



CUFSS

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

ABN 24 088 097 563

FINANCIAL REPORT

**FOR THE
YEAR ENDED
30 JUNE 2008**

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 2008. 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)
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 Credit Unions and their members.

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

Review of Operations

The profit after income tax expense of the company for the year ended 30 June 2008 was \$2,111 (2007 \$847 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 2008.

The Directors do not recommend a dividend in respect of the current financial year (2007: \$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 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 no new members had committed to join.

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
DIRECTORS' REPORT (continued)

Indemnification of Officers

The company has agreed to indemnify the following current Directors of the company: F E Martin, 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 of directors' and officers' liability insurance during the financial year. The contract of insurance does not include details of premiums paid in respect of individual officers of the company and prohibits disclosure of the amount of the premium paid.

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

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

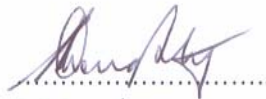
Independence Declaration

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 8 of the financial report.

On behalf of the directors



.....
.....
F E Martin
Director



.....
.....
P E Doughty
Director

Signed in Sydney and dated this 9TH day of September 2008

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
INFORMATION ON DIRECTORS/OFFICERS

FRANK EDWARD MARTIN - DIRECTOR

Aged 71

Appointed to the Board: 8th 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

9 out of 9

PHYLIP EDWARD DOUGHTY - DIRECTOR

Aged 57

Appointed to the Board: 16th June 1999

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

9 out of 9

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED

INFORMATION ON DIRECTORS/OFFICERS (continued)

DAVID JOHN HEINE – DIRECTOR

Aged 37

Appointed to the Board: 6th August 2003

Experience

General Manager - Products & Operations, Cuscal

11 years experience in the CU Industry

17 years experience in Treasury and Risk Management

Special Responsibilities

None

Other Declared Interests

Director Australian Payments Clearing Association Limited (APCA).

Number of Meetings Attended

8 out of 9

BRUCE ASTON WILLIAMS - DIRECTOR

Aged 53

Appointed to the Board: 21st November 2005

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

8 out of 9

KEVIN ARTHUR BENGER – DIRECTOR

Aged 59

Appointed to the Board: 1st July 2007

Experience & Qualifications

CEO of Community CPS Australia Limited

26 years experience in banking and finance industry with 10 years employment with Community CPS Australia Ltd.

Bachelor of Arts in Accounting, Master of Business Administration. Certified Practising Accountant, and Fellow of the Australasian Mutuals Institute.

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

9 out of 9

DESMOND THOMAS HUGHES – FORMER EXECUTIVE OFFICER & COMPANY SECRETARY

Aged 63

Appointed to the Role: 1st June 2003. Retired as Executive Officer & Secretary 1st July 2007.

Experience

Over 40 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

0 out of 0

GARY WILLIAM EGGERT – EXECUTIVE OFFICER & COMPANY SECRETARY

Aged 56

Appointed to the Role: 1st July 2007.

Experience

Over 40 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

5 out of 5

JULIE ANN LEE– COMPANY SECRETARY

Aged 49

Appointed to the Role: 3rd August 2004

Experience

Over 25 years experience in broad range of senior administrative and accounting roles.

7 years of Company Secretariat experience including 5 years as Company Secretary of the Cuscal group.

Special Responsibilities

None

Other Declared Interests

Company Secretary Cuscal and subsidiaries



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

09 September 2008

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 2008, 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

Independent Auditor's Report to the Directors of Credit Union Financial Support 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 2008, 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 26.

The Responsibility of the Directors 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. 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 comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to

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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.

