



**CUFSS LIMITED
(CUFSS)**

ABN 24 088 097 563

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018**

CONTENTS	PAGE NO.
Directors' Report	2-3
Information on Directors/Officers	4-5
Auditor's Independence Declaration	6
Independent Auditor's Report	7-8
Directors' Declaration	9
Statement of Profit or Loss and other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Financial Statements	14-23

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 2018 and 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: B A Williams (Chairman); K McKenna; P McNamara and D. A Taylor

For information on Directors regarding their qualifications, experience, responsibilities, directorships in other entities, declared interests, and meeting attendances refer to pages 4 to 5 which are to be read as part of this report.

Principal Activity

The company's principal activity is the provision of emergency financial liquidity support services for the benefit of Australian Mutual Authorised Deposit Taking Institutions (ADI'S). During the year there were no significant changes in the nature of those activities.

No new members joined during the financial year.

During the year the SAM group encouraged their members to support the ongoing operations of the company. This was done in part by suggestion to their members that their respective "Plan B" include only ADIs that are members of CUFSS. In the SAM group's view this will encourage larger members of CUFSS to remain as members of CUFSS.

The following members terminated their membership during the financial year due to merger:

- My Credit Union Ltd effective February 2018
- Queenslanders Credit Union Ltd effective March 2018
- Heritage Isle Credit Union Ltd effective June 2018
- Central Coast Credit Union Ltd effective June 2018
- CAPE Credit Union Ltd effective June 2018

The following members resigned during the financial year:

- Nova Credit Union Ltd effective May 2018 (Resigned)
- Police Credit Union Ltd effective October 2018 (Resigned)
- Credit Union SA Ltd effective December 2018 (Resigned)

While the formal termination notice period is 12 months, in some cases the Board provided accommodation to that term where circumstances required it.

The Board believes that the company remains viable to deliver on its objectives for the short to medium term.

Refer to further comments under "Subsequent Events" and "Future Developments" headings.

Review of Operations

The profit after income tax expense of the company for the year ended 30 June 2018 was a profit of \$24,965 (2017 \$1,164 loss).

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 2018 (2017: \$0)

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

Subsequent Events

Given the decline in Membership, the Board of Directors have determined based on the strategic review in 2015/16 that CUFSS has a finite future. The Board has determined that the Members of the company will determine CUFSS future. There has not been any other 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.

CUFSS LIMITED
DIRECTORS' REPORT (continued)

Future Developments

Other than the financial impact of reduced subscription revenue due to continued consolidation of the mutual industry there is 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 \$627 (2017: \$842) 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 2018 has been received and can be found on page 6 of the financial report.

On behalf of the directors



B. A. Williams
Chairman



D. A Taylor
Director

Signed in Sydney and dated this 5th September 2018.

BRUCE ASTON WILLIAMS - DIRECTOR

Aged 63. Appointed to the Board: 21st November 2005

Qualifications

Master of Business (Finance)

Experience

Retired CEO of Police Bank Ltd

Over 42 years of experience in banking and finance, including 26 years employment with Police Bank Ltd.

Special Responsibilities

Appointed Chairman 10th March 2016.

Other Declared Interests

Member Police Bank

Number of Meetings Attended

4 out of 4

KIERAN MCKENNA – DIRECTOR

Aged 52

Appointed to the Board: 11TH June 2014

Qualifications

MBA, MAICD, SA Fin.

Experience

Chief Risk Officer - Cuscal

28 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

Alternate Director NPPA

Alternate Director APN

Number of Meetings Attended

4 out of 4.

PAUL MCNAMARA – DIRECTOR

Age 56 Appointed to the Board 4th August 2016.

Qualifications:

B Comm; Associate CPA

Experience:

General Manager Orange Credit Union;

28 years' experience in the Australian Mutual Banking industry

Special responsibilities:

None.

Other Declared Interests:

General Manager Orange Credit Union

Member Orange Credit Union

Number of Meetings Attended

4 out of 4.

CUFSS LIMITED
INFORMATION ON DIRECTORS/OFFICERS (CONTINUED)

DAVID ANDREW TAYLOR – DIRECTOR.

Age 58 Appointed to the Board 25th September 2016.

Qualifications: BA (Hons - First Class); GAMP; GAICD.

Experience:

CEO & Director G & C Mutual Bank Limited since April 2010;

29 years' experience in mutual banking industry across a wide range of executive, consulting and Board roles, including 11 years as a Cuscal Senior Executive.

Special responsibilities:

None.

