outcomes of this review are:

- Identification of skill enhancements
- Further training requirements for the Board members

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.



AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has an Audit and Risk Management 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 and Risk Management 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 and Risk Management Committee during the year were:

M Kornitschuk (c)	J Kotowskyj
F Fursenko	M Kwas
B Wojewidka	

CORPORATE GOVERNANCE COMMITTEE

The Board has a Corporate Governance Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that there is sound and prudent management of the Co-operative. The Board has delegated the responsibility for the establishment and maintenance of principles of Good Corporate Governance and Best Practice to the Corporate Governance 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 Corporate Governance Committee links the nature and amount of the executive's emoluments to the company's financial and operational performance.

The members of the Corporate Governance Committee during the year were:

W Mykytenko (c)	J Lipkiewicz
M Misko	L Slipetsky

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 term in office held by each Director at the date of this report is as follows:

Name	Term in Office
M Kornitschuk	19 years
W Mykytenko	9 years
J Kotowskyj	7 years
F Fursenko	4 years (resigned)
J Lipkiewicz	3 years (retired)
M Misko	4 years
M Kwas	2 years
L Slipetsky	2 years
B Wojewidka	2 years

Financial Statements

Notes
TO THE FINANCIAL STATEMENTS

Directors' Declaration

for the year ended 30 June 2013

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

1. In the opinion of the directors:

   (a) the financial statements and notes of the Co-operative are in accordance with the Corporation's Act 2001 including:

   - giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   - complying with Accounting Standards in Australia and the 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.

   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.

2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2013.

On behalf of the Board

Walentyn Mykytenko
Chairman of The Board
24 September 2013

M. Kornitschuk

Michael Kornitschuk
Chairman of the Audit Committee
24 September 2013

Independent Auditor's Report

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Dnister Ukrainian Credit Co-operative Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

OPINION

In our opinion:

a. the financial report of Dnister Ukrainian Credit Co-operative Limited is 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 2013 and of its performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
24 September 2013

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Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Interest and similar income	3	6,910	8,181
Interest and similar expense	4	(4,100)	(4,972)
Net interest income		2,810	3,209
Fees and commission income	5	95	104
Net fees and commission income		95	104
Other operating income	6	996	868
Total operating income		3,901	4,181
Credit loss recovery/(expense)	7	15	(48)
Net operating income		3,916	4,133
Salaries and associated costs		1,704	1,701
Depreciation of property and equipment	14	108	121
Community Grants and Sponsorship	22	39	45
Other operating expenses	8	1,825	1,868
Total operating expenses		3,676	3,735
Profit before tax		240	398
Income tax expense	9(a)	(75)	(125)
NET PROFIT ATTRIBUTABLE TO MEMBERS		165	273
OTHER COMPREHENSIVE INCOME			
Fair value revaluation of land and buildings		356	(435)
Adjustment to deferred tax due to timing differences on revalued assets		-	2
Transfer surplus in income tax provision to retained earnings		3	46
Other comprehensive income for the period, net of tax		359	(387)
Total comprehensive income for the period		524	(114)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2013

	Notes	2013	2012
		$'000	$'000
ASSETS			
Cash and balances with bank	10	2,618	2,350
Financial investments - held to maturity	11	18,898	20,398
Loans and advances to members	12	98,880	98,002
Investment properties	13	2,584	2,619
Property and equipment	14	7,838	7,451
Other investments	15	133	163
Other assets	16	287	402
Total Assets		131,238	131,385
LIABILITIES AND EQUITY			
Member deposits	17	110,074	111,613
Current tax liabilities		135	175
Other liabilities	18	2,824	1,919
Provisions - employees	19	371	353
Deferred tax liabilities	9(d)	555	571
Total Liabilities		113,959	114,631
Retained earnings	20	9,812	9,741
Credit loss reserve	20	342	245
Foundation reserve	20	10	10
Business combination reserve	20	2,303	2,303
Asset revaluation reserve	20	4,811	4,455
Total Equity		17,278	16,754
TOTAL LIABILITIES AND EQUITY		131,238	131,385

The above statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

as at 30 June 2013

	Retained Earnings $'000	Other Reserves see note (20) $'000	Total $'000
TOTAL AT 1 JULY 2012	9,741	7,013	16,754
Net profit attributable to members	165	-	165
Other comprehensive income	3	356	359
Total comprehensive income	168	356	524
Increases in statutory amount set aside for potential losses on loans & advances	(97)	97	-
TOTAL AT 30 JUNE 2013	9,812	7,466	17,278

	Retained Earnings $'000	Other Reserves see (note 20) $'000	Total $'000
TOTAL AT 1 JULY 2011	9,406	7,462	16,868
Net profit attributable to members	273	-	273
Other comprehensive income	46	(433)	(387)
Total comprehensive income	319	(433)	(114)
Increases in statutory amount set aside for potential losses on loans & advances	16	(16)	-
TOTAL AT 30 JUNE 2012	9,741	7,013	16,754

The above statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
OPERATING ACTIVITIES			
Profit before tax		240	398
Adjustments for:			
- Changes in operating assets	21	119	(34)
- Changes in operating liabilities (including tax payable)	21	904	(139)
- Non-cash items included in profit before tax	21	131	259
- Income tax paid		(118)	(303)
- Net increase/(decrease) in member deposits		(1,539)	5,310
- Net (increase)/decrease in loans and advances		(857)	240
Net cash flows from operating activities		(1,120)	5,731
INVESTING ACTIVITIES			
Net negotiable certificate deposit investments sold/(purchased)		1,500	(2,900)
Sale of other investments		30	-
Purchases of property and equipment		(142)	(440)
Net cash flows from investing activities		1,388	(3,340)
FINANCING ACTIVITIES			
Net increase (decrease) wholesale borrowings		-	(3,000)
Net cash flows from financing activities		-	(3,000)
Net decrease in cash and cash equivalents		268	(609)
Cash and cash equivalents at 1 July		2,350	2,959
Cash and cash equivalents at 30 June	21	2,618	2,350
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS			
Interest received		6,980	8,160
Interest and other costs of finance paid		4,218	5,224
Dividends received		21	31

The above statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1. CORPORATE INFORMATION

Dnister Ukrainian Credit Co-operative Limited is a company limited by ordinary shares and incorporated in Australia.

