



CUFSS

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

ABN 24 088 097 563

FINANCIAL REPORT

**FOR THE
YEAR ENDED
30 JUNE 2011**

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 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors Report as follows:

Directors

The following persons were Directors of the company during the financial year and up to the date of this report:

A Sala (Chairman)
P E Doughty
B A