CUFSS Limited

CUFSS LIMITED
(CUFSS)

ABN 24 088 097 563

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2012

CUFSS LIMITED

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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 2012. 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)
P E Doughty
B A Williams
D J White resigned 14th March 2012
I Keddie
R Keogh appointed 14th March 2012.

For information on Directors regarding their qualifications, experience, responsibilities, directorships in other entities, declared interests, and meeting attendances refer to pages 5 to 8 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.

During the reported 2011-2012 financial year the following mutual ADI's were admitted as new members:

- Coastline Credit Union Limited – July 2011;
- Cairns Penny Savings and Loans Limited – January 2012;
- Big Sky Building Society Limited – March 2012.

Review of Operations

The profit after income tax expense of the company for the year ended 30 June 2012 was $16,714 (2011 $8,523).

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 2012 (2011: $nil)
The Directors do not recommend a dividend in respect of the current financial year.

Subsequent Events

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

There are no known future developments that will have a material effect on the Company's business or performance. The company is in consultation with eligible ADI's about joining.

Indemnification of Officers

The company has agreed to indemnify the Directors of the company and the joint Company Secretaries of the company 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 $864 in respect to 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 2012 has been received and can be found on page 8 of the financial report.

On behalf of the directors

A Sala Director	P E Doughty Director

Signed in Sydney and dated this 22nd day of August 2012

CUFSS LIMITED

INFORMATION ON DIRECTORS/OFFICERS

ALEXANDER SALA – DIRECTOR (INDEPENDENT CHAIRMAN)

Aged 64
Appointed to the Board: 1^{ST} November 2008

Qualifications
FIPA; FAICD; FAIM; FFin.

Experience
33 years experience in Financial Services Industry at senior executive level
Executive Chairman TransAction Solutions Limited
Former Director and Vice Chair National Heart Foundation Australia
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.

PHYLIP EDWARD DOUGHTY - DIRECTOR

Aged 61
Appointed to the Board: 16^{th} June 1999

Qualifications
B.Bus (Acctg), FCPA, FTIA, FAICD

Experience
Former Chief Executive Officer and former Director, mecu Limited (bankmecu)
36 years management experience in the Australian Finance Industry

Special Responsibilities
Deputy Chairman

Other Declared Interests
Nil

Number of Meetings Attended
5 out of 5

ROBERT KEOGH - DIRECTOR

Aged 57
Appointed to the Board: 14th March 2012

Qualifications

Experience
CEO of Community CPS Australia Limited
Over 30 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 - Eastwoods Limited
Director Community CPS Services Limited
Director Credit Union Pageant Limited

Number of Meetings Attended
1 out of 1

BRUCE ASTON WILLIAMS - DIRECTOR

Aged 58
Appointed to the Board: 21st November 2005

Qualifications
FCIS; Master of Business (Finance)

Experience
CEO of The Police Department Employees Credit Union Ltd
Over 38 years experience in banking and finance, including 21 years employment with The Police Employees CU Ltd.

Special Responsibilities
None

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
5 out of 5

CUFSS SYSTEM LIMITED

INFORMATION ON DIRECTORS/OFFICERS

DAVID JOHN WHITE – DIRECTOR

Aged 56
Appointed to the Board: 1ST September 2010.
Resigned 14th March 2012.

Qualifications
Bachelor of Economics (Flinders University);
Diploma of Accounting (Flinders University);
Associate to Institute of Chartered Accountants;
Graduate member of the Australian Institute of Company Directors; Fellow Australasian Mutual's' Institute.

Experience
CEO of Credit Union of S.A. Limited;
24 years experience in the banking and finance industry.

Special Responsibilities
None

Other Declared Interests
Chief Executive Officer – Credit Union of S.A. Limited;
Director – QT Travel (trading as Diploma Travel);
Director – Blackwood Nominees Pty Ltd;
Director – Zobel Loans Pty Ltd;
Director - Credit Union Pageant Company;
Alternate Director Data Action Pty Ltd.

Number of Meetings Attended
4 out of 4

IAIN KEDDIE – DIRECTOR

Aged 48
Appointed to the Board: 18TH February 2011

Qualifications
Bachelor of Science (Hons);
Chartered Accountant;

Experience
CFO & General Manager Corporate Services & Company Secretary Cuscal;
21 years experience in Senior Management CFO and Company Secretarial roles.