Dnister is a member owned Co-operative specialising in serving the financial needs of Australians of Ukrainian decent, heritage or cultural affinity. The nature of the operations and principal activities of the Company are described in the Directors' Report.

The financial report of the Co-operative for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of directors on 24 September 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties and land and 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 ($000) unless otherwise stated.

2.2 STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2.3 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There are certain Australian Accounting Standards that have recently been issued or amended but are not yet effective or have not been adopted by the Co-operative for the annual reporting period ending 30 June 2013. The assessment of the impact of these new standards and interpretations (to the extent relevant to the Co-operative) is set out as follows:

Reference	Title	Summary	Application date of standard*	Impact on financial report	Application date
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 January 2013	These amendments are only expected to affect the presentation of the Co-operative's financial report and will have no material impact on the measurement and recognition of amounts disclosed in the financial report.	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.	1 January 2013	The Co-opeartive does not have any defined benefit plans. Therefore the amendments are not expected to have any impact on the financial statements.	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	These amendments are only expected to affect the presentation of the Co-operative's financial report and will have no direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on financial report	Application date
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability, (as defined in this standard) (b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments.	1 July 2013	These amendments are not expected to have a material impact on the financial statements.	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	These amendments are only expected to affect the presentation of the Co-operative's financial report and will have no direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 January 2014

Reference	Title	Summary	Application date of standard*	Impact on financial report	Application date
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) - The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances.	1 January 2015	These amendments are only expected to affect the presentation of the Co-operative's financial report and will have no direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 January 2015

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences as Management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position 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 judgement is required in establishing fair values.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES

The Co-operative assesses at each Statement of Financial Position 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 amortised 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 flows (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 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 0.375% of the risk weighted adjusted total loans portfolio, and is an APRA requirement.

- Specific Provisions are determined by Management together with the Board of Directors where they consider it prudent to put extra provisions aside 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 Statement of Comprehensive Income.

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. Any subsequent reversal of an impairment loss is recognised in Statement of Comprehensive Income, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

PROPERTY

Some of the Co-operative's property is leased out on a commercial basis. Those buildings that are fully leased are now classified as investment properties. The main 'banking building' is still classified as owner-occupied because a significant section of the property is used by the Co-operative for its banking activities. These judgments are consistent with AASB140 Investment Property classification.

TAXATION

The Co-operative's accounting policy for taxation requires Management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future sales volume, operating costs, restoration costs, capital expenditure, dividends and other capital Management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

2.5.1 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

(i) DATE OF RECOGNITION

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date. I.e. the date that the Co-operative commits to purchase or sell the asset.

(ii) INITIAL RECOGNITION OF FINANCIAL INSTRUMENTS

The classification of financial instruments depends on the purpose for which the financial instruments were acquired and their characteristics.

(iii) HELD TO MATURITY INSTRUMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Co-operative has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost.

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.

(iv) LOANS AND ADVANCES TO MEMBERS

Assets, such as loans and advances, are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when the loans and advances are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current. Loan interest is calculated on the daily balance outstanding and is charged in arrears to a member's account on the last day of each month. All housing loans are secured by registered mortgages. The remaining loans are assessed on an individual basis.

2.5.2 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(i) FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Co-operative has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and

- either
(a) the Co-operative has transferred substantially all the risks and rewards of the asset, or
(b) the Co-operative has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(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 2013 was $0.18m (2012: $0.92m).

(iii) FINANCIAL LIABILITIES

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

2.5.3 IMPAIRMENT OF FINANCIAL ASSETS

(i) LOANS AND ADVANCES TO MEMBERS

Loans and advances are measured at amortised 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:

- Past due or impaired 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 past due or impaired loans.

- 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.

2.5.4 RECOGNITION OF INCOME AND EXPENSES

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Co-operative and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) INTEREST AND SIMILAR INCOME

Revenue is recognised as interest accrues 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 the 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.

(ii) FEE AND COMMISSION INCOME

The Co-operative earns fee and commission income from a diverse range of services it provides to its members. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time are accrued over that period

Fees earned for the provision of services over that period. Spread Fees earned for servicing and administrating securitised loans.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction or with a third party are recognised on the completion of the underlying transaction.

(iii) DIVIDEND INCOME

Revenue is recognised when the Co-operative's right to receive the payment is established.

(iv) RENTAL INCOME

Rental income arising from investment and other properties is accounted for on a straight line basis over the lease terms on ongoing leases and is recorded in the Statement of Comprehensive Income in 'other operating income'.

2.5.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above and net outstanding bank overdrafts.

2.5.6 INVESTMENT PROPERTIES

The Co-operative holds certain properties as investments to earn rental income, for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the Statement of Financial Position date. Gains or losses arising from changes in the fair values of investment properties are included in 'other operating income' in the year in which they arise. The Co-operative engaged Herron Todd White Pty Ltd for the Essendon properties and Mc Lean Gladstone Pty Ltd for the Hindmarsh properties, both are accredited independent valuers, to determine the fair value of its freehold land and buildings. Fair value 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. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Co-operative, and to market based yields for comparable properties. The effective date of the revaluation was 30 June 2013.

