

**CREDIT UNION  
FINANCIAL SUPPORT  
SYSTEM LIMITED**

**ABN 24 088 097 563**

**FINANCIAL REPORT**

**FOR THE  
YEAR ENDED  
30 JUNE 2007**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED**

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## **CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED DIRECTORS' REPORT**

The Directors of Credit Union Financial Support System Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2007. 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 whole of the financial year and up to the date of this report:

F E Martin (Chairman)  
P E Doughty  
J H Prescott – Resigned 30<sup>th</sup> June 2007  
D J Heine  
B A Williams  
K A Bengner Appointed 1<sup>st</sup> July 2007

For information on Directors regarding their qualifications, experience, responsibilities, directorships in other entities, declared interests, and meeting attendances refer to pages 3 to 5 which are to be read as part of this report.

### **Principal Activity**

The company's principal activity is the provision of financial support services for the benefit of Australian Credit Unions and their members.

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

### **Review of Operations**

The loss from ordinary activities after income tax expense of the company for the year ended 30 June 2007 was \$847 (2006: \$1,196 profit).

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 2007.

The Directors do not recommend a dividend in respect of the current financial year (2006: \$NIL).

### **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 other than the proposed Constitution changes (and subsequent changes to the Industry Support Contract) to be submitted to shareholders at the 2007 Annual General Meeting. The intent of the changes is to extend possible membership to all Credit Unions and mutual Building Societies.



**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED  
INFORMATION ON DIRECTORS/OFFICERS**

**FRANK EDWARD MARTIN - DIRECTOR**

Aged 70

Appointed to the Board: 8 September 1999

**Experience**

Former Director – MBF Australia Limited group of Companies.

Former Chairman – Anglican Diocese of Brisbane – Anglican Community Services Commission

Former Chairman – Queensland Office of Financial Supervision

Former Director & General Manager - Suncorp Building Society Limited  
- Suncorp Finance Limited  
- Medical and Commercial Finance Limited

Former General Manager – Motel Corporation Australia Limited

Former President – Queensland Association of Permanent Building Societies Limited

Former State President – Mortgage Industry Association of Australia

Former Councillor – Enterprise Australia

Former Member of Advisory Board – Centre for Australian Financial Institutions

**Special Responsibilities**

Chairman

**Other Declared Interests**

Member of Audit Committee and Life Member – Australian Institute of Management (Queensland Division)

Director – Everhard Industries Pty Ltd

Director – Sibad Investments Pty Ltd

**Number of Meetings Attended**

5 out of 5

**PHYLIP EDWARD DOUGHTY - DIRECTOR**

Aged 56

Appointed to the Board: 16 June 1999

**Experience**

Chief Executive Officer and Director, mecu Limited

34 years management experience in the Australian Finance Industry

**Special Responsibilities**

Deputy Chairman

**Other Declared Interests**

Director mecu Limited – resigned 29/06/2007

Director (Alternate) Data Action Pty Ltd – resigned 29/06/2007

Director Edcredit Services Pty Ltd

Director Edcredit Insurance Services Pty Ltd

**Number of Meetings Attended**

5 out of 5

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED  
INFORMATION ON DIRECTORS/OFFICERS (continued)**

**JOHN HENDERSON PRESCOTT – DIRECTOR**

(Resigned 30<sup>th</sup> June 2007)

Aged 66

Appointed to the Board: 16 June 1999

**Experience**

36 years experience in credit unions at local, state and national levels

**Special Responsibilities**

None

**Other Declared Interests**

None

**Number of Meetings Attended**

5 out of 5

**DAVID JOHN HEINE – DIRECTOR**

Aged 36

Appointed to the Board: 6 August 2003

**Experience**

General Manager, Products & Operations, CUSCAL

10 years experience in the CU Industry

16 years experience in Treasury and Risk Management

**Special Responsibilities**

None

**Other Declared Interests**

Director Australian Payments Clearing Association Limited (APCA).

