



**CUFSS LIMITED  
(CUFSS)**

**ABN 24 088 097 563**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2015**

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## CUFSS LIMITED DIRECTORS' REPORT

The Directors of CUFSS Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2015 in order to comply with the provisions of the Corporations Act 2001 the Directors Report as follows:

### Directors

The following persons were Directors of the company during the financial year and up to the date of this report:

A Sala (Chairman) – resigned 11/03/2015  
B A Williams  
R Keogh  
D Walsh  
K McKenna

For information on Directors regarding their qualifications, experience, responsibilities, directorships in other entities, declared interests, and meeting attendances refer to pages 4 to 6 which are to be read as part of this report.

### Principal Activity

The company's principal activity is the provision of emergency financial support services for the benefit of Australian Mutual Authorised Deposit Taking Institutions (ADI'S) and their members.

During the year there were no significant changes in the nature of those activities.

Queensland Professional Credit Union (trading as YourCU) joined CUFSS Limited as a new member effective 1<sup>ST</sup> December 2014.

Two members gave termination of membership notices:

- Queensland Teachers Mutual Bank (trading as QTMB) effective 30<sup>th</sup> June 2015;
- CUA effective 5<sup>th</sup> July 2015.

In light of the resignation of three large members over the past two financial years the Board has undertaken a Strategic Review of the future of the Company engaging KPMG as consultants thereto. That strategic review remains in train with a full report to be made to the 2015 Annual general Meeting.

### Review of Operations

The profit after income tax expense of the company for the year ended 30 June 2015 was \$7,012 (2014 \$4,622).

The Directors believe that the results are in line with expectations.

### Dividends

No dividend has been declared or paid for the year ended 30 June 2015 (2014: \$0)

The Directors do not recommend a dividend in respect of the current financial year.

### Subsequent Events

Two members have given twelve (12) months' notice of their resignation:

- Australian Defence Credit Union effective 28<sup>th</sup> February 2016; and
- Police and Nurses Limited trading as P & N Bank effective 30<sup>th</sup> June 2016.

Other than these there has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future years.

### Future Developments

Other than the Strategic Review referred to above there are no known future developments that will have a material effect on the Company's business or performance.

### Indemnification of Officers

The company has agreed to indemnify the Directors of the company and the Company Secretary and any related party against a liability that may arise from their positions within the company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability indemnified.

The company paid premiums of \$935 (2014: \$935) in respect of directors' and officers' liability insurance during the financial year. The contract of insurance does not include details of premiums paid in respect of individual officers of the company and prohibits disclosure of the amount of the premium paid.

The company has not otherwise during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company, or a related entity, against a liability incurred in their capacity as an officer or auditor.

Signed in accordance with a resolution of Directors made pursuant to S298 (2) of the Corporations Act 2001.

### Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 7 of the financial report.

On behalf of the directors



B. A. Williams  
Director



D. Walsh  
Director

Signed in Sydney and dated this 19<sup>th</sup> day of August 2015.

**ALEXANDER SALA – DIRECTOR (INDEPENDENT CHAIRMAN)**

Aged 64  
Appointed to the Board 1<sup>ST</sup> November 2008.  
Resigned 11<sup>th</sup> March 2015.

**Qualifications**

FIPA; FAICD; FAIM; FFin.

**Experience**

34 years' experience in Financial Services Industry at senior executive level  
Executive Chairman TransAction Solutions Limited  
Former Director and Vice Chair National Heart Foundation  
Former CEO Endeavour Credit Union (23 years)  
Former Director and Deputy Chair Cuscal  
Former Director Credit Union Technology Development (CUTD)  
Former Director AUSTNET  
Former Director First Data International

**Special Responsibilities**

Chairman

**Other Declared Interests**

Nil

**Number of Meetings Attended**

5 out of 5.

**BRUCE ASTON WILLIAMS - DIRECTOR**

Aged 60  
Appointed to the Board: 21<sup>st</sup> November 2005

**Qualifications**

FCIS; Master of Business (Finance)

**Experience**

CEO of Police Bank Ltd  
Over 39 years' of experience in banking and finance, including 25 years employment with Police Bank Ltd.