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. Any gains or losses on the retirement or disposal of an investment property are recognised in Statement of Comprehensive Income in the year of retirement.

2.5.7 PROPERTY AND EQUIPMENT

(i) COST

Equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value 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 on 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 Statement of Financial Position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income.

Any revaluation decrease is recognised in Statement of Comprehensive Income, 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.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and 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 Statement of Financial Position 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 and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is derecognised.

(v) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land - not depreciated
- Buildings - not depreciated
- Furniture and equipment - 6.7 years
- Computer software 3 years
- Computer hardware 4 years

2.5.8 RECEIVABLES

Receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when the receivables are derecognised or impaired.

2.5.9 PAYABLES

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Co-operative prior to the end of the financial year that are unpaid and arise when the Co-operative becomes obliged to make future payments in respect of these goods and services. The payables are not secured and are generally paid within 30 days of recognition.

(i) PROVISIONS

Provisions are recognised when the Co-operative has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions include:

WAGES, SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

LONG SERVICE LEAVE

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2.5.10 CUSTOMER DEPOSITS AND SHORT-TERM BORROWINGS

(i) MEMBER DEPOSITS

Member deposits are classified under the categories of: at call and fixed term. The rate of interest offered on member deposits is dependent on the amount, the period invested/availability of funds and the nature of the deposit facility used. Member deposits are available for withdrawal subject to the advertised constraints of the facility.

For example, at call accounts can be accessed at any time, whereas no withdrawals can be made from a standard fixed term deposit without penalties.

(ii) BORROWING COSTS

Borrowing costs are recognised as an expense when incurred.

(iii) SHAREHOLDING

Members must purchase shares to the value of $10 in the Co-operative to open their account. Once a member has purchased shares they may open multiple accounts. 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.

2.5.11 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 Statement of Financial Position date.

(ii) DEFERRED TAX

Deferred income tax is provided on all temporary differences at the Statement of Financial Position 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 Statement of Financial Position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in Statement of Comprehensive Income.

(iii) GOODS AND SERVICES TAX (GST)

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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

	Notes	2013 $'000	2012 $'000
3. INTEREST AND SIMILAR INCOME			
Loans and advance to member		6,047	7,052
Deposits with other financial institutions		804	1,040
Regulatory deposits		59	89
		6,910	8,181
4. INTEREST AND SIMILAR EXPENSE			
Member deposits		4,052	4,817
Wholesale borrowings		45	152
Other		3	3
		4,100	4,972
5. NET FEES AND COMMISSION INCOME			
Other fees received		95	104
		95	104
6. OTHER OPERATING INCOME			
Dividend income		21	31
Rental income		889	794
Change in fair value of investment property	13	(35)	(90)
Other		121	133
		996	868
7. CREDIT LOSS RECOVERY/(EXPENSE)			
Bad & doubtful debts/(recovery) to Members		(15)	48
		(15)	48
8. OTHER OPERATING EXPENSES			
Marketing, printing & postage		104	108
Other tenancy expenses		372	350
Corporate governance, audit & compliance		413	467
Subsidised member transaction expenses		170	169
Data & communications		450	433
Other		316	341
		1,825	1,868

	Notes	2013 $'000	2012 $'000
9. INCOME TAX			
(a) Income tax expense			
The major components of income tax expense are:			
Statement of Comprehensive Income			
Current Income Tax			
Current Income tax charge		69	152
Adjustments in respect of current income tax of previous years		(2)	12
Deferred Income Tax			-
Relating to origination and reversal of temporary differences		8	(39)
Income tax expense reported in the Statement of Comprehensive Income		75	125
(b) Amounts charged or credited directly to equity			
Deferred income tax related to items charged or credited directly to equity			
Unrealised movement on land and buildings		-	-
Income tax expense reported in equity		-	-
(c) Reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate.			
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:			
Accounting profit before income tax		240	398
At the Company's statutory income tax rate of 30% (2012:30%)		72	119
Adjustment to income tax expense for recognition of deferred tax		(2)	12
Franking Credit Offset		3	3
Other Adjustments		2	(9)
Aggregate income tax expense		75	125
(d) Recognised deferred tax assets and liabilities			
Tax expense in Statement of Comprehensive Income		75	125
Amounts recognised in the Statement of Financial Position:			
Deferred tax asset		146	150
Deferred tax liability		(701)	(721)
		(555)	(571)

	Notes	2013 $'000	2012 $'000
Deferred income tax			
Deferred income tax at 30 June relates to the following:			
Deferred tax liabilities			
Rent receivable		-	(5)
Depreciable assets		(2)	(8)
Investment properties		(699)	(703)
Land and buildings		-	-
Other		-	(5)
Deferred tax liabilities		(701)	(721)
Deferred tax assets			
Allowance for doubtful debts		4	10
Land and buildings		-	-
Provisions and accruals		142	140
Deferred tax assets		146	150

10. CASH AND BALANCES WITH BANK

	2013 $'000	2012 $'000
Cash on hand	267	203
Current account with banks	1,351	1,247
Overnight deposits with banks	1,000	900
	2,618	2,350

11. FINANCIAL INVESTMENTS HELD TO MATURITY

	2013 $'000	2012 $'000
Term and negotiable certificates of deposits with banks (fully redeemable), not Longer than 3 months	8,448	8,448
Term and negotiable certificates of deposits with bank (fully redeemable), Longer than 3 months and not Longer than 12 months	10,450	11,950
	18,898	20,398

12. LOANS AND ADVANCES TO MEMBERS

	2013 $'000	2012 $'000
Overdraft and revolving credit	3,475	4,184
Term loans	95,391	93,830
Directors and related parties	26	21
Gross loans and advances	98,892	98,035
Less: Allowance for impairment losses	(12)	(33)
	98,880	98,002