**Number of Meetings Attended**

5 out of 5

**BRUCE ASTON WILLIAMS - DIRECTOR**

Aged 52

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

**Experience**

CEO of The Police Department Employees Credit Union Ltd

34 years experience in banking and finance including 17 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

**Number of Meetings Attended**

5 out of 5

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED**  
**INFORMATION ON DIRECTORS/OFFICERS (continued)**

**EXECUTIVE OFFICER INFORMATION FOR ANNUAL REPORT**

**KEVIN ARTHUR BENGER – DIRECTOR**

(Appointed 1<sup>st</sup> July 2007)

Aged 58

Appointed to the Board: 1<sup>st</sup> July 2007

**Experience**

CEO of Community CPS Australia Limited

25 years experience in banking and finance industry with 9 years employment with Community CPS Australia Ltd

**Special Responsibilities**

None

**Other Declared Interests**

Chief Executive Officer - Community CPS Australia Limited

Director - Community CPS Foundation Ltd

Director - Eastwoods Group Pty Ltd

Director - Eastwoods Finance Brokers Pty Ltd

**Number of Meetings Attended**

1 out of 1 as an invited observer

**DESMOND THOMAS HUGHES – EXECUTIVE OFFICER & JOINT COMPANY SECRETARY**

(Retired 1st July 2007)

Aged 62

Appointed to the Role: 1<sup>st</sup> June 2003

**Experience**

39 years experience in banking and finance including 21 years management experience within the Credit Union Movement

**Special Responsibilities**

None

**Other Declared Interests**

None

**Number of Meetings Attended**

5 out of 5

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

(Appointed 1st July 2007)

Aged 55

Appointed to the Role: 4<sup>th</sup> July 2007

**Experience**

39 years experience in banking and finance including 23 years management experience within the Credit Union Movement.

**Special Responsibilities**

None

**Other Declared Interests**

None

**Number of Meetings Attended**

1 out of 1

**JULIE ANN LEE– JOINT COMPANY SECRETARY**

Aged 48

Appointed to the Role: 3<sup>rd</sup> August 2004

**Experience**

23 years experience in broad range of senior administrative and accounting roles.

6 years Company Secretariat experience including 4 years as Company Secretary of the Cuscal group.

**Special Responsibilities**

None

**Other Declared Interests**

Company Secretary Cuscal and subsidiaries

# Deloitte

The Board of Directors  
Credit Union Financial Support System Limited I Margaret Street  
SYDNEY NSW 2000

12 September 2007

Dear Board Members

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121000

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
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Sydney NSW 1220 Australia

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Credit Union :Financial Support System Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence: to the directors of Credit Union Financial Support System Limited.

As lead audit partner for the audit of the financial statements of Credit Union Financial Support System Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

**DELOITTE TOUCHE TOHMATSU**

**S C Gustafson**  
**Partner**  
**Chartered Accountants**

Member of  
**Deloitte Touche Tohmatsu**

Liability limited by a scheme approved under Professional Standards Legislation.







## Independent Auditor's Report to the Directors of Credit Union Financial Support System Limited

Debitte T cxx:he T oomatsu AB.N. 74490 121 000

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Sydney NSW 2000  
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We have audited the accompanying financial report of Credit Union Financial Support System Limited (the "Company"), which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and :statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Company as set out on pages 9 t(J1 24.

### *Directors' Responsibility for the Financial Report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

### *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Member of  
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

***Auditor's Opinion***

In *our* opinion, the financial report presents fairly, in all material respects, the financial position *of* Credit Union Financial Support System Limited as at 30 June 2007, and *of* its financial performance, its cash flows and its changes in equity for the year ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

DELOITTE TOUCHE TOHMATSU



S C Gustafson ,  
Partner

Chartered Accountants Sydney, 12 September 2007



**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 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.

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:

.....  
F E Martin  
Director

.....  
P E Doughty  
Director

Signed in Sydney and dated this                      day of                      2007

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED**  
**ABN 24 088 097 563**  
**INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2007**

	Note	Year Ended 30 June 2007 \$	Year Ended 30 June 2006 \$
Revenue	3	420,947	379,351
Employee benefits expenses	4, 6	(202,681)	(156,069)
Auditors remuneration	7	(4,860)	(9,196)
Directors fees	4, 6	(115,348)	(111,295)
Legal expenses		(7,808)	-
Accountancy fees		(6,024)	(6,515)
Occupancy expenses		(13,002)	(12,500)
Shared services		(25,002)	(25,000)
Administration expenses		(47,000)	(57,024)
		<hr/>	
(Loss)/Profit before income tax expense		(778)	1,752
Income tax expense	5	(69)	(556)
		<hr/>	
<b>(Loss)/Profit for the period</b>		<b>(847)</b>	<b>1,196</b>
		<hr/>	
<b>Dividends per share (cents)</b>		-	-

Notes to the financial statements are included on pages 14 to 24.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED**  
**ABN 24 088 097 563**  
**BALANCE SHEET AS AT 30 JUNE 2007**

