



CUFSS

**CREDIT UNION  
FINANCIAL SUPPORT  
SYSTEM LIMITED  
(CUFSS)**

**ABN 24 088 097 563**

**FINANCIAL REPORT**

**FOR THE  
YEAR ENDED  
30 JUNE 2009**

## **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 2009. 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:

F E Martin (Chairman) – resigned 31 October 2008  
A Sala (Chairman) – appointed 1 November 2008  
P E Doughty  
D J Heine  
B A Williams  
K A Bengner

For information on Directors regarding their qualifications, experience, responsibilities, directorships in other entities, declared interests, and meeting attendances refer to pages 5 to 7 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 mutual Authorised Deposit Taking Institutions (ADI'S) and their members.

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

**Review of Operations**

The deficit after income tax expense of the company for the year ended 30 June 2009 was \$10,159 (2008 \$2,111 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 2009.

The Directors do not recommend a dividend in respect of the current financial year (2008: \$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. In line with Constitution changes made at the 2007 Annual General Meeting and subsequent mirroring changes made to the Industry Support Contract to permit 'choice of banker' arrangements for CUFSS members, the company is in consultation with non member Credit Unions and mutual building societies about joining CUFSS. At the time of this report Capricornia Credit Union Limited had joined in March 2009 as a new member.

**Indemnification of Officers**

The company has agreed to indemnify the following current Directors of the company: A Sala, P E Doughty, K A Benger, D J Heine, B A Williams, the joint Company Secretaries and Executive Officer 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 \$840 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 2009 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            15th            day of            September            2009

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

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**FRANK EDWARD MARTIN - DIRECTOR**

Aged 71

Appointed to the Board: 8<sup>th</sup> September 1999 – Resigned 31<sup>st</sup> October 2008

**Qualifications**

AAUQ; FAIM; FAICD

**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 of Suncorp Building Society Limited, Suncorp Finance Limited and 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**

2 out of 2

**ALEX SALA – DIRECTOR**

Aged 61

Appointed to the Board: 1<sup>ST</sup> November 2008

**Qualifications**

**FPNA; FAICD; FAIM; FFin.**

**Experience**

33 years experience in Financial Services Industry at senior executive level

Executive Chairman TransAction Solutions Pty Ltd

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**

4 out of 4.

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INFORMATION ON DIRECTORS/OFFICERS (continued)

**PHYLIP EDWARD DOUGHTY - DIRECTOR**

Aged 58

Appointed to the Board: 16<sup>th</sup> June 1999

**Qualifications**

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

**Experience**

Chief Executive Officer and former Director, mecu Limited

35 years management experience in the Australian Finance Industry

**Special Responsibilities**

Deputy Chairman

**Other Declared Interests**

Director Edcredit Services Pty Ltd

Director Edcredit Insurance Services Pty Ltd

Number of Meetings Attended – **5 out of 6**

**DAVID JOHN HEINE – DIRECTOR**

Aged 38

Appointed to the Board: 6<sup>th</sup> August 2003

**Qualifications**

Bachelor of Economics; Masters of Applied Finance; MAICD

**Experience**

General Manager - Products & Operations, Cuscal

12 years experience in the CU Industry

18 years experience in Treasury and Risk Management

**Special Responsibilities**

None

**Other Declared Interests**

Director Australian Payments Clearing Association Limited (APCA).

Number of Meetings Attended – **6 out of 6**

**BRUCE ASTON WILLIAMS - DIRECTOR**

Aged 53

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

**Qualifications**

FCIS; Master of Business (Finance)

**Experience**

CEO of The Police Department Employees Credit Union Ltd

Over 35 years experience in banking and finance, including 19 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 6**

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

**KEVIN ARTHUR BENGER – DIRECTOR**

Aged 60  
Appointed to the Board: 1<sup>st</sup> July 2007

**Qualifications**

Bachelor of Arts (Acctg), MBA, CPA, FAICD

**Experience**

CEO of Community CPS Australia Limited

27 years experience in banking and finance industry with 11 years employment with Community CPS Australia Ltd.

**Special Responsibilities**

None

**Other Declared Interests**

Chief Executive Officer – Community CPS Australia Limited

Director - Eastwoods Group Pty Ltd

Director - Eastwoods Finance Brokers Pty Ltd

Director – Community CPS Foundation Ltd

Director - Credit Union Pageant Company

**Number of Meetings Attended – 6 out of 6**

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

Aged 57  
Appointed to the Role: 1st July 2007.