Special Responsibilities
None

Other Declared Interests
General Manager Corporate Services/CFO of Cuscal;
Director – A.C.N. 120 249 523 Pty Ltd;
Director – Credit Union Industry Association Pty Limited;
Director – Cuscal Management Pty Limited;
Director – Integris Securitisation Services Pty limited;
Director Votraint No 1451 Pty Limited;
Director and Secretary Kincaple Pty Ltd.

Number of Meetings Attended
5 out of 5

GARY WILLIAM EGGERT – EXECUTIVE OFFICER & COMPANY SECRETARY

Aged 60
Appointed to the Role: 1st July 2007.

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

Experience
Over 43 years experience in banking and finance, including 30 years management experience within the Credit Union Industry.

Special Responsibilities
Executive Officer and Company Secretary

Other Declared Interests
None

Number of Meetings Attended
5 out of 5

JULIE ANNE LEE – COMPANY SECRETARY

Aged 53
Appointed to the Role: 3rd August 2004. Resigned 26th July 2011.

Qualifications
B. Bus, CPA, FCIS, Grad Dip Company Secretarial Practice

Experience
25 years experience in a broad range of senior accounting and administrative roles.
11years of Company Secretariat experience including 8 years as Company Secretary of the Cuscal group.

Special Responsibilities
Company Secretary

Other Declared Interests
Company Secretary Cuscal and subsidiaries

Number of Meetings Attended
0 out of 0

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 2012, 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 Partner: ______________________________
Steven Dadich

Address: 1/68 Alfred Street Milsons Point NSW 2061

Dated this 23 day of August, 2012.

Partners
S.A. Dadich B. Com CA
S.A. Costain B. Com CA
C.J. Thomas B. Com CA
J.D. Thomas FCA - Consultant

Postal Address: PO Box 166
Milsons Point NSW 1565

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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 2012, 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.

Partners
S.A. Dadich B. Com CA
S.A. Costain B. Com CA
C.J. Thomas B. Com CA
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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 2012 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 Partner: ______________________________
Steven Dadich

Address: 1/68 Alfred Street Milsons Point NSW 2061

Dated this 24th day of August, 2012.

Partners
S.A. Dadich B. Com CA
S.A. Costain B. Com CA
C.J. Thomas B. Com CA
J.D. Thomas FCA - Consultant

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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 giving 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

A Sala	P E Doughty
Director	Director

Signed in Sydney and dated this 22nd day of August 2012

CUFSS LIMITED
ABN 24 088 097 563
STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2012

	Note	30 June 2012 $	30 June 2011 $
Revenue	3	421,784	420,187
Management expenses	5	(171,513)	(173,584)
Auditor's remuneration	6	(11,000)	(12,500)
Directors fees	5	(129,078)	(124,372)
Legal expenses		_	(12,002)
Accountancy fees		(1,065)	(3,055)
Occupancy expenses		(12,500)	(12,000)
Shared services		(18,199)	(22,001)
Administration expenses		(54,509)	(48,281)
Total Expenses		(397,864)	(407,795)
Profit/(Loss) before income tax expense		23,920	12,392
Income tax (expense)/benefit	4	(7,206)	(3,869)
Profit/(Loss) for the period		16,714	8,523
Other Comprehensive Income		_	-
Total Comprehensive Income attributable to members of the Company.		16,714	8,523

Notes to the financial statements are included on pages 17 to 28.

CUFSS LIMITED
ABN 24 088 097 563
BALANCE SHEET AS AT 30 JUNE 2012

	Note	30June 2012 $	30 June 2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	88,453	63,685
Trade and other receivables	8	556	15,266
Other assets	9	6,275	6,060
TOTAL CURRENT ASSETS		95,284	85,011
NON-CURRENT ASSETS			
Deferred tax assets	4, 10	12,153	12,420
TOTAL NON-CURRENT ASSETS		12,153	12,420
TOTAL ASSETS		107,437	97,431
CURRENT LIABILITIES			
Other payables	11	15,881	23,491
Current tax liabilities	12	1,793	1,699
Provisions	13	24,628	23,885
TOTAL CURRENT LIABILITIES		42,302	49,075
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4, 14	1,883	1,818
TOTAL NON-CURRENT LIABILITIES		1,883	1,818
TOTAL LIABILITIES		44,185	50,893
NET ASSETS		63,252	46,538
SHAREHOLDERS' EQUITY			
Issued capital	15	-	-
Retained earnings	15	63,252	46,538
TOTAL EQUITY		63,252	46,538

Notes to the financial statements are included on pages 17 to 28.