	Note	30 June 2007 \$	30 June 2006 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8, 19	69,043	46,856
Trade and other receivables	9	10,422	16,346
Other assets	10	5,375	5,584
<b>TOTAL CURRENT ASSETS</b>		<b>84,840</b>	68,786
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	11	3,223	1,719
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,223</b>	1,719
<b>TOTAL ASSETS</b>		<b>88,063</b>	70,505
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	18,742	14,011
Borrowings	8, 19	1,525	11,548
Current tax liabilities	13	-	1,111
Provisions	14	28,513	3,705
<b>TOTAL CURRENT LIABILITIES</b>		<b>48,780</b>	30,375
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>48,780</b>	30,375
<b>NET ASSETS</b>		<b>39,283</b>	40,130
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	15	-	-
Retained earnings	16	39,283	40,130
<b>TOTAL EQUITY</b>		<b>39,283</b>	40,130

Notes to the financial statements are included on pages 14 to 24.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED**  
**ABN 24 088 097 563**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Ordinary Issued Capital	Retained Earning s	Total
<b>Balance as at 1 July 2005</b>		-	38,934	38,934
Profit for the period		-	1,196	1,196
Sub total		-	40,130	40,130
<b>Balance at 30 June 2006</b>		-	40,130	40,130
Profit/(loss) for the period		-	(847)	(847)
<b>Balance at 30 June 2007</b>		-	39,283	39,283

Notes to the financial statements are included on pages 14 to 24.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED**  
**ABN 24 088 097 563**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Year Ended 30 June 2007 Inflow/(Outflow) \$	Year Ended 30 June 2006 Inflow/(Outflow) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		408,241	403,217
Payments to suppliers and employees		(385,056)	(408,397)
Interest received		12,706	12,094
Finance costs		(644)	(521)
Income tax (paid)/refunded		(3,037)	1,333
		<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>17</b>	<b>32,210</b>	<b>7,726</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash flows from investing activities</b>		<hr/> -	<hr/> -
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash flows from financing activities</b>		<hr/> -	<hr/> -
<b>Net increase in cash held</b>		<b>32,210</b>	<b>7,726</b>
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>35,308</b>	<b>27,582</b>
		<hr/>	<hr/>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		<b>67,518</b>	<b>35,308</b>
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements are included on pages 14 to 24.



**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

**1. Adoption of new and revised Accounting Standards**

In the current year, the Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

At the date of the authorisation of the financial report, the following Standards and interpretations were on issue but not yet effective:

AASB 7	‘Financial Instruments: Disclosures’ and consequential amendments to other accounting standards arising from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
AASB 8	‘Operating Segments’ and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 101	‘Presentation of Financial Statements’ – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007

Credit Union Financial Support Systems Limited will be required to apply AASB 7 in future financial statements

but such changes are unlikely to have any significant impact on the financial results.

Credit Union Financial Support Systems Limited is not required to apply AASB 8 ‘Operating Segments’ as this Standard applies only to an entity whose debt or equity instruments are traded in public market or is in the process of issuing any class instruments in a public market.

The adoption of AASB 101 (revised) will not affect any of the amounts recognised in the financial statements.

These Standards and Interpretations will be first applied in the financial report of the company that relates to the annual reporting period beginning after the effective date of each pronouncement which will be the company’s annual reporting period beginning 1<sup>st</sup> July 2007.

AASB 2007-4 includes the amendments resulting from the AASB decision that, in principle, all options that currently exist under IFRS should be included in AIFRS and additional Australian disclosures should be eliminated. This has resulted in amendments to a vast number of existing Standards. The directors have assessed that the changes will not impact the financial result or the financial position of the company but depending upon the decisions made on the choices available under this Standard is likely to impact a number of disclosures presently made within this financial report.

**2. Significant Accounting Policies**

**Statement of Compliance**

The financial report has been prepared at the request of the Directors and has been prepared on the basis that would have applied had the Company been required to prepare a General Purpose Financial Report under 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 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.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

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

**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.

Management is required to make judgements, estimates and assumptions about 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 in the period of the revision and future periods if the revision affects both current and future 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) Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**c) 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.

**d) Receivables**

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

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

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

**e) Impairment of other tangible and intangible assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible 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.