Other Declared Interests:

Director, CEO & Member G & C Mutual Bank Limited;

Director Transaction Solutions Limited;

Director Shared Services Partners Pty Ltd;

Director SocietyOne Holdings Pty Ltd

Director Finance Industry (FI) Consulting Services Pty Ltd;

Number of Meetings Attended

4 out of 4

MICHAEL DAMIEN FENECH – EXECUTIVE OFFICER & COMPANY SECRETARY

Aged 59. Appointed to the role 1st August 2017.

Qualifications

Bachelor of Economics; Graduate of AICD;

Experience

Over 36 years experience in banking and finance, including 31 years in senior management experience with Macquarie Bank, National Australia Bank, Cuscal and HSBC.

Special Responsibilities

Executive Officer and Company Secretary

Other Declared Interests

Director & Member Community Mutual trading as Regional Australia Bank;

Director Garigal Financial Services Ltd;

Director Theta Asset Management Ltd,

Director Kepner Tregoe.

Number of Meetings Attended

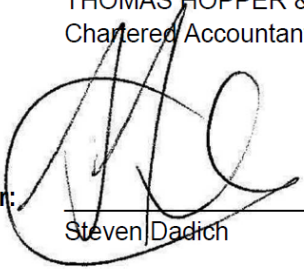
4 out of 4.

**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 2018, 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 5th day of September, 2018.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUFSS LIMITED

Opinion

We have audited the financial report of CUFSS Limited (the company), which comprises the Statement of Financial Position as at 30 June 2018, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of CUFSS Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

We draw attention to Note 18 and Note 19 of the financial report, along with comments included in the Directors' Report, which highlight the ongoing decline in members subscribing to the industry support framework administered by CUFSS Limited. It is the intention of the Board of Directors to continue to engage Members in determining the company's future with a view to continuing as a going concern. Our opinion is not modified in respect of this matter for the financial year ended 30 June 2018.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Directors for the Financial Report (continued)

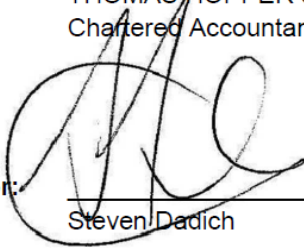
In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Name of Firm: THOMAS HOPPER & PARTNERS
Chartered Accountants

Name of Auditor: 
Steven Dadich

Address: 1/68 Alfred Street Milsons Point NSW 2061

Dated this 5th day of September, 2018.

**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 Directors' 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 s295 (5) of the Corporations Act 2001.

On behalf of the Directors



B.A. Williams
Chairman



D. A. Taylor
Director

Signed in Sydney and dated the 5th of September 2018.

CUFSS LIMITED
ABN 24 088 097 563
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenue	3	367,750	411,354
Management expenses		(160,202)	(167,900)
Auditor's remuneration	6	(14,410)	(6,180)
Directors' fees		(91,397)	(118,214)
Legal expenses		(8,287)	(14,077)
Accountancy & consultancy fees		(1,298)	(20,500)
Occupancy and technology expenses		(14,700)	(34,230)
Administration expenses		(41,791)	(51,917)
Total Expenses		(332,085)	(413,018)
Profit/(Loss) before income tax expense		35,665	(1,664)
Income tax (expense)/benefit	4	(10,700)	500
Profit/(Loss) for the period		24,965	(1,164)
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to members of the Company.		24,965	(1,164)

Notes to the financial statements are included on pages 15 to 24.

CUFSS LIMITED
ABN 24 088 097 563
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	93,151	121,349
Trade and other receivables	8	7,931	173
Other assets	9	6,741	6,197
TOTAL CURRENT ASSETS		107,823	127,719
NON-CURRENT ASSETS			
Deferred tax assets	4, 10	8,341	19,363
TOTAL NON-CURRENT ASSETS		8,341	19,363
TOTAL ASSETS		116,164	147,082
CURRENT LIABILITIES			
Other payables	11	11,422	8,446
Current tax liabilities	12	-	2,234
Provisions	13	-	56,303
TOTAL CURRENT LIABILITIES		11,422	66,983
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4, 14	1,537	1,859
TOTAL NON-CURRENT LIABILITIES		1,537	1,859
TOTAL LIABILITIES		12,959	68,842
NET ASSETS		103,205	78,240
SHAREHOLDERS' EQUITY			
Issued capital	15	-	-
Retained earnings	15	103,205	78,240
TOTAL EQUITY		103,205	78,240

Notes to the financial statements are included on pages 15 to 24.