	Notes	2013 $'000	2012 $'000
BY MATURITY			
Overdrafts		3,475	4,184
Not longer than 3 months		1,222	106
Longer than 3 months and less than 12 months		532	1,638
Longer than 12 months and less than 5 years		7,421	6,855
Longer than 5 years		86,242	85,252
		98,892	98,035
BY PRODUCT TYPE			
Residential mortgages		82,234	76,809
Consumer lending		9,658	12,396
Corporate & small business lending		7,000	8,830
		98,892	98,035
BY LOCATION			
Loans in Victoria		72,133	70,383
Loans in South Australia		25,161	25,435
In other states		1,598	2,217
		98,892	98,035
BY SECURITY			
Secured by mortgage		96,765	95,936
Secured by Other		1,639	1,400
Unsecured		488	699
		98,892	98,035

IMPAIRMENT ALLOWANCE FOR LOANS AND ADVANCES TO MEMBERS

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

	Notes	2013 $'000	2012 $'000
At the start of the year		33	46
Charge/(recovery)	7	(15)	48
Amounts written off already provided for		(6)	(60)
Amounts recovered		-	(1)
At end of year		12	33

Loans and Advances past due and impaired	2013			2012		
	Past Due	Impaired	Collateral Held	Past Due	Impaired	Collateral Held
	$'000	$'000	$'000	$'000	$'000	$'000
HOUSING LOANS						
30 days and less than 60 days	732	-	1,380	5	-	925
60 days and less than 90 days	134	-	165	-	-	-
90 days and less than 182 days	208	-	340	220	-	530
182 days and less than 273 days	-	-	-	-	-	-
273 days and less than 365	-	-	-	17	-	1,209
365 days and over	-	-	-	-	-	-
	1,074	-	1,885	242	-	2,664
PERSONAL AND COMMERCIAL LOANS						
30 days and less than 60 days	22	-	-	-	1	-
60 days and less than 90 days	11	-	-	-	-	-
90 days and less than 182 days	13	9	-	-	-	-
182 days and less than 273 days	-	-	-	-	-	-
273 days and less than 365	-	-	-	-	-	-
365 days and over	-	-	-	-	3	27
	46	9	-	-	4	27
OVERDRAFTS						
less than 14 days	35	-	-	45	-	-
14 days and less than 90 days	6	3	-	-	1	-
90 days and less than 182 days	-	-	-	7	2	-
182 days and over	-	-	-	6	-	-
	41	3	-	58	3	-
Total Loans and Past Due or impaired	1,161	12	1,885	300	7	2,691

The Loans and advances are determined to be past due or impaired by the amount of days that they are overdue. Per APRA provisioning a housing loan is determined to be past due at 30 days or greater. Personal and commercial loans are determined to be past due between 30 days and less than 90 days, and impaired after 90 days. Overdrafts are past due at one day to less than 14 days overdue and impaired if greater than 14 days overdue.

The loans and advances past due or impaired are secured by collateral, as described in note 24.2 that exceeds the value of loans and advances outstanding.

	2013 $'000	2012 $'000
13. INVESTMENT PROPERTIES		
At 1 July	2,619	2,709
Net change from fair value adjustment	(35)	(90)
	2,584	2,619

14. PROPERTY AND EQUIPMENT	Land & Buildings	Computer Hardware & Software	Other Furniture & Equipment	Total
	$'000	$'000	$'000	$'000
Cost or Fair value:				
At 1 July 2012	7,185	480	1,282	8,947
Additions	-	134	8	142
Disposals	-	(167)	(46)	(213)
Net change from revaluation	356	-	-	356
At 30 June 2013	7,541	447	1,244	9,232
Accumulated depreciation:				
At 1 July 2012	-	431	1,065	1,496
Disposals	-	(167)	(44)	(211)
Depreciation charge for the year	-	41	67	108
At 30 June 2013	-	305	1,088	1,393
At 30 June 2013				
Cost or fair value	7,541	447	1,244	9,232
Accumulated depreciation	-	306	1,088	1,394
Net carrying amount	7,541	141	156	7,838

	Land & Buildings	Computer Hardware & Software	Other Furniture & Equipment	Total
	$'000	$'000	$'000	$'000
Cost or Fair value:				
At 1 July 2011	7,285	659	1,385	9,329
Additions	335	32	73	440
Disposals	-	(211)	(176)	(387)
Net change from revaluation	(435)	-	-	(435)
At 30 June 2012	7,185	480	1,282	8,947
Accumulated depreciation:				
At 1 July 2011	-	574	1,188	1,762
Disposals	-	(211)	(176)	(387)
Depreciation charge for the year	-	68	53	121
At 30 June 2012	-	431	1,065	1,496
At 30 June 2012				
Cost or fair value	7,185	480	1,282	8,947
Accumulated depreciation	-	431	1,065	1,496
Net carrying amount	7,185	49	217	7,451

	2013	2012
	$'000	$'000
If land and buildings were measured using the cost model the carrying amounts would be:	3,894	3,894

	2013 $'000	2012 $'000
15. OTHER INVESTMENTS		
Cuscal Shares	76	76
Indue class 'a' shares	26	56
Indue Limited SDD	31	31
	133	163

The Indue and Cuscal shares above are held as part of the requirements of the service contracts we have with Indue and Cuscal, who facilitate some of our banking services. The shares are stated at cost and are not tradable. When the contract ceases, the shares would be returned to Cuscal or Indue and the cost price repaid to the Co-operative in return.

	2013 $'000	2012 $'000
16. OTHER ASSETS		
Accrued interest receivable	244	314
Prepayments	5	71
Other Receivables	38	17
	287	402

The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it policy to transfer (on-sell) receivables to special purpose entities.