**f) 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 tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled.

**g) 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 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.

**h) 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.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

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

**i) 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.

	<b>30 June 2007</b>	<b>30 June 2006</b>
	\$	\$
<b>3. REVENUE</b>		
Levy – Credit Unions	<b>391,955</b>	351,700
Levy – Cuscal Limited	<b>16,286</b>	15,557
Interest Revenue	<b>12,706</b>	12,094
	<b><u>420,947</u></b>	<b><u>379,351</u></b>
<b>4. EXPENSES</b>		
Profit from ordinary activities includes the following items of expense:		
Management expenses	<b>202,681</b>	156,069
Directors remuneration	<b>115,348</b>	111,295
Total key management remuneration expense	<b>Note 6</b> <u>318,029</u>	<u>267,364</u>
Auditors remuneration	<b>Note 7</b> <u>4,860</u>	9,196
Management charges – Cuscal Limited	<b>25,002</b>	25,000
Legal expenses	<b>7,808</b>	
Accountancy fees	<b>6,024</b>	6,515
Building occupancy	<b>13,002</b>	12,500
Administration expenses	<b>47,000</b>	57,024
	<b><u>421,725</u></b>	<b><u>377,599</u></b>

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

<b>5.</b>	<b>INCOME TAX EXPENSE</b>	<b>30 June 2007</b>	<b>30 June 2006</b>
		\$	\$
	<b>Tax expense comprises</b>		
	<b>Income statement</b>		
	Current Income tax charge	1,573	1,111
	Deferred tax income relating to the origination and reversal of temporary differences	(1,504)	(555)
	<b>Income tax expense reported</b>	<b>69</b>	<b>556</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	(778)	1,752
	Income tax expense calculated at 30% thereon	(233)	526
	Net non-deductible / non-assessable items:		
	Entertainment	302	30
	<b>Income tax expense</b>	<b>69</b>	<b>556</b>

*Deferred income tax assets*

	Year Ended 30 June 2007			
	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts payable & other liabilities	2,282	-	-	2,282
Provisions	1,112	-	1,442	2,554
Tax losses	-	-	-	-
Total deferred tax assets	3,394	-	1,442	4,836

	Year Ended 30 June 2006			
	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts payable & other liabilities	1,427	-	855	2,282
Provisions	1,442	-	(330)	1,112
Tax losses	1,292	-	(1,292)	-
Total deferred tax assets	4,161	-	(767)	3,394

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

**5. INCOME TAX EXPENSE (continued)**

<i>Deferred income tax liabilities</i>	Year Ended 30 June 2007			
	Opening \$	Equity \$	Profit \$	Closing \$
Accounts receivable & other assets	1,675	-	(62)	1,613
Total deferred tax liabilities	1,675	-	(62)	1,613
	Year Ended 30 June 2006			
	Opening \$	Equity \$	Profit \$	Closing \$
Accounts receivable & other assets	2,997	-	(1,322)	1,675
Total deferred tax liabilities	2,997	-	(1,322)	1,675
			30 June 2007 \$	30 June 2006 \$
<i>Net deferred tax assets</i> – refer Note 11.			3,223	1,719

**6. KEY MANAGEMENT PERSONNEL COMPENSATION**

**a. Names and positions held of economic entity key management personnel in office at any time during the financial year are;**

<i>Key Management Person</i>	<i>Position Held</i>
Mr F E Martin	Chairman – Non Executive
Mr P E Doughty	Director – Non Executive
Mr J H Prescott	Director – Non Executive
Mr B A Williams	Director – Non Executive
Mr DJ Heine	Director – Non Executive
Mr K A Benger	Director – Non Executive
Mr D T Hughes	Executive Officer – Credit Union Financial Support System
Mr G W Eggert	Executive Officer – Credit Union Financial Support System
Ms J A Lee	Joint 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.

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Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

**6. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)**

**c. Key Management Personnel Compensation**

	<i>Salary &amp; Directors Fees</i>	<i>Super Contributions</i>	<i>Bonus</i>	<i>Other Benefits</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<b><u>2007</u></b>					
<b>Total Compensation</b>	<b>267,080</b>	<b>24,037</b>	<b>20,000</b>	<b>6,912</b>	<b>318,029</b>
<b><u>2006</u></b>					
<b>Total Compensation</b>	240,392	20,903	5,000	1,069	267,364

**7. REMUNERATION OF AUDITORS**

	<b>30 June 2007</b>	<b>30 June 2006</b>
	\$	\$
Audit fees	<u>4,860</u>	4,500
	<u>4,860</u>	<u>4,500</u>

The auditor of credit Union Financial Support System Limited is Deloitte Touche Tohmatsu

**8. CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	<u>69,043</u>	46,856
	<b>69,043</b>	46,856
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	<b>69,043</b>	46,856
Borrowings – bank overdraft	<u>(1,525)</u>	(11,548)
	<u>67,518</u>	<u>35,308</u>

**9. TRADE AND OTHER RECEIVABLES**

Goods and services tax credit receivable from Australian Tax Office	<b>10,068</b>	16,346
Tax refund receivable	<u>354</u>	-
	<u>10,422</u>	<u>16,346</u>