CUFSS LIMITED
ABN 24 088 097 563
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Retained earnings at beginning of year		78,240	79,404
Profit (loss) for the period		<u>24,965</u>	<u>(1,164)</u>
Retained earnings at end of year		<u>103,205</u>	<u>78,240</u>

Notes to the financial statements are on pages 15 to 24.

CUFSS LIMITED
ABN 24 088 097 563
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 Inflow/(Outflow)	30 June 2017 Inflow/(Outflow)
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		364,783	408,064
Payments to suppliers and employees		(387,060)	(390,391)
Interest received		3,073	3,298
Income tax (paid)/refunded		(3,853)	(5,490)
GST (paid)/refunded		(5,141)	2,624
Net cash (used in) / provided by operating activities	16	(28,198)	18,105
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		(28,198)	18,105
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		121,349	103,244
CASH AT THE END OF THE FINANCIAL YEAR		93,151	121,349

Notes to the financial statements are on pages 15 to 24.

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 and therefore are not yet effective for the year ending 30 June 2018. The company has decided not to early adopt any of the new and amended pronouncements.

- AASB 9 Financial Instruments, and relevant amending standards (Effective after 1 January 2018)
- AASB 15 Revenue from Contracts with Customers, and relevant amending standards (Effective after 1 January 2018)
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (Effective after 1 January 2018)
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts (Effective after 1 January 2018)
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014- 2016 Cycle and Other Amendments (Effective after 1 January 2018)
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4 (Effective after 1 January 2018)
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration (Effective after 1 January 2018)
- AASB 16 Leases (Effective after 1 January 2019)
- AASB 1058 Income of Not-for-Profit Entities (Effective after 1 January 2019)
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities (Effective after 1 January 2019)
- AASB 1059 Service Concession Arrangements: Grantors (Effective after 1 January 2019)
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation (Effective after 1 January 2019)
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (Effective after 1 January 2019)

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle (Effective after 1 January 2019)
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement (Effective after 1 January 2019)
- AASB Interpretation 23 Uncertainty over Income Tax Treatments, and relevant amending standards (Effective after 1 January 2019)
- Conceptual Framework for Financial Reporting (Effective after 1 January 2020)
- AASB 17 Insurance Contracts (Effective after 1 January 2021)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective after 1 January 2022)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 2018	30 June 2017
	\$	\$
Subscriptions – Mutual ADI's	340,372	388,019
Subscriptions – Cuscal Limited	24,200	20,037
Interest Revenue	3,178	3,298
	<u>367,750</u>	<u>411,354</u>

4. INCOME TAX EXPENSE

Tax expense comprises

Income statement

Current Income tax charge	10,700	6,228
Deferred tax expense/income relating to the origination and reversal of temporary differences	-	(6,728)
Income tax expense reported	10,700	(500)
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	35,665	(1,664)
Income tax expense calculated at 30% thereon	10,700	(500)
Net non-deductible / non-assessable items:		
Entertainment	-	-
Income tax (expense)/benefit	10,700	(500)

Deferred income tax assets

30 June 2017

	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts payable & other liabilities	2,439	-	-	2,439
Tax losses	10,196	-	6,728	16,924
Total deferred tax assets	12,635	-	6,728	19,363

30 June 2018

	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts payable & other liabilities	2,439	-	171	2,610
Tax losses	16,924	-	(11,193)	5,731
Total deferred tax assets	19,363	-	(11,022)	8,341

INCOME TAX EXPENSE (CONTINUED)

4. INCOME TAX EXPENSE (CONTINUED)

30 June 2017

Deferred income tax liabilities

	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts receivable & other assets	1,857	-	2	1,859
Total deferred tax liabilities	1,857	-	2	1,859

30 June 2018

Accounts receivable & other assets	1,859	-	(322)	1,537
Total deferred tax liabilities	1,859	-	(322)	1,537
Net deferred tax assets				
– Refer Notes 10 & 14.				