**Qualifications**

Diploma Financial Services, FAMI, FFIN, FPNA, JP (NSW)

**Experience**

Over 40 years experience in banking and finance, including 27 years management experience within the Credit Union Movement.

**Special Responsibilities**

Executive Officer and Company Secretary

**Other Declared Interests**

None

**Number of Meetings Attended – 6 out of 6**

**JULIE ANNE LEE – COMPANY SECRETARY**

Aged 50  
Appointed to the Role: 3<sup>rd</sup> August 2004

**Qualifications**

**B. Bus, CPA, ACIS, Grad Dip Company Secretarial Practice**

**Experience**

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

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

**Special Responsibilities**

Company Secretary

**Other Declared Interests**

Company Secretary Cuscal and subsidiaries

**Number of Meetings Attended – 1 out of 6**

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

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 2009, 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 as set out on pages 11 to 25.

### *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) and the *Corporations Act 2001*. 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. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. 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 *Corporations Act 2001*.

*Auditor's Opinion*

In our opinion:

- (a) the financial report of Credit Union Financial Support System 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 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

Philip Hardy

Partner

Chartered Accountants

Sydney, 15 September 2009

The Board of Directors  
Credit Union Financial Support System Limited  
1 Margaret Street  
Sydney NSW 2000

15 September 2009

Dear Board Members

**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 2009, 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

  
Philip Hardy  
Partner  
Chartered Accountants

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM 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.

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  
Director



P E Doughty  
Director

Signed in Sydney and dated this 15th day of September 2009

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED  
ABN 24 088 097 563  
INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2009**

	Note	30 June 2009 \$	30 June 2008 \$
Revenue	3	378,422	389,046
Management expenses	5	(163,382)	(160,248)
Auditor's remuneration	6	(14,208)	(7,480)
Directors fees	5	(118,716)	(114,972)
Legal expenses		(2,660)	(4,560)
Accountancy fees		(1,954)	(4,965)
Occupancy expenses		(14,100)	(13,611)
Shared services		(26,100)	(25,229)
Administration expenses		(51,686)	(53,917)
Total Expenses		<u>(392,806)</u>	<u>(384,982)</u>
Profit/(Loss) before income tax expense		(14,384)	4,064
Income tax expense	4	4,225	(1,953)
<b>Profit/(Loss) for the period</b>		<u><b>(10,159)</b></u>	<u><b>2,111</b></u>
<b>Dividends per share (cents)</b>		-	-

Notes to the financial statements are included on pages 16 to 25.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED  
ABN 24 088 097 563  
BALANCE SHEET AS AT 30 JUNE 2009**

	Note	30 June 2009 \$	30 June 2008 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	24,536	43,245
Trade and other receivables	8	19,205	16,067
Other assets	9	5,672	5,375
<b>TOTAL CURRENT ASSETS</b>		<b>49,413</b>	<b>64,687</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	4, 10	9,001	4,687
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,001</b>	<b>4,687</b>
<b>TOTAL ASSETS</b>		<b>58,414</b>	<b>69,374</b>
<b>CURRENT LIABILITIES</b>			
Other payables	11	20,985	18,548
Current tax liabilities	12	-	698
Provisions	13	4,492	7,121
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,477</b>	<b>26,367</b>
Deferred tax liabilities	14	1,702	1,613
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,702</b>	<b>1,613</b>
<b>TOTAL LIABILITIES</b>		<b>27,179</b>	<b>27,980</b>
<b>NET ASSETS</b>		<b>31,235</b>	<b>41,394</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	15	-	-
Retained earnings	15	31,235	41,394
<b>TOTAL EQUITY</b>		<b>31,235</b>	<b>41,394</b>

Notes to the financial statements are included on pages 16 to 25.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED  
ABN 24 088 097 563  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Ordinary Issued Capital \$	Retained Earnings \$	Total \$
<b>Balance as at 1 July 2007</b>		-	39,283	39,283
Profit for the period		-	2,111	2,111
Sub total		-	41,394	41,394
<b>Balance at 30 June 2008</b>		-	41,394	41,394
Loss for the period		-	(10,159)	(8,921)
<b>Balance at 30 June 2009</b>		-	31,235	32,472