	2013 $'000	2012 $'000
17. MEMBER DEPOSITS		
Current accounts	42,846	38,444
Term deposits	67,228	73,169
	110,074	111,613
Deposits in Victoria	78,420	77,761
Deposits in South Australia	22,508	25,015
In other states	9,146	8,837
	110,074	111,613

	2013 $'000	2012 $'000
18. OTHER LIABILITIES		
Interest payable on deposits	779	898
Trade creditors and sundry creditors	2,045	1,021
	2,824	1,919

19. PROVISIONS

	2013 $'000	2012 $'000
Current provisions for employee entitlements		
Long service Leave	95	128
Annual Leave	188	151
	283	279

NON-CURRENT PROVISION FOR EMPLOYEE ENTITLEMENTS

	2013 $'000	2012 $'000
Long service leave	88	73
	88	73

A reconciliation of the provisions is as follows	Annual Leave	Long Service Leave	Total
As at 1 July 12	152	201	352
Payments Made	(45)	(41)	(86)
Additional Provisions	82	23	105
As at 30 June 13	188	183	371
As at 1 July 11	162	207	369
Payments Made	(107)	(62)	(169)
Additional Provisions	96	56	152
As at 30 June 12	151	201	352

20. RETAINED EARNINGS AND RESERVES

	Retained Earnings $'000	Credit Loss Reserve $'000	Foundation Reserve $'000	Business Combination Reserve $'000	Asset Revaluation Reserve $'000	Total Reserves $'000
At 1 July 2012	9,741	245	10	2,303	4,455	7,013
Increase in statutory amount set aside for potential losses on loans & advances	(97)	97	-	-	-	97
Net change from revaluation of property	-	-	-	-	356	356
Net profit attribute to members	165	-	-	-	-	-
Transfers	3	-	-	-	-	-
As 30 June 2013	9,812	342	10	2,303	4,811	7,466
At 1 July 2011	9,406	261	10	2,303	4,888	7,462
Decrease in statutory amount set aside for potential losses on loans & advances	16	(16)	-	-	-	(16)
Net change from revaluation of property	-	-	-	-	(435)	(435)
Adjustment to deferred tax due to timing differences on revalued assets	-	-	-	-	2	2
Net profit attribute to members	273	-	-	-	-	-
Transfers	46	-	-	-	-	-
As 30 June 2012	9,741	245	10	2,303	4,455	7,013

CREDIT LOSS RESERVE

The credit loss reserve is used to record the APRA required provisioning for setting aside 0.50% of the risk weighted assets as provision for possible bad debt write off. It represents an appropriation of retained earnings as further capital held against credit losses.

FOUNDATION RESERVE

The foundation reserve is used to record the retained earnings set aside for the anticipated foundation fund to be setup for the benefit of the Ukrainian community.

BUSINESS COMBINATION RESERVE

The business combination reserve is used to record increments and decrements in equity as a result of mergers with other businesses.

ASSET REVALUATION RESERVE

The asset revaluation reserve is used to record increments and decrements in the fair value of land and buildings to the extent that they offset one another.

	Notes	2013 $'000	2012 $'000
21. ADDITIONAL CASH FLOW INFORMATION			
CASH AND CASH EQUIVALENTS			
Cash on hand	10	267	203
Current account with Bank	10	1,351	1,247
Overnight deposits with Bank	10	1,000	900
		2,618	2,350
CHANGE IN OPERATING ASSETS			
Net change in interest receivable	16	70	(22)
Net change in debtors	16	(21)	19
Net change in prepayments	16	66	(24)
Net change in future tax receivable	9	4	(7)
		119	(34)
CHANGE IN OPERATING LIABILITIES			
Net change in interest payable	18	(119)	(252)
Net change in creditors and accruals	18	1,024	169
Net change in future tax payable	9	(20)	(40)
Provisions	19	19	(16)
		904	(139)
NON-CASH ITEMS INCLUDED IN PROFIT BEFORE TAX			
Depreciation of property and equipment		108	121
Losses on disposal of property and equipment		3	-
Impairment losses/(reversals) on financial assets		(15)	48
Revaluation of investment property		35	90
		131	259
22. COMMUNITY GRANTS AND SPONSORSHIP			
Community Sponsorship		28	28
School Support		3	6
Church Praznyk		8	9
Financial Assistance		-	2
		39	45

Dnister Ukrainian Credit Co-operative Ltd makes payments to the Ukrainian Community via grants and sponsorship and also Dnister Staff provide special service support to major community organisations free of charge, for during business hours and substantial after business hours assistance.

The amount allocated each year is approved by the Board of Directors.

There is an intention to make a further payment of sponsorship in financial year 2014.

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	Carrying Value	Fair Value
	$'000	$'000
ASSETS 2013		
Financial Assets		
Cash & balances with bank	2,618	2,618
Financial investments - held to maturity	18,898	18,898
Loans and advances to members	98,880	98,880
Other investments	133	133
Accrued interest receivable	244	244
Other receivables	43	43
Total 2013	120,816	120,816
LIABILITIES		
Financial Liabilities		
Member deposits	110,074	110,074
Wholesale borrowings	-	-
Total 2013	110,074	110,074
ASSETS 2012		
Financial Assets		
Cash & balances with bank	2,350	2,350
Financial investments - held to maturity	20,398	20,398
Loans and advances to members	98,002	98,002
Other investments	163	163
Accrued interest receivable	314	314
Other receivables	17	17
Total 2012	121,244	121,244
LIABILITIES		
Financial Liabilities		
Member deposits	111,613	111,613
Wholesale borrowings	-	-
Total 2012	111,613	111,613

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 values of loans and advances are 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. Fixed term deposits with a maturity greater than 12 months are immaterial and have not been discounted.