**Special Responsibilities**

Deputy Chairman 01 July 2014 – 11 March 2015;  
Acting Chairman 11<sup>th</sup> March 2015 - date

**Other Declared Interests**

Director - Chelsea Wealth Management Pty Ltd  
Director - Chelsea Shared Services Pty Ltd  
Director Chelsea Home Loans Pty Ltd

**Number of Meetings Attended**

6 out of 6



**CUFSS LIMITED**  
**INFORMATION ON DIRECTORS/OFFICERS**

**ROBERT KEOGH - DIRECTOR**

Aged 63

Appointed to the Board: 14<sup>th</sup> March 2012

**Qualifications**

B.Bus (Banking & Finance); FIPA; FAIM; MAICD; FAMJ

**Experience**

CEO of Community CPS Australia Limited trading as Beyond Bank Australia;

Over 34 years' experience in the mutual banking industry.

**Special Responsibilities**

None

**Other Declared Interests**

Chief Executive Officer – Community CPS Australia Limited

Director - Community CPS Foundation Limited

Director Community CPS Services Limited

Director Credit Union Pageant Limited

Director Beyond Benevolent Fund

Director Customer Owned Banking Association.

**Number of Meetings Attended**

6 out of 6

**DAMIEN WALSH - DIRECTOR**

Aged 51

Appointed to the Board: 13<sup>TH</sup> March 2013

**Qualifications**

B. Bus (Acctg), MBA, FCPA, GAICD, F FIN, AFAMI

**Experience**

Managing Director of mecu Limited (trading as Bank Australia);

24 years' experience in Senior Management in the mutual banking sector.

**Special Responsibilities**

None

**Other Declared Interests**

Managing Director mecu Limited (Bankmecu)

Director Ed Credit Insurance Services Pty Ltd

Director Ed Credit Services Pty Ltd

Member EECU Limited

Associate Director Data Action Pty Ltd

Director Business Council of Co-operatives and Mutuals.

**Number of Meetings Attended**

5 out of 6

**KIERAN MCKENNA – DIRECTOR**

Aged 49

Appointed to the Board: 11<sup>TH</sup> June 2014

**Qualifications**

**MBA, MAICD**

**Experience**

Chief Risk Officer - Cuscal

26 years' experience in Senior Management in the financial services and risk management industry including Westpac, St George and Australian Securities Exchange.

**Special Responsibilities**

None

**Other Declared Interests**

Chief Risk Officer Cuscal

**Number of Meetings Attended**

4 out of 4.

**GARY WILLIAM EGGERT –OFFICER & COMPANY SECRETARY**

Aged 63

Appointed to the Role: 1st July 2007.

**Qualifications**

Diploma Financial Services, FAMI, FFIN, FIPA, JP (NSW101703)

**Experience**

Over 46 years' experience in banking and finance, including 34 years management experience within the Mutual ADI Industry.

**Special Responsibilities**

Executive Officer and Company Secretary

**Other Declared Interests**

None

**Number of Meetings Attended**

6 out of 6

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
CUFSS LIMITED**

We declare that, to the best of our knowledge and belief, during the financial year ended 30 June 2015, there have been:

- i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit of CUFSS Limited; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit of CUFSS Limited.

**Name of Firm:** THOMAS HOPPER & PARTNERS  
Chartered Accountants

**Name of Auditor:**   
Steven Dadich

**Address:** 1/68 Alfred Street Milsons Point NSW 2061

**Dated this** 19 **day of** August, 2015.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUFSS LIMITED

We have audited the accompanying financial report of CUFSS Limited, which comprises the balance sheet as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, 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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CUFSS Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CUFSS LIMITED**

*Opinion*

In our opinion:

- (a) the financial report of CUFSS 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 2015 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 statements also comply with International Financial Reporting Standards as disclosed in Note 2.

**Name of Firm:** THOMAS HOPPER & PARTNERS  
Chartered Accountants



**Name of Auditor:**

Steven Dadich

**Address:** 1/68 Alfred Street Milsons Point NSW 2061

**Dated this** 19 **day of** August, 2015.

**CUFSS LIMITED  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

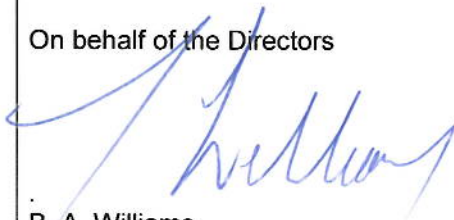
**CUFSS LIMITED  
DIRECTORS' DECLARATION**

The Directors declare that:

- a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the Company;
- c) In the Director's opinion the attached Financial Statements are in compliance with International Financial Reporting Standards as stated in Note 2 of the Financial Statements.

Signed in accordance with a resolution of the Directors made pursuant to s 295 (5) of the Corporations Act 2001.