Auditor's Opinion

In our opinion:

- (a) the financial report of Credit Union Financial Support System Limited presents fairly, in all material respects, the company's financial position as at 30 June 2008, and of its financial performance, its cash flows and its changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



S C Gustafson

Partner

Chartered Accountants

Sydney, 09 September 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



.....
F E Martin
Director



.....
P E Doughty
Director

Signed in Sydney and dated this 9th day of September 2008

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
INCOME STATEMENT FOR YEAR ENDED 30 JUNE 2008

	Note	Year Ended 30 June 2008 \$	Year Ended 30 June 2007 \$
Revenue	3	389,046	420,947
Management expenses	4, 6	(160,248)	(202,681)
Auditor's remuneration	7	(7,480)	(4,860)
Directors fees	4, 6	(114,972)	(115,348)
Legal expenses	4	(4,560)	(7,808)
Accountancy fees	4	(4,965)	(6,024)
Occupancy expenses	4	(13,611)	(13,002)
Shared services	4	(25,229)	(25,002)
Administration expenses	4	(53,917)	(47,000)
Total Expenses		(384,982)	(421,725)
Profit/(Loss) before income tax expense		4,064	(778)
Income tax expense	5	(1,953)	(69)
Profit/(Loss) for the period		2,111	(847)
Dividends per share (cents)		-	-

Notes to the financial statements are included on pages 16 to 26.

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
BALANCE SHEET AS AT 30 JUNE 2008

	Note	30 June 2008 \$	30 June 2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	43,245	69,043
Trade and other receivables	9	16,067	10,422
Other assets	10	5,375	5,375
TOTAL CURRENT ASSETS		64,687	84,840
NON-CURRENT ASSETS			
Deferred tax assets	11	4,687	4,836
TOTAL NON-CURRENT ASSETS		4,687	4,836
TOTAL ASSETS		69,374	89,676
CURRENT LIABILITIES			
Trade and other payables	12	18,548	18,742
Borrowings	8	-	1,525
Current tax liabilities	13	698	-
Provisions	14	7,121	28,513
TOTAL CURRENT LIABILITIES		26,367	48,780
Deferred tax liabilities	15	1,613	1,613
TOTAL NON-CURRENT LIABILITIES		1,613	1,613
TOTAL LIABILITIES		27,980	50,393
NET ASSETS		41,394	39,283
SHAREHOLDERS' EQUITY			
Issued capital	16	-	-
Retained earnings	16	41,394	39,283
TOTAL EQUITY		41,394	39,283

Notes to the financial statements are included on pages 16 to 26.

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Note	Ordinary Issued Capital	Retained Earnings	Total
		\$	\$	\$
Balance as at 1 July 2006		-	40,130	40,130
Loss for the period		-	(847)	(847)
Sub total		-	39,283	39,283
Balance at 30 June 2007		-	39,283	39,283
Profit/(loss) for the period		-	2,111	2,111
Balance at 30 June 2008		-	41,394	41,394

Notes to the financial statements are included on pages 16 to 26.

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Year Ended 30 June 2008 Inflow/(Outflow) \$	Year Ended 30 June 2007 Inflow/(Outflow) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		373,200	408,241
Payments to suppliers and employees		(411,225)	(385,056)
Interest received		14,854	12,706
Finance costs		(350)	(644)
Income tax (paid)/refunded		(752)	(3,037)
		<hr/>	<hr/>
Net cash (used in) / provided by operating activities	17	(24,273)	32,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows from investing activities		<hr/> -	<hr/> -
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			1,525
Repayment of borrowings		(1,525)	
Cash flows from financing activities		<hr/> (1,525)	<hr/> 1,525
Net (decrease)/ increase in cash held		(25,798)	33,735
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		<hr/> 69,043	<hr/> 35,308
CASH AT THE END OF THE FINANCIAL YEAR		<hr/> 43,245	<hr/> 69,043

Notes to the financial statements are included on pages 16 to 26.

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

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 set out below.

The Company has also adopted the following standard that only impacted on the Company's financial statements in respect to disclosure:

AASB 101 'Presentation of Financial Statements' (revised October 2006)

AASB 7 'Financial Instruments: 'Disclosures'

The directors anticipate the adoption of these standards will have no material financial impact on the future periods for the company. The adoption of these standards has no material financial impact on the financial statements of the company or the group for the current period or the prior comparative period.