OTHER INVESTMENTS

The carrying amount of other investments is at cost as these shares are bought and sold at the same amount they are held as part of our service contract with Cuscal and Indue, and are not available for sale.

ACCRUED INTEREST RECEIVABLE

The net fair value of accrued interest receivables represents the carrying amount. This represents the interest that has accrued to date on deposits with financial institutions.

OTHER RECEIVABLES

The net fair value of other receivables represents the carrying amount. This mainly represented rent owed to the Co-operative from the investment properties.

24. RISK MANAGEMENT

24.1 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 Board of Directors is ultimately responsible for identifying and controlling risks; however there is an Audit and Risk Management Committee. This Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

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 and Risk Management Committee.

24.2. CREDIT RISK

Credit risk is the risk that the Co-operative will incur a loss because a counterparty failed to discharge their obligations. The Co-operative 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.

With respect to credit risk arising from financial assets of the Co-operative, the Co-operative's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. Future movements in fair value would increase or reduce that exposure.

Credit ratings are those published by Standards and Poors'.

The guidelines for Negotiable Certificates of Deposits are set by APRA. APRA has approved a maximum of 70% of the Co-operative's capital base on large assets exposure to Suncorp, Bank of Queensland and Adelaide Bank. In addition, exposure to Cuscal is set at 500% of capital base for ADIs with total assets under $200 million. Exposures to other banks, credit unions and building societies are limited to the standard 50% of capital base.

The table below show the credit quality by class of asset	2013 $'000	2013 $'000	2013 $'000	2013 $'000
ASSETS				
Financial Assets	Total	High Grade	Other Grade	Past Due or Impaired
Loans secured by mortgage	98,892	97,719	-	1,173
Other loans and advances	-	-	-	-
	Total	AAA to A-	B+ to BBB+	Other*
Cash & balances with bank	2,618	1,000	-	1,618
Financial investments - held to maturity	18,898	5,550	11,700	1,648
Other investments	133	76	-	57
Accrued interest receivable	244	49	194	1
Other receivables	43	-	-	43
Total	21,936	6,675	11,894	3,366

	2012 $'000	2012 $'000	2012 $'000	2012 $'000
ASSETS				
Financial Assets	Total	High Grade	Other Grade	Past Due or Impaired
Loans secured by mortgage	98,002	97,695	-	307
Other loans and advances	-	-	-	-
	Total	AAA to A-	B+ to BBB+	Other*
Cash & balances with bank	2,350	206	900	1,244
Financial investments - held to maturity	20,398	5,000	13,750	1,648
Other investments	163	76	-	87
Accrued interest receivable	314	107	205	2
Other receivables	17	-	-	17
Total	23,242	5,389	14,855	2,998

The Loans and advances are determined to be past due or impaired by the amount of days that they are overdue. Per APRA provisioning a housing loan is determined to be past due at 30 days or greater. Personal and commercial loans are determined to be past due between 30 days and less than 90 days, and impaired after 90 days. Overdrafts are past due at one day to less than 14 days overdue and impaired if greater than 14 days overdue.

Financial assets that are neither past due or impaired are classified between those assets that are high grade and not high grade (other grade). To define what is a high grade financial asset, Dnister has referred to the prudential standards issued by the Australian Prudential Regulation Authority (APRA) in particular APS 112 which categorises the risk likelihood of default. APS 112 applies risk-weight percentages to indicate the quality of assets. A risk-weight of 50% or less indicates higher quality assets and this has been applied to define high grade assets for the table provided.

*Other consists of assets or liabilities which have not been rated or are of a non-rated nature.

All interest bearing securities were issued by Australian entities.

COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. 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.

LOANS PAYABLE

During the current and prior year there were no defaults and breaches on any of the loans.

24.3 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, the Co-operative 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 has a $350,000 overdraft facility which allows for the day to day fluctuations in a settlement account with Indue Ltd. The overdraft allows the settlement account to be overdrawn for one or two business days in the event that the withdrawals are greater than the settlement account balance. The Co-operative will then deposit within one or two business days the required funds to return the account to credit.

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 level of 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.

	2013 %	2012 %
30 June	16.5	17.0
Highest for period	17.2	17.9
Lowest for period	14.3	14.1

24.3a MATURITY PROFILE OF FINANCIAL LIABILITIES

The tables below summarises the maturity profile of Dnisterѐs financial liabilities at balance date based on contractual undiscounted repayment obligations. Dnister does not expect the majority of members to request repayment on the earliest date that Dnister could be required to pay and the tables do not reflect the expected cash flows indicated by Dnisterѐs deposit retention history.

	Less than 30 days	Less than 3 months	3-12 months	Subtotal less than 12 months	1 -5 years	Over 5 years	Subtotal over 12 months	Total
2013								
Liabilities								
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdrafts	-	-	-	-	-	-	-	-
Member deposits	64,683	25,308	19,695	109,686	388	-	388	110,074
Wholesale borrowings	-	-	-	-	-	-	-	-
Trade and other payables	1,771	-	1,053	2,824	-	-	-	2,824
Total	66,454	25,308	20,748	112,510	388	-	388	112,908
2012								
Liabilities								
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdrafts	-	-	-	-	-	-	-	-
Member deposits	30,135	30,712	31,964	92,811	18,802	-	18,802	111,613
Wholesale borrowings	-	-	-	-	-	-	-	-
Trade and other payables	812	-	1,107	1,919	-	-	-	1,919
Total	30,947	30,712	33,071	94,730	18,802	-	18,802	113,532

24.3b MATURITY PROFILE OF COMMITMENTS

The table below shows the contractual expiry of the maturity of Dnister's credit commitments and lease expenditure commitments. Dnister expects that not all of the commitments will be drawn before the expiry of the commitments.