On behalf of the Directors



B. A. Williams  
Director



D. Walsh  
Director

Signed in Sydney and dated this 19<sup>th</sup> day of August 2015.

<p style="text-align: center;"><b>CUFSS LIMITED</b>  <b>ABN 24 088 097 563</b>  <b>STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2015</b></p>
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	Note	30 June 2015 \$	30 June 2014 \$
Revenue	3	442,444	416,553
Management expenses		(177,012)	(180,106)
Auditor's remuneration	6	(11,100)	(10,500)
Directors fees		(117,896)	(131,629)
Legal expenses		-	-
Accountancy & consultancy fees		(56,700)	(12,688)
Occupancy and technology expenses		(29,195)	(27,000)
Administration expenses		(40,391)	(48,055)
Total Expenses		(432,294)	(409,978)
Profit/(Loss) before income tax expense		10,150	6,575
Income tax (expense)/benefit	4	(3,138)	(1,953)
<b>Profit/(Loss) for the period</b>		<b>7,012</b>	<b>4,622</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income attributable to members of the Company.</b>		<b>7,012</b>	<b>4,622</b>

Notes to the financial statements are included on pages 15 to 25.



**CUFSS LIMITED**  
**ABN 24 088 097 563**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	143,577	94,350
Trade and other receivables	8	1,838	217
Other assets	9	6,789	6,588
<b>TOTAL CURRENT ASSETS</b>		<b>152,204</b>	<b>101,155</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	4, 10	10,292	10,892
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,292</b>	<b>10,892</b>
<b>TOTAL ASSETS</b>		<b>162,496</b>	<b>112,047</b>
<b>CURRENT LIABILITIES</b>			
Other payables	11	57,211	8,583
Current tax liabilities	12	-	4,688
Provisions	13	27,095	27,659
<b>TOTAL CURRENT LIABILITIES</b>		<b>84,306</b>	<b>40,930</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	4, 14	2,037	1,976
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,037</b>	<b>1,976</b>
<b>TOTAL LIABILITIES</b>		<b>86,343</b>	<b>42,906</b>
<b>NET ASSETS</b>		<b>76,153</b>	<b>69,141</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	15	-	-
Retained earnings	15	76,153	69,141
<b>TOTAL EQUITY</b>		<b>76,153</b>	<b>69,141</b>

Notes to the financial statements are included on pages 15 to 25.

<p align="center"><b>CUFSS LIMITED</b>  <b>ABN 24 088 097 563</b>  <b>STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015</b></p>
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	Note	Ordinary Issued Capital \$	Retained Earnings \$	Total \$
Balance at 30 June 2013		-	64,519	64,519
Profit for the period		-	4,622	4,622
Balance at 30 June 2014		-	69,141	69,141
Profit for the period		-	7,012	7,012
Balance at 30 June 2015		-	76,153	76,153

Notes to the financial statements are on pages 15 to 25.

**CUFSS LIMITED**  
**ABN 24 088 097 563**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	Note	30 June 2015 Inflow/(Outflow)	30 June 2014 Inflow/(Outflow)
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		436,067	410,545
Payments to suppliers and employees		(384,431)	(398,845)
Interest received		6,245	6,100
Income tax (paid)/refunded		(8,654)	(5)
GST paid/refunded		-	12,436
<b>Net cash (used in) / provided by operating activities</b>	<b>16</b>	<b>49,227</b>	<b>30,231</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash flows from investing activities		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash flows from financing activities		-	-
<b>Net (decrease) / increase in cash held</b>		<b>49,227</b>	<b>30,231</b>
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>94,350</b>	<b>64,119</b>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		<b>143,577</b>	<b>94,350</b>

Notes to the financial statements are on pages 15 to 25.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

– **AASB 10 Consolidated Financial Statements**

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application.

These new requirements have the potential to affect which investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

AASB 10 is applicable to not-for-profit entities for annual reporting periods beginning on or after 1 January 2014.

To assist not-for-profit entities applying the AASB 10, the AASB issued AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities on 31 October 2013. AASB 2013-8 added an appendix to AASB 10 to explain and illustrate how the principles in AASB 10 apply from the perspective of not for-profit entities in the private and public sectors, particularly to address circumstances where a for-profit perspective does not readily translate to a not for-profit perspective. Similarly, it added an appendix to AASB 12 Disclosure of Interests in Other Entities, in relation to structured entities.