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 st 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 st January 2009
AASB 2007-9 Amendments to Australian Accounting Standards	Effective for annual reporting periods beginning on or after 1 st July 2008
AASB 2007-10 Amendments to Australian Accounting Standards arising from AASB 101	Effective for annual reporting periods beginning on or after 1 st January 2009

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 1st July 2008.

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

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.

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.

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 in note 2(d).

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

2. Significant Accounting Policies (continued)

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

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

e) Impairment of intangible 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.

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 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.

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

2. Significant Accounting Policies (continued)

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.

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.

	30 June 2008	30 June 2007
	\$	\$
3. REVENUE		
Levy – Credit Unions	359,285	391,955
Levy – Cuscal Limited	13,915	16,286
Interest Revenue	15,846	12,706
	389,046	420,947
4. EXPENSES		
Profit from ordinary activities includes the following items of expense		
Management expenses	160,248	202,681
Directors remuneration	114,972	115,348
Total key management remuneration expense	Note 6 275,220	318,029
Auditors remuneration	Note 7 7,480	4,860
Service Agreement management charges – Cuscal Limited	25,229	25,002
Legal expenses	4,560	7,808
Accountancy fees	4,965	6,024
Building occupancy	13,611	13,002
Administration expenses	53,917	47,000
Total expenses	384,982	421,725

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

5.	INCOME TAX EXPENSE	30 June 2008	30 June 2007
		\$	\$
	Tax expense comprises		
	Income statement		
	Current Income tax charge	1,804	1,573
	Deferred tax income relating to the origination and reversal of temporary differences	149	(1,504)
	Income tax expense reported	1,953	69
	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	4,064	(778)
	Income tax expense calculated at 30% thereon	1,219	(233)
	Net non-deductible / non-assessable items:		
	Entertainment	734	302
	Income tax expense	1,953	69

Deferred income tax assets

Year Ended 30 June 2008

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

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

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

5. INCOME TAX EXPENSE (continued)

Deferred income tax liabilities

Year Ended 30 June 2008

	Opening \$	Equity \$	Profit \$	Closing \$
Accounts receivable & other assets	1,613	-	-	1,613
Total deferred tax liabilities	1,613	-	-	1,613

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

*Net deferred tax assets
– refer Notes 11 & 15.*

30 June 2008 \$	30 June 2007 \$
3,074	3,223

6. 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 F E Martin	Chairman – Non Executive
Mr P E Doughty	Director – Non Executive
Mr B A Williams	Director – Non Executive
Mr D J Heine	Director – Non Executive
Mr K A Benger	Director – Non Executive
Mr D T Hughes	Executive Officer & Secretary – Credit Union Financial Support System (Retired effective 1 st July 2007)
Mr G W Eggert	Executive Officer & Secretary – Credit Union Financial Support System (Appointed effective 1 st July 2007)
Ms J A Lee	Company Secretary

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

6. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

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

	<i>Salary & Directors Fees</i>	<i>Super Contributions</i>	<i>Bonus</i>	<i>Other Benefits</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<u>2008</u>					
Total Compensation	233,591	21,155	20,000	474	275,220
<u>2007</u>					
Total Compensation	267,080	24,037	20,000	6,912	318,029

7. REMUNERATION OF AUDITORS

	30 June 2008	30 June 2007
	\$	\$
Audit fees	7,480	4,860
	<u>7,480</u>	<u>4,860</u>

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

8. CASH AND CASH EQUIVALENTS

Cash at bank and cash on hand	43,245	69,043
	<u>43,245</u>	<u>69,043</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	43,245	69,043
Borrowings – bank overdraft	-	(1,525)
	<u>43,245</u>	<u>67,518</u>

9. TRADE AND OTHER RECEIVABLES

Interest receivable from Cuscal investment account	993	-
Goods and services tax credit receivable from Australian Tax Office	15,074	10,068
Tax refund receivable	-	354
	<u>16,067</u>	<u>10,422</u>