CUFSS LIMITED
ABN 24 088 097 563
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Note	Ordinary Issued Capital $	Retained Earnings $	Total $
Balance at 30 June 2010		**-**	**38,015**	**38,015**
Profit for the period		**-**	**8,523**	**8,523**
Balance at 30 June 2011		**-**	**46,538**	**46,538**
Profit for the period		**-**	**16,714**	**16,714**
Balance at 30 June 2012		**-**	**63,252**	**63,252**

Notes to the financial statements are on pages 16 to 28.

CUFSS LIMITED
ABN 24 088 097 563
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 June 2012 Inflow/(Outflow)	30 June 2011 Inflow/(Outflow)
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		411,258	449,692
Payments to suppliers and employees		(398,970)	(410,530)
Interest received		10,633	10,712
Income tax (paid)/refunded		(6,781)	(6,726)
GST paid		8,628	(28,063)
Net cash (used in) / provided by operating activities	16	24,768	15,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows from financing activities		-	-
Net (decrease) / increase in cash held		24,768	15,085
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		63,685	48,600
CASH AT THE END OF THE FINANCIAL YEAR		88,453	63,685

Notes to the financial statements are on pages 17 to 28.

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 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing 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;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  The company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Since the company is a for-profit private sector entity that does not have public accountability, it qualifies for the reduced disclosure requirements for Tier 2 entities. It is anticipated that the company will take advantage of Tier 2 reporting at a later date.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the company.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the company.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the company.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 136, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

  The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

  This Standard affects presentation only and is therefore not expected to significantly impact the company.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

  AASB 119 (September 2011) also includes changes to:

  - require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
  - the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
    (i) for an offer that may be withdrawn – when the employee accepts;
    (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
    (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

  The company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

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.

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.

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.

3. REVENUE

	30 June 2012 $	30 June 2011 $
Levy – Credit Unions	**396,644**	**393,054**
Levy – Cuscal Limited	**14,507**	**16,397**
Interest Revenue	**10,633**	**10,736**
	421,784	**420,187**

4. INCOME TAX EXPENSE

Tax expense comprises	30 June 2012 $	30 June 2011 $
Income statement		
Current Income tax charge	**6,874**	**6,517**
Deferred tax expense/income relating to the origination and reversal of temporary differences	**332**	**(2,648)**
Income tax expense reported	**7,206**	**3,869**
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	**23,920**	**12,392**
Income tax expense calculated at 30% thereon	**7,176**	**3,718**
Net non-deductible / non-assessable items:		
Entertainment	**30**	**151**
Income tax expense	**7,206**	**3,869**

Deferred income tax assets

	30 June 2012			
	Opening	**Equity**	**Profit**	**Closing**
	$	**$**	**$**	**$**
Accounts payable & other liabilities	**5,255**	**-**	**(490)**	**4,765**
Provisions	**7,165**	**-**	**223**	**7,388**
Tax losses	_	**-**	_	_
Total deferred tax assets	**12,420**	**-**	**(267)**	**12,153**

	30 June 2011			
	Opening	**Equity**	**Profit**	**Closing**
	$	**$**	**$**	**$**
Accounts payable & other liabilities	**4,566**	**-**	**689**	**5,255**
Provisions	**5,087**	**-**	**2,078**	**7,165**
Tax losses	**-**	**-**	**-**	**-**
Total deferred tax assets	**9,653**	**-**	**2,767**	**12,420**

Deferred income tax liabilities

	30 June 2012			
	Opening	**Equity**	**Profit**	**Closing**
	$	**$**	**$**	**$**
Accounts receivable & other assets	**1,818**	**-**	**65**	**1,883**
Total deferred tax liabilities	**1,818**	**-**	**65**	**1,883**

	30 June 2010			
	Opening	*Equity*	*Profit*	**Closing**
	$	*$*	*$*	**$**
Accounts receivable & other assets	**1,699**	**-**	**119**	**1,818**
Total deferred tax liabilities	**1,699**	**-**	**119**	**1,818**

	30 June 2012	30 June 2011
	$	**$**
Net deferred tax assets – Refer Notes 10 & 14.	**10,270**	**10,602**

5. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Key Management Person	***Position Held***
Mr A Sala	Chairman – Non Executive Independent
Mr P E Doughty	Director – Non Executive
Mr B A Williams	Director – Non Executive
Mr D J White	Director – Non Executive resigned 14th March 2012
Mr I Keddie	Director – Non Executive
Mr R Keogh	Director – Non Executive appointed 14th March 2012
Mr G W Eggert	Executive Officer & Company Secretary
Ms J A Lee	Company Secretary resigned 26th July 2011

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.