Notes to the financial statements are on pages 16 to 25.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED  
ABN 24 088 097 563  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	30 June 2009 Inflow/(Outflow)	30 June 2008 Inflow/(Outflow)
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		403,561	373,200
Payments to suppliers and employees		(390,415)	(411,225)
Interest received		9,929	14,854
Finance costs		-	(350)
Income tax (paid)/refunded		(2,160)	(752)
GST paid		(39,624)	-
<b>Net cash (used in) / provided by operating activities</b>	<b>16</b>	<b>(18,709)</b>	<b>(24,273)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash flows from investing activities		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	(1,525)
<b>Cash flows from financing activities</b>		<b>-</b>	<b>(1,525)</b>
<b>Net (decrease)/ increase in cash held</b>		<b>(18,709)</b>	<b>(25,798)</b>
<b>CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>43,245</b>	<b>69,043</b>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>		<b>24,536</b>	<b>43,245</b>

Notes to the financial statements are on pages 16 to 25.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

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

In the current year, the Company has adopted all of 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. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes

**Standards and Interpretations issued but not yet effective**

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

AASB 101 'Presentation of Financial Statements (revised September 2007)	Effective for annual reporting periods beginning on or after 1 <sup>st</sup> January 2009
AASB 123 'Borrowing costs' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 <sup>st</sup> January 2009
AASB 2007-10 Amendments to Australian Accounting Standards arising from AASB 101	Effective for annual reporting periods beginning on or after 1 <sup>st</sup> January 2009

**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 in the period of the revision and future periods if the revision affects both current and future periods.



**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

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

**Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued).**

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.

**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.

**d) 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.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

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

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.

**3. 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.

**4. 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.

**5. 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.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

	<b>30 June 2009</b>	<b>30 June 2008</b>
	\$	\$
<b>3. REVENUE</b>		
Levy – Credit Unions	355,323	359,285
Levy – Cuscal Limited	13,805	13,915
Interest Revenue	9,294	15,846
	<b>378,422</b>	<b>389,046</b>
<b>4. INCOME TAX EXPENSE</b>		
<b>Tax expense comprises</b>		
<b>Income statement</b>		
Current Income tax charge	(5,137)	1,804
Deferred tax income relating to the origination and reversal of temporary differences	912	149
	<b>(4,225)</b>	<b>1,953</b>
<b>Income tax expense reported</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	(14,384)	4,064
Income tax expense calculated at 30% thereon	(4,315)	1,219
Net non-deductible / non-assessable items:		
Entertainment	90	734
<b>Income tax expense</b>	<b>(4,225)</b>	<b>1,953</b>

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

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

***Deferred income tax assets***

	30 June 2009			
	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts payable & other liabilities	2,282	-	868	3,150
Provisions	2,405	-	(779)	1,626
Tax losses	-	-	4,225	4,225
<b>Total deferred tax assets</b>	<b>4,687</b>	<b>-</b>	<b>4,314</b>	<b>9,001</b>

	30 June 2008			
	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts payable & other liabilities	2,282	-	-	2,282
Provisions	2,554	-	(149)	2,405
Tax losses	-	-	-	-
<b>Total deferred tax assets</b>	<b>4,836</b>	<b>-</b>	<b>(149)</b>	<b>4,687</b>

***Deferred income tax liabilities***

	30 June 2009			
	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts receivable & other assets	1,613	-	89	1,702
<b>Total deferred tax liabilities</b>	<b>1,613</b>	<b>-</b>	<b>89</b>	<b>1,702</b>

	30 June 2008			
	Opening	Equity	Profit	Closing
	\$	\$	\$	\$
Accounts receivable & other assets	1,613	-	-	1,613
<b>Total deferred tax liabilities</b>	<b>1,613</b>	<b>-</b>	<b>-</b>	<b>1,613</b>

	30 June 2009	30 June 2008
	\$	\$
<b><i>Net deferred tax assets</i></b>		
<b>– Refer Notes 11 &amp; 15.</b>	<b>7,299</b>	<b>3,074</b>

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
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**5. KEY MANAGEMENT PERSONNEL COMPENSATION**

**1. Names and positions held by 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 – resigned 31 October 2008
Mr A Sala	Chairman – Non Executive – appointed 1 November 2008
Mr P E Doughty	Director – Non Executive
Mr B A Williams	Director – Non Executive
Mr D J Heine	Director – Non Executive
Mr K A Bengert	Director – Non Executive
Mr G W Eggert	Executive Officer & Company Secretary
Ms J A Lee	Company Secretary

**2. 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.

**3. Key Management Personnel Compensation**

	<b>Salary &amp; Directors Fees</b>	<b>Super Contributions</b>	<b>Bonus</b>	<b>Other Benefits</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b><u>2009</u></b>					
<b>Total Compensation</b>	<b>255,418</b>	<b>21,348</b>	<b>5,000</b>	<b>332</b>	<b>282,098</b>
<b><u>2008</u></b>					
<b>Total Compensation</b>	<b>233,591</b>	<b>21,155</b>	<b>20,000</b>	<b>474</b>	<b>275,220</b>