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

		30 June 2008 \$	30 June 2007 \$
10.	OTHER ASSETS		
	Prepayments – Corporate Insurance	5,375	5,375
		5,375	5,375
11.	DEFERRED TAX ASSETS		
	Deferred tax assets	4,687	4,836
		4,687	4,836
12.	TRADE AND OTHER PAYABLES		
	Trade payables	-	3,333
	Sundry payables and accruals	18,548	15,409
		18,548	18,742
13.	CURRENT TAX LIABILITIES		
	Income tax liabilities	698	-
14.	PROVISION FOR EMPLOYEE BENEFITS		
	The aggregate employee benefit liability recognised in the financial statements is as follows:		
	Provision for employee benefits:		
	- Provision at beginning of period	28,513	3,705
	- Deduct write back of LSL on termination	(20,000)	-
	- Add accruals for the period	8,610	32,589
	- Deduct accrued leave taken or paid on termination	(10,002)	(7,781)
	Provision at end of period	7,121	28,513
15.	DEFERRED TAX LIABILITIES		
	Deferred tax liabilities	1,613	1,613
16.	SHAREHOLDERS EQUITY		
	The company is limited by guarantee		
	On winding up each person who is or was a member (within one year of the winding up) must contribute \$100.		

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
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16. SHAREHOLDERS EQUITY (continued)		30 June 2008	30 June 2007
		\$	\$
	Retained Earnings		
	Balance at the beginning of the year	39,283	40,130
	(Loss)/Profit for the period	2,111	(847)
	Balance at the end of the financial year	41,394	39,283

17. NOTES TO THE STATEMENT OF CASH FLOWS

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

Profit/(loss) for the period	2,111	(847)
(Increase) / decrease in assets:		
Trade and other receivables	(5,645)	5,924
Other assets	-	209
Deferred tax asset	149	(1,441)
Increase / (decrease) in liabilities:		
Provision for tax liabilities	698	(1,111)
Trade and other payables/borrowings	(194)	4,729
Provision for employee benefits	(21,392)	24,809
Deferred tax liabilities	-	(62)
	(24,273)	32,210

18. 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.

Carrying value	43,245	69,043
Fair value	43,245	69,043
Interest rate is repriced within one month in both the current and prior year.		
Interest rate at the end of the financial year	7.00%	6.00%
Average balance	\$220,467	\$217,000
Interest revenue	\$15,486	\$12,706
Average interest rate	7.02%	5.86%

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS (CONTINUED)

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%	
	2008	2007	2008	2007
	\$	\$	\$	\$
Profit or loss	(\$1,102)	(\$1,085)	\$1,102	\$1,085

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.

2008	Floating rate	Less than 1 year	Over 1 to 5 years	Over 5 years	Non interest bearing	Total	Weighted Average Interest
	\$	\$	\$	\$	\$	\$	%
Financial Assets							
Cash and cash equivalents	43,425	-	-	-	-	43,245	
Trade and other receivables	-	-	-	-	16,067	16,067	
	43,425	-	-	-	16,067	59,312	6.83%
Financial Liabilities							
Borrowings	-	-	-	-	-	-	
Trade and other payables	-	-	-	-	18,548	18,548	
Employee provisions	-	-	-	-	7,121	7,121	
	-	-	-	-	25,669	25,669	0.00%

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2007	Fixed interest maturing in:				Non	Total	Weighted
	Floating	Less than	Over 1 to	Over 5	interest		Average
	rate	1 year	5 years	years	bearing		Interest %
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash and cash equivalents	69,043	-	-	-	-	69,043	
Trade and other receivables	-	-	-	-	10,068	10,068	
	69,043	-	-	-	10,068	79,111	5.93%
Financial Liabilities							
Borrowings	1,525	-	-	-	-	1,525	
Trade and other payables	-	-	-	-	18,742	18,742	
Employee provisions	-	-	-	-	8,514	8,514	
	1,525	-	-	-	27,256	28,781	0.00%

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.

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 2008 was 1 (2007: 2).

Des Hughes retired as at 1st July 2007 and was replaced by Gary Eggert.