AASB 10 (and AASB 2013-8) became applicable to not-for-profit entities for annual reporting periods beginning on or after 1 January 2014.

This Standard is not expected to significantly impact the company's financial statements.

– **AASB 11 Joint Arrangements**

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

AASB 11 became applicable to not-for-profit entities for annual reporting periods beginning on or after 1 January 2014.

This Standard is not expected to significantly impact the company's financial statements.

– **AASB 12 Disclosure of Interests in Other Entities**

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It combines the existing disclosures in AASB 127, AASB 128 and AASB 131, and introduces a range of new disclosure requirements. AASB 12 became applicable to not-for-profit entities for annual reporting periods beginning on or after 1 January 2014.

This Standard is not expected to significantly impact the company's financial statements.

– **AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities**

AASB 2012-3 adds application guidance to AASB 132 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. AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the entity as the amendments merely clarify the existing requirements in AASB 132.

– **AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets**

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets and is applicable to annual reporting periods beginning on or after 1 January 2014.



## **2. Significant Accounting Policies**

### **Statement of Compliance**

The financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### **Basis of Preparation**

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are in Australian dollars.

### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty.**

Management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or periods.

Accounting policies are selected and applied in a manner, which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or the events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### **a) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **b) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities are recognised in respect of employee benefits, which are expected to be settled within 12 months.



## **2. Significant Accounting Policies (continued)**

### **c) Receivables**

Trade and other receivables are measured at amortised cost using the effective interest method less impairment.

### **d) Impairment of financial assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

### **e) Income Tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the company income tax rate, adjusted for changes in deferred tax assets and liabilities and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax base of assets and liabilities and their respective carrying amounts, which give rise to a future tax benefit, Or where a benefit arises due to unused tax losses, but are only recognised in both cases to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses.

Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts being payable in future periods. Deferred Income Tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled.

### **f) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the net estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some, or all, of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 2. Significant Accounting Policies (continued)

### (g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

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

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

### (h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

	30 June 2015 \$	30 June 2014 \$
<b>3. <u>REVENUE</u></b>		
Subscriptions – Mutual ADI's	418,079	393,746
Subscriptions – Cuscal Limited	18,119	16,707
Interest Revenue	6,246	6,100
	<u>442,444</u>	<u>416,553</u>

#### 4. INCOME TAX EXPENSE

<b>Tax expense comprises</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Income statement</b>		
Current Income tax charge	-	-
Deferred tax expense/income relating to the origination and reversal of temporary differences	<b>3,138</b>	<b>1,953</b>
<b>Income tax expense reported</b>	<b>3,138</b>	<b>1,953</b>
Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:		
Profit before income tax expense	<b>10,150</b>	<b>6,575</b>
Income tax expense calculated at 30% thereon	<b>3,045</b>	<b>1,972</b>
Net non-deductible / non-assessable items:		
Entertainment	<b>93</b>	<b>(19)</b>
<b>Income tax expense</b>	<b>3,138</b>	<b>1,953</b>

#### **Deferred income tax assets**

	<b>30 June 2014</b>			
	<b>Opening</b>	<b>Equity</b>	<b>Profit</b>	<b>Closing</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts payable & other liabilities	<b>2,492</b>	-	<b>103</b>	<b>2,595</b>
Provisions	<b>5,626</b>	-	<b>2,671</b>	<b>8,297</b>
<b>Total deferred tax assets</b>	<b>8,118</b>	-	<b>2,774</b>	<b>10,892</b>
	<b>30 June 2015</b>			
	<b>Opening</b>	<b>Equity</b>	<b>Profit</b>	<b>Closing</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts payable & other liabilities	<b>2,595</b>	-	<b>(36)</b>	<b>2,559</b>
Provisions	<b>8,297</b>	-	<b>(564)</b>	<b>7,733</b>
<b>Total deferred tax assets</b>	<b>10,892</b>	-	<b>(600)</b>	<b>10,292</b>