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		30 June 2007	30 June 2006
		\$	\$
<b>10.</b>	<b>OTHER ASSETS</b>		
	Prepayments – Insurance	5,375	5,584
		<u>5,375</u>	<u>5,584</u>
<b>11.</b>	<b>DEFERRED TAX ASSETS</b>		
	Deferred tax assets	3,223	1,719
		<u>3,223</u>	<u>1,719</u>
<b>12.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Trade payables	3,333	1,728
	Sundry payables and accruals	15,409	12,283
		<u>18,742</u>	<u>14,011</u>
<b>13.</b>	<b>CURRENT TAX LIABILITIES</b>		
	Income tax liabilities	-	1,111
			<u>1,111</u>
<b>14.</b>	<b>PROVISION FOR EMPLOYEE BENEFITS</b>		
	The aggregate employee benefit liability recognised in the financial statements is as follows:		
	Provision for employee benefits:		
	- Provision at beginning of period	3,705	4,805
	- Add accruals for the period	32,589	11,073
	- Deduct accrued leave taken	(7,781)	(12,173)
	Provision at end of period	<u>28,513</u>	<u>3,705</u>
<b>15.</b>	<b>CONTRIBUTED EQUITY</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) must contribute \$100.		



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	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>\$</b>	<b>\$</b>
<b>16. RETAINED EARNINGS</b>		
Balance at the beginning of the year	40,130	38,934
(Loss)/Profit for the period	(847)	1,196
Balance at the end of the financial year	39,283	40,130
<b>17. NOTE TO THE STATEMENT OF CASH FLOWS</b>		
<b>Reconciliation of Cash Flows from Operations with Profit from Ordinary Activities after Income Tax</b>		
(Loss)/profit for the period	(847)	1,196
(Increase) / decrease in assets:		
Trade and other receivables	5,924	4,142
Other assets	209	4,405
Deferred tax asset	(1,441)	1,877
Increase / (decrease) in liabilities:		
Provision for tax liabilities	(1,111)	
Trade and other payables/borrowings	4,729	(1,472)
Provision for employee benefits	24,809	(1,100)
Deferred tax liabilities	(62)	(1,322)
	32,210	7,726

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
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**18. FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Fixed interest maturing in:				Non interest bearing \$	Total \$	Weighted Average Interest %
	Floating rate \$	Less than 1 year \$	Over 1 to 5 years \$	Over 5 years \$			
<b>2007</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	69,043	-	-	-	-	69,043	
Trade and other receivables					10,068	10,068	5.93
	<u>69,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,068</u>	<u>79,111</u>	
<b>Financial Liabilities</b>							
Borrowings	1,525	-	-	-	-	1,525	5.93
Trade and other payables	-	-	-	-	18,742	18,742	
Employee provisions					8,514	8,514	
	<u>1,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,256</u>	<u>28,781</u>	

**(a) Interest Rate Risk (continued)**

	Fixed interest maturing in:				Non interest bearing \$	Total \$	Weighted Average Interest %
	Floating rate \$	Less than 1 year \$	Over 1 to 5 years \$	Over 5 years \$			
<b>2006</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	46,856	-	-	-	-	46,856	4.46
Trade and other receivables					16,346	16,346	
	<u>46,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,346</u>	<u>63,202</u>	
<b>Financial Liabilities</b>							
Borrowings	11,548	-	-	-	-	11,548	4.46
Trade and other payables	-	-	-	-	14,011	14,011	
Employee provisions					3,705	3,705	
	<u>11,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,716</u>	<u>29,264</u>	

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
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**18. FINANCIAL INSTRUMENTS (continued)**

**(b) Foreign Currency Risk**

The company does not expose itself to any foreign currency risk.

**(c) Credit Risk Management**

Credit Risk represents the loss that would be recognised if counterparties failed to perform as contracted.

*On-Balance Sheet financial instruments*

The credit risk on financial assets of the Company which have been recognised on the balance sheet, is the carrying amount, net of any provisions for doubtful debts.

*Off-Balance Sheet financial instruments*

The company does not use any off-balance sheet financial instruments.

**(d) Net fair values of financial assets and liabilities**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies in Note 1.

**19. SEGMENT REPORTING**

The company operated in only one business segment, the provision of financial support services for the benefit of Australian credit unions and their members, solely within Australia.

**20. ADDITIONAL COMPANY INFORMATION**

Credit Union Financial Support System Limited is an unlisted public company limited by guarantee, incorporated in Australia.

The registered office and principal place of business are both:

1 Margaret Street  
SYDNEY NSW 2000

The number of employees at 30 June 2007 was 2 (2006: 1).

Des Hughes retired as at 6<sup>th</sup> July 2007 and was replaced by Gary Eggert.