	Within 12 months	More than 1 year	Total
2013			
Liabilities			
	$'000	$'000	$'000
Approved but undrawn loans	1,106	-	1,106
Undrawn line of credit	3,072	-	3,072
Total	4,178	-	4,176
2012			
Liabilities			
	$'000	$'000	$'000
Approved but undrawn loans	323	-	323
Undrawn line of credit	4,219	-	4,219
Total	4,542	-	4,542

24.4 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 significant interest rate risk, but not excessive given the nature of our business. The level of interest rate risk is managed through maturity repricing analysis and limits the exposure based on a 2% interest rate movement, which is set by the Board and reported monthly to the Board. The Co-operative only deals in Australian Dollars and therefore is not exposed to currency risk. The Co-operative does not hold any investments which are subject to equity movement and therefore is not exposed to equity risk.

INTEREST RATE RISK

Interest rate risk is the risk that fair value or future cashflows of the Co-operative's financial instruments will fluctuate because of changes in market interest rate.

	Floating Interest Rate	Fixed interest maturing in		Non-interest bearing	Total carrying amount as per Statement of Financial
	$'000 2013	$'000 1 year or less	$'000 +1 to 5 years	$'000 2013	$'000 2013
FINANCIAL ASSETS					
Cash & balances with bank	2,350	-	-	267	2,618
Financial investments - held to maturity	-	18,898	-	-	18,898
Shares (Cuscal and Indue)	-	-	-	133	133
Other receivables	-	-	-	287	287
Loans and advances to members	97,712	-	1,168	-	98,880
FINANCIAL LIABILITIES					
Member deposits	42,846	67,228	-	-	110,074
Wholesale borrowings	-	-	-	-	-

	Floating Interest Rate	Fixed interest maturing in		Non-interest bearing	Total carrying amount as per Statement of Financial
	$'000 2012	$'000 1 year or less	$'000 +1 to 5 years	$'000 2012	$'000 2012
FINANCIAL ASSETS					
Cash & balances with bank	2,147	-	-	203	2,350
Financial investments - held to maturity	-	20,398	-	-	20,398
Shares (Cuscal and Indue)	-	-	-	163	163
Other receivables	-	-	-	402	402
Loans and advances to members	96,836	-	1,166	-	98,002
FINANCIAL LIABILITIES					
Member deposits	38,444	73,169	-	-	111,613
Wholesale borrowings	-	-	-	-	-

INTEREST RATE SENSITIVITY

The following tables demonstrate the sensitivity to a reasonable possible change in interest rates: to post tax profit and equity.

		Post Tax Profit Higher / (Lower)	
2013	2012	2013	2012
		$'000	$'000
+0.50% (50 Basis Points)	+0.50% (50 Basis Points)	132	174
-0.50% (50 Basis Points)	-0.50% (50 Basis Points)	(132)	(174)

		Equity Higher / (Lower)	
2013	2012	2013	2012
		$'000	$'000
+0.50% (50 Basis Points)	+0.50% (50 Basis Points)	132	174
-0.50% (50 Basis Points)	-0.50% (50 Basis Points)	(132)	(174)

The above interest rate risk sensitivity is unrepresentative of the risks inherent in the financial assets and financial liabilities due to the year-end exposure during the year, as the sensitivity analysis does not reflect the maturing of fixed interest financial assets and financial liabilities within the next 12 months.

25. 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 (APRA). The capital ratio 21.3% as at 30 June 2013 exceeds the APRA minimum requirement. Should capital fall to 17% a 3 year forecast is performed to ensure that the capital is monitored closely and starts to trend upwards. The capital ratio is reported to the Board at the monthly Board Meetings and more frequently during periods of volatility or when the capital ratio falls below 17%. During the past the year, the Co-operative has complied in full with all its internally and externally imposed capital requirements.

The capital ratio is derived by dividing the capital base by the risk weighted assets. The Co-operative adheres to the regulations set down by APRA in regard to which capital items can or cannot be included and also the different risk weightings put on the various assets. These risk weightings are set by APRA and are based on the risk associated with each different asset class.

CAPITAL MANAGEMENT

The primary objectives of the Co-operative's capital management are to ensure the Co-operative complies with internally and 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.

In September 2012 APRA published the final standards relating to the implementation of the Basel III capital reforms in Australia. An important component of the requirements under Basel III in relation to the capital measurement and capital standards is the public disclosure of regulatory information. These requirements are outlined in APRA Prudential Standard APS 330 Public Disclosure. The standard sets minimum requirements for the public disclosure of information on the Co-operative's risk profile, risk management, capital adequacy, capital instruments and remuneration practices. The Co-operative has adopted the new regulatory requirements and published the required information on our website www.dnister.com.au

REGULATORY CAPITAL

	2013	2012
	$'000	$'000
Capital base	14,545	12,666
Risk weighed assets	68,404	65,611
	%	%
Total capital ratio	21.3%	19.3%

26. RELATED PARTY DISCLOSURES

a. DETAILS OF KEY MANAGEMENT PERSONNEL

The Followings persons were Directors of the Co-operative during the financial year:

J. Lipkiewicz (retired 11 November 2012)
F. Fursenko (resigned 3 March 2013)
M. Kornitschuk
B. Wojewidka
J. Kotowskyj
M. Misko
W. Mykytenko
L. Slipetsky
M. Kwas

b. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE CO-OPERATIVE

	2013 $'000	2012 $'000
Short-term employment benefits - salaries	174	291
Post employment - superannuation contributions	14	16
Total	188	307

c. DIRECTORS' REMUNERATION (INCLUDED IN 26b. ABOVE)

	2013 $'000	2012 $'000
Aggregate remuneration of Directors included in the figure above	41	48

d. TRANSACTIONS WITH KEY MANAGEMENT PERSONAL OF THE CO-OPERATIVE

The Co-operative enters into transaction, arrangements and agreements involving Directors and the Chief Executive Officer in the ordinary course of business.