#### **Deferred income tax liabilities**

	<b>30 June 2014</b>			
	<b>Opening</b>	<b>Equity</b>	<b>Profit</b>	<b>Closing</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts receivable & other assets	<b>1,937</b>	-	<b>39</b>	<b>1,976</b>
<b>Total deferred tax liabilities</b>	<b>1,937</b>	-	<b>39</b>	<b>1,976</b>
	<b>30 June 2015</b>			
	<b>Opening</b>	<b>Equity</b>	<b>Profit</b>	<b>Closing</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts receivable & other assets	<b>1,976</b>	-	<b>61</b>	<b>2,037</b>
<b>Total deferred tax liabilities</b>	<b>1,976</b>	-	<b>61</b>	<b>2,037</b>
<b>Net deferred tax assets</b>			<b>30 June 2015</b>	<b>30 June 2014</b>
<b>- Refer Notes 10 &amp; 14.</b>			<b>\$</b>	<b>\$</b>
			<b>8,255</b>	<b>8,916</b>



## 5. KEY MANAGEMENT PERSONNEL COMPENSATION

A. Names and positions held by key management personnel in office at any time during the financial year are:

<b>Key Management Person</b>	<b>Position Held</b>
Mr A Sala	Chairman – Non Executive Independent – resigned 11 <sup>th</sup> March 2015
Mr B A Williams	Director/Acting Chairman – Non Executive
Mr R Keogh	Director – Non Executive
Mr D Walsh	Director – Non-Executive
Mr K McKenna	Director – Non-Executive Director
Mr G W Eggert	Executive Officer & Company Secretary

### B. Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the entity is as follows.

The compensation structure for key management personnel is based on a number of factors including length of service, particular experience of the individual concerned, meeting attendance and the overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to the date of retirement.

### C. Key Management Personnel Compensation

	<b>Salary &amp; Directors Fees \$</b>	<b>Super Contributions \$</b>	<b>Other Benefits \$</b>	<b>Total \$</b>
<b>2014 Total Compensation</b>	<b>287,579</b>	<b>23,680</b>	<b>476</b>	<b>311,735</b>
<b>2015 Total Compensation</b>	<b>269,201</b>	<b>25008</b>	<b>699</b>	<b>294,908</b>

## 6. REMUNERATION OF AUDITORS

	<b>30 June 2015 \$</b>	<b>30 June 2014 \$</b>
External Audit fees – Thomas Hopper Partners	6,600	6,000
Internal Audit fees – Bell Partners	4,500	4,500
	<b>11,100</b>	<b>10,500</b>

	30 June 2015 \$	30 June 2014 \$
<b>7. <u>CASH AND CASH EQUIVALENTS</u></b>		
Cash at bank and cash on hand	<u>143,577</u>	<u>94,350</u>
Reconciliation of cash Cash at the end of the financial year as shown on the cash flow statement is reconciled to items in the balance sheet as follows;		
Cash and cash equivalents	<u>143,577</u>	<u>94,350</u>
The company has an overdraft facility with Cuscal Limited:		
Approved facility	<u>100,000</u>	<u>100,000</u>
Current borrowings	-	-
Net available	<u>100,000</u>	<u>100,000</u>
<b>8. <u>TRADE AND OTHER RECEIVABLES</u></b>		
Interest receivable from Cuscal investment account	349	217
Goods and services tax credit receivable from ATO	-	-
Income tax refund due from ATO	<u>1,489</u>	-
Total	<u>1,838</u>	<u>217</u>
<b>9. <u>OTHER ASSETS</u></b>		
Prepayments – Corporate Insurance	<u>6,789</u>	<u>6,588</u>
<b>10 <u>FUTURE INCOME TAX ASSETS</u></b>		
Deferred tax assets	<u>10,292</u>	<u>10,892</u>
<b>11. <u>OTHER PAYABLES</u></b>		
Sundry payables and accruals	<u>57,211</u>	<u>8,583</u>
<b>12. <u>CURRENT TAX LIABILITIES</u></b>		
Income tax liabilities	<u>-</u>	<u>4,688</u>

	30 June 2015 \$	30 June 2014 \$
<b>13. <u>PROVISION FOR EMPLOYEE BENEFITS</u></b>		
The aggregate employee benefit liability recognised in the Financial Statements is as follows:		
Provision for employee benefits:		
Provision at beginning of period	27,659	18,754
Add accruals for the period	5,914	15,515
Deduct accrued leave taken or paid on termination	(6,478)	(6,610)
Provision at end of period	<u>27,095</u>	<u>27,659</u>
<b>14. <u>DEFERRED TAX LIABILITIES.</u></b>		
Deferred tax liabilities	<u>2,037</u>	<u>1,976</u>
<b>15. <u>SHAREHOLDERS EQUITY</u></b>		
The company is limited by guarantee. On winding up each person who is or was a member (within one year of the winding up) may have to contribute \$100 if required.		
<b>Retained Earnings</b>		
Balance at the beginning of the year	69,141	64,519
Profit/(Loss) for the period	7,012	4,622
Balance at the end of the financial year	<u>76,153</u>	<u>69,141</u>
<b>16. <u>NOTES TO THE STATEMENT OF CASH FLOWS</u></b>		
<b>Reconciliation of Cash Flows from Operations with Profit from Ordinary Activities after Income Tax</b>		
Profit/(loss) for the period	7,012	4,622
(Increase) / decrease in assets:		
Trade and other receivables	(133)	14,604
Other assets	(201)	(132)
Deferred tax asset	600	(2,774)
Increase / (decrease) in liabilities:		
Provision for tax liabilities	(6,175)	4,688
Trade and other payables	48,627	278
Provision for employee benefits	(564)	8,905
Deferred tax liabilities	61	40
	<u>49,227</u>	<u>30,231</u>