**6. REMUNERATION OF AUDITORS**

	<b>30 June 2009</b>	<b>30 June 2008</b>
	\$	\$
External Audit fees - Deloitte Touche Tohmatsu	9,208	7,480
Internal Audit fees – Bell Partners	5,000	-
	<b>14,208</b>	<b>7,480</b>

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
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	30 June 2009 \$	30 June 2008 \$
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and cash on hand	24,536	43,245
	<u>24,536</u>	<u>43,245</u>
Reconciliation of cash		
Cash at the end of the financial year as shown on the cash flow statement is reconciled to items in the balance sheet as follows;		
Cash and cash equivalents	24,536	43,245
	<u>24,536</u>	<u>43,245</u>
The company has an overdraft facility with Cuscal Limited:		
Approved facility	100,000	100,000
Current borrowings	-	-
Net available	<u>100,000</u>	<u>100,000</u>
<b>8. TRADE AND OTHER RECEIVABLES</b>		
Interest receivable from Cuscal investment account	358	993
Goods and services tax credit receivable from Australian Tax Office	15,131	15,074
Sundry debtors	2,255	-
Tax refund receivable	1,461	-
	<u>19,205</u>	<u>16,067</u>
<b>9. OTHER ASSETS</b>		
Prepayments – Corporate Insurance	5,672	5,375
	<u>5,672</u>	<u>5,375</u>
<b>10. DEFERRED TAX ASSETS</b>		
Deferred tax assets	9,001	4,687
	<u>9,001</u>	<u>4,687</u>
<b>11. OTHER PAYABLES</b>		
Sundry payables and accruals	20,985	18,548
	<u>20,985</u>	<u>18,548</u>
<b>12. CURRENT TAX LIABILITIES</b>		
Income tax liabilities	-	698

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
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		30 June 2009	30 June 2008
		\$	\$
<b>13.</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	7,121	28,513
	- Deduct write back of LSL on termination	-	(20,000)
	- Add accruals for the period	(2,629)	8,610
	- Deduct accrued leave taken or paid on termination	-	(10,002)
	Provision at end of period	4,492	7,121
<b>14.</b>	<b>DEFERRED TAX LIABILITIES.</b>		
	Deferred tax liabilities	1,702	1,613
<b>15.</b>	<b>SHAREHOLDERS 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.		
	<b>Retained Earnings</b>		
	Balance at the beginning of the year	41,394	39,283
	(Loss)/Profit for the period	(10,159)	2,111
	Balance at the end of the financial year	31,235	41,394
<b>16.</b>	<b>NOTES TO THE STATEMENT OF CASH FLOWS</b>		
	<b>Reconciliation of Cash Flows from Operations with Profit from Ordinary Activities after Income Tax</b>		
	Profit/(loss) for the period	(10,159)	2,111
	(Increase) / decrease in assets:		
	Trade and other receivables	(1,678)	(5,645)
	Other assets	(297)	-
	Deferred tax asset	(4,314)	149
	Increase / (decrease) in liabilities:		
	Provision for tax liabilities	(2,159)	698
	Trade and other payables	2,407	(194)
	Provision for employee benefits	(2,598)	(21,392)
	Deferred tax liabilities	89	-
		(18,709)	(24,273)

**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

**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 2009	30 June 2008
	\$	\$
Carrying value	24,536	43,245
Fair value	24,536	43,245
Interest rate is repriced within one month in both the current and prior year.		
Interest rate at the end of the financial year	2.75%	7.00%
Average balance	221,995	220,467
Interest revenue	9,294	15,846
Average interest rate	4.19%	7.02%

**Market Risk**

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

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

<b>Sensitivity impact</b>	<b>Decrease 0.5%</b>		<b>Increase 0.5%</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	\$	\$	\$	\$
<b>Profit or loss</b>	(1,110)	(\$1,102)	1,110	1,102

**Credit risk**

Cuscal Limited is an approved deposit taking institution regulated by APRA and has an 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.



**CREDIT UNION FINANCIAL SUPPORT SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
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**18. 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.

**19. 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.

**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:

Level 1,1 Margaret Street  
SYDNEY NSW 2000  
Telephone 02 82999009  
Web: [cufss.com.au](http://cufss.com.au)

The number of employees at 30 June 2009 was 1 (2008: 1).