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 B Williams	Director/Chairman – Non Executive
Mr K McKenna	Director – Non-Executive Director
Mr P McNamara	Director – Non –Executive Director. Appointed 4 th August 2016
Mr D Taylor	Director – Non –Executive Director. Appointed 26 th September 2016
Mr M Fenech	Executive Officer & Company Secretary. Appointed 30 th July 2017

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

	Salary & Directors Fees	Super Contributions	Other Benefits	Total
	\$	\$	\$	\$
<u>2018</u>				
Total Compensation	238,816	8,978	0	247,794
<u>2017</u>				
Total	242,120	21,137	542	263,799

6. REMUNERATION OF AUDITORS

	30 June 2018	30 June 2017
	\$	\$
External Audit Fees – Thomas Hopper Partners	9,160	6,180
Internal Auditors – Thomas GLC	5,250	-
Total	14,410	6,180

7. CASH AND CASH EQUIVALENTS

Cash at bank and cash on hand	93,151	121,349
-------------------------------	---------------	----------------

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	93,151	121,349
---------------------------	---------------	----------------

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	68	173
--	-----------	------------

Goods and services tax credit receivable from ATO		
---	--	--

Income tax refund due from ATO	7,863	-
--------------------------------	--------------	---

Total	7,931	173
-------	--------------	------------

9. OTHER ASSETS

Prepayments – Corporate Insurance	5,123	6,197
-----------------------------------	--------------	--------------

Current tax liabilities	1,618	-
-------------------------	--------------	---

	6,741	6,197
--	--------------	--------------

10. FUTURE INCOME TAX ASSETS

Deferred tax assets	8,341	19,363
---------------------	--------------	---------------

11. OTHER PAYABLES

Sundry payables and accruals	11,422	8,446
------------------------------	---------------	--------------

12. CURRENT TAX LIABILITIES

Income tax liabilities	-	2,234
------------------------	---	--------------

	30 June 2018	30 June 2017
	\$	\$
13. <u>PROVISION FOR EMPLOYEE BENEFITS</u>		
The aggregate employee benefit liability recognised in the Financial Statements is as follows:		
Provision for employee benefits:		
- Provision at beginning of period	56,303	33,988
- Add accruals for the period	4,342	27,887
- Deduct accrued leave taken or paid on termination	60,645	(5,572)
Provision at end of period	0	56,303
14. <u>DEFERRED TAX LIABILITIES.</u>		
Deferred tax liabilities	1,537	1,859
15. <u>SHAREHOLDERS EQUITY</u>	-	-
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	78,240	79,404
Profit/(Loss) for the period	24,965	(1,164)
Balance at the end of the financial year	103,205	78,240
16. <u>NOTES TO THE STATEMENT OF CASH FLOWS</u>		
Reconciliation of Cash Flows from Operations with Profit from Ordinary Activities after Income Tax		
Profit/(loss) for the period	24,965	(1,164)
(Increase) / Decrease in assets:		
(Increase) Decrease in Trade and other receivables	(7,758)	2,632
(Increase) Decrease in other assets	1,075	(7)
(Increase) Decrease in deferred tax asset	11,022	(6,758)
Increase / (Decrease) in liabilities:		
(Increase) Decrease in current tax liabilities	(3,853)	738
(Increase) Decrease in trade and other payables	2,976	317
(Increase) Decrease in provision for employee benefits	(56,303)	22,315
(Increase) Decrease in deferred tax liabilities	(322)	2
	(28,198)	18,105

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 2018	30 June 2017
	\$	\$
Carrying value	93,151	121,329
Fair value	93,151	121,329
Interest rate is repriced within one month in both the current and prior year.		
Interest rate at the end of the financial year	1.25%	1.35%
Average balance	218,730	230,040
Interest revenue	3,178	3,298
Average interest rate	1.45%	1.43%

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%	
	2018	2017	2018	2017
	\$	\$	\$	\$
Profit or loss	(1,094)	(1,150)	1,094	1,150

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.

17. FINANCIAL INSTRUMENTS (CONTINUED)

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

In 2015 and 2016 the Board undertook a Strategic Review of the future of the Company engaging KPMG as consultants. The outcomes of the strategic review were reported to members at the 2015 and 2016 Annual General Meeting. The Board continues to review the future of the company. In light of the review, the Board believes the company remains viable in the short to medium term.

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, other than the comments made at Note 19 "Going Concern" 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. GOING CONCERN

In view of the decline in members subscribing to the industry support framework administered by CUFSS Limited, the company continues to discuss the future options past the short term. Members will continue to be engaged in determining the company's future.

At the time of finalising the financial statements, it is expected that CUFSS Limited will be able to pay its debts as and when they fall due over at least the next 12 months and therefore continue to operate as a going concern.

20. 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 5
210 Clarence Street
SYDNEY NSW 2000
Telephone 0419978975
Web: cufss.com.au

The number of employees at 30 June 2018 was 1 (2017: 1).