The following table provides the aggregate value of loan, investment and deposit products to the Chief Executive Officer, Directors, spouses and related entities:

	2013 $'000	2012 $'000
Loans:		
Balance owing at 30 June	16	-
New Loans Advanced	17	-
Repayments	(1)	-
Movement from changes in key management personnel	-	-
Revolving Credit Facilities:		
Total value extended	250	230
Balance utilised at 30 June	26	21
Savings and term deposit services:		
Amounts deposited at 30 June	885	81

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 the Co-operative were conducted on normal commercial terms and there has been no breach of these terms.

27. CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of Members, the Co-operative does enter into irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the Co-operative. The maximum amount of credit exposure risk for guarantees for 2013 of $214,030 (2012: $140,626) is deemed insignificant.

The total outstanding commitments and contingent liabilities are as follows:

	2013	2012
	$'000	$'000
CONTINGENT LIABILITIES		
Financial guarantees	133	123
COMMITMENTS		
Undrawn commitments to lend	1,106	323
Unused overdraft facilities of members	3,072	4,219
Total	4,311	4,665

CONTINGENT LIABILITIES

Letters of credit and guarantees commit the Co-operative to make payments on behalf of Members in the event of a specific act. Guarantees and standby letters of credit carry the same risk as loans.

UNDRAWN COMMITMENTS TO LEND

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon members maintaining specific standards.

OPERATING LEASE COMMITMENTS RECEIVABLES - CO-OPERATIVE AS 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. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the lease asset and recognised as an expense over the lease term on the same basis as rental income.

The Co-operative has entered into commercial property leases on its investment portfolio, consisting of the Co-operative's surplus office buildings.

These non-cancellable leases have remaining terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows;

	2013 $'000	2012 $'000
Within one year	573	175
After one year but not more than three years	536	930
After three years but not more than five years	76	-
Total minimum lease payments	1,185	1,105

LEGAL CLAIMS

The Co-operative had no material unresolved legal claims as at 30 June 2013 (2012: none).

ECONOMIC DEPENDENCY

The Co-operative has service contracts with, and has an economic dependency on the following organisations:

(a) Indue - This entity supplies the Co-operative with services in the form of settlement with bankers for ATM transactions, member cheques and the provision for direct entry services and the production of debit cards for use by members.

(b) First Data International - This company operates the computer switch used to process transactions from the use of Co-operative's debit cards through approved ATM and EFTPOS networks.

(c) DataAction - This company provides and maintains application software currently utilised by the Co-operative. DataAction is a major supplier of software to credit unions throughout Australia.

28. REMUNERATION OF EXTERNAL AUDITORS

During the years the auditors of the Co-operative earned the following remuneration:

	2013	2012
Audit of the Co-operative	62,000	62,000
Taxation Services	10,000	10,000
	72,000	72,000

29. SUBSEQUENT EVENTS

There were no subsequent events to be brought to the attention of members for the financial year ended 30 June 2013.

30. SEGMENT INFORMATION

The principal activities of the Co-operative during the year were for the provision of retail financial services to all members and the Ukrainian Community of Australia. This takes form of deposit taking facilities and loan facilities as prescribed by the Constitution. The entity operates primarily in one geographical area, Australia.

Corporate Directory

ESTABLISHED	Dnister was incorporated in Victoria under the Co-operative Act on 21 September 1959
REGISTERED OFFICE	Head Office : 912 Mt Alexander Road, Essendon VIC 3040 Tel (03) 9375 1222 Fax (03) 9370 5361
BRANCHES	Adelaide : 62 Orsmond St, Hindmarsh SA 5007 Tel (08) 8346 6174 Fax (08) 8346 2262 Geelong : 3/29-35 Milton Street, Bell Park VIC 3215 Tel (03) 5278 5950 Fax (03) 5277 9108 Perth : 20 Ferguson Street, Maylands WA 6051 Tel | Fax (03) 9271 5984
EXTERNAL AUDITORS	Ernst & Young, 8 Exhibition Street, Melbourne VIC 3000
INTERNAL AUDITORS	Grant Thornton, Level 30, 525 Collins Street, Melbourne VIC 3000
LEGAL CORPORATE ADVISORS	Wisewould Mahony Lawyers, 419 Collins Street, Melbourne VIC 3000
BANKERS	Indue Ltd, Level 3, 601 Coronation Drive Toowong QLD 4066 Westpac Banking Corporation, 260 Queen Street, Brisbane QLD 4000
INSURERS	QBE Insurance Group Ltd, Level 2, 82 Pitt Street, Sydney NSW 2000

CEO

thank you

on behalf of
management and staff

At Dnister, we remain committed to our mission of supporting the achievement of financial advantage, prosperity and wealth for Members and the Ukrainian Community in Australia. Management and staff are working hard to deliver on our Business Plan, entitled 'Building a Sustainable Future', which embraces the changing nature of banking and strengthens our position as the financial services provider of choice to the Community. I would like to express my sincere thanks and appreciation to all members of our team for their commitment and dedication to serving the needs of our Members. On behalf of management and staff, I would also like to thank you, our Members, for banking with us. We look forward to continuing to provide you with great service, competitive pricing and innovative products and services.

Liam Tiernan
CEO

Strength in Unity!

Dnister Ukrainian Credit Co-operative Limited

ABN 59 087 651 394 | AFSL 240673