## 17. FINANCIAL INSTRUMENTS

The Company's most material financial instrument is a deposit/overdraft account the Company maintains with a related company, Cuscal Limited. The account is conducted on the same basis as applies to credit unions and other parties who maintain deposit/overdraft accounts with the related company.

	30 June 2015 \$	30 June 2014 \$
<b>Carrying value</b>	<b>143,577</b>	<b>94,350</b>
<b>Fair value</b>	<b>143,577</b>	<b>94,350</b>
<b>Interest rate is repriced within one month in both the current and prior year.</b>		
<b>Interest rate at the end of the financial year</b>	<b>1.75%</b>	<b>2.25%</b>
<b>Average balance</b>	<b>295,297</b>	<b>269,647</b>
<b>Interest revenue</b>	<b>5,277</b>	<b>6,100</b>
<b>Average interest rate</b>	<b>1.79%</b>	<b>2.26%</b>

### **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The cash balance is exposed to movements in interest rates.

A sensitivity of a 0.5% increase or decrease in interest rates on average balances has been used as this represents management's assessment of the possible change in interest rates. A positive number indicates an increase in profit or loss while a negative number indicates an equal and opposite impact on profit or loss.

<b>Sensitivity impact</b>	<b>Decrease 0.5%</b>		<b>Increase 0.5%</b>	
	<b>2015 \$</b>	<b>2014 \$</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Profit or loss</b>	<b>(1,476)</b>	<b>(1,348)</b>	<b>1,476</b>	<b>1,348</b>

### **Credit risk**

Cuscal Limited is an approved deposit taking institution regulated by APRA. Cuscal currently holds an A+/Stable/A-1 (long term) and A-1 (short term) rating from Standard and Poor's - the last three annual S&P assessments have produced the same ratings result. Accordingly the Company believes the deposit/overdraft account is subject to minimal credit risk.

### **Interest rate risk**

As the deposit/overdraft account bears floating interest rates, the Company is exposed to interest rate risk, should short-term rates vary. As the Company is cash positive, this exposure may cause interest revenue to vary.



**Liquidity risk management**

The Company manages liquidity risk by maintaining a substantial cash balance, which includes effectively holding all its equity in cash.

**Fair values of financial assets and liabilities**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies in Note 2.

**18. SUBSEQUENT EVENTS**

Two members terminated their membership notices during the financial year:

- Defence Bank effective 28<sup>th</sup> February 2015; and
- Queensland Teachers Mutual Bank (trading as QTMB) effective 30<sup>th</sup> June 2015.

Subsequent to the end of the financial year the following events in terms of membership have occurred:

- CUA membership terminated effective 5<sup>th</sup> July 2015;
- Australian Defence Credit Union had given a twelve months' notice of termination of membership effective 28<sup>th</sup> February 2016; and
- Police and Nurses Limited (trading as P & N Bank had done the same effective 30<sup>th</sup> June 2016.

Over the past two financial years the Board has undertaken a Strategic Review of the future of the Company engaging KPMG as consultants during this financial year. That strategic review remains in train with a full report to be made to the 2015 Annual General Meeting. In light of the review the Board believes that the company remains viable and will continue as a going concern

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future years.

**19. ADDITIONAL COMPANY INFORMATION**

CUFSS Limited is an unlisted public company limited by guarantee, incorporated in Australia.

The registered office and principal place of business are both:

Level 11  
35 Clarence Street  
SYDNEY NSW 2000  
Telephone 02 80358460  
Web: [cufss.com.au](http://cufss.com.au)

The number of employees at 30 June 2015 was 1 (2014: 1).