No remuneration is paid to the Cuscal appointed Director in accordance with Clause 77.4 of the Company's Constitution.

C. Key Management Personnel Compensation

	Salary & Directors Fees	**Super Contributions**	**Other Benefits**	**Total**
	$	**$**	**$**	**$**
2012				
Total Compensation	**276,839**	**23,412**	**340**	**300,591**
2011				
Total Compensation	**274,167**	**22,614**	**175**	**297,956**

6. REMUNERATION OF AUDITORS

	30 June 2012 $	30 June 2011 $
External Audit fees – 2012 Thomas Hopper Partners	6,000	-
Internal Audit fees – Bell Partners	4,500	4,500
External Audit fees – 2011 Deloitte Touche Tomatshu	500	8,000
	11,000	12,500

7. CASH AND CASH EQUIVALENTS

	30 June 2012 $	30 June 2011 $
Cash at bank and cash on hand	88,453	63,685

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	88,453	63,685
The company has an overdraft facility with Cuscal Limited:		
Approved facility	100,000	100,000
Current borrowings	-	-
Net available	100,000	100,000

8. TRADE AND OTHER RECEIVABLES

Interest receivable from Cuscal investment account	556	663
Goods and services tax credit receivable from Australian Tax Office	-	14,603
Total	556	15,266

9. OTHER ASSETS

Prepayments – Corporate Insurance	6,275	6,060

10. DEFERRED TAX ASSETS

Deferred tax assets	12,153	12,420

11. OTHER PAYABLES

Sundry payables and accruals	**15,881**	**23,491**

12. CURRENT TAX LIABILITIES

Income tax liabilities	**1,793**	**1,699**

		30 June 2012	30 June 2011
13.	**PROVISION FOR EMPLOYEE BENEFITS**	**$**	**$**
	The aggregate employee benefit liability recognised in the Financial Statements is as follows:		
	Provision for employee benefits:		
	- Provision at beginning of period	**23,885**	**16,956**
	-		
	- Add accruals for the period	**3,146**	**6,929**
	- Deduct accrued leave taken or paid on termination	**(2,403)**	**-**
	Provision at end of period	**24,628**	**23,885**

14. DEFERRED TAX LIABILITIES.

Deferred tax liabilities	**1,883**	**1,818**

15. SHAREHOLDERS EQUITY

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.

Retained Earnings		
Balance at the beginning of the year	**46,538**	**38,015**
Profit/(Loss) for the period	**16,714**	**8,523**
Balance at the end of the financial year	**63,252**	**46,538**

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash Flows from Operations with Profit from Ordinary Activities after Income Tax

Profit/(loss) for the period	**16,714**	**8,523**
(Increase) / decrease in assets:		
Trade and other receivables	**14,710**	**891**
Other assets	**(216)**	**(397)**
Deferred tax asset	**268**	**(2,767)**
Increase / (decrease) in liabilities:		
Provision for tax liabilities	**94**	**(209)**
Trade and other payables	**(7,610)**	**1,995**
Provision for employee benefits	**743**	**6,928**
Deferred tax liabilities	**65**	**119**
	24,768	**15,083**

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 2012 $	30 June 2011 $
Carrying value	**88,453**	**63,685**
Fair value	**88,453**	**63,685**

Interest rate is repriced within one month in both the current and prior year.

Interest rate at the end of the financial year	**3.25%**	**4.50%**
Average balance	**234,449**	**264,906**
Interest revenue	**10,633**	**10,736**
Average interest rate	**4.54%**	**4.05%**

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.

Sensitivity impact	**Decrease 0.5%**		**Increase 0.5%**	
	2012 $	**2011 $**	**2012 $**	**2011 $**
Profit or loss	**(1,172)**	**(1,325)**	**1,172**	**1,325**

Credit risk
Cuscal Limited is an approved deposit taking institution regulated by APRA and has an A+ (long term) and A-1 (short term) (2010 AA- (long term) and A1+ (short term)) rating from Standard and Poor's. 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

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 1
1 Margaret Street
SYDNEY NSW 2000
Telephone 02 82999009
Web: cufss.com.au

The number of employees at 30 June 2012 was 1 (2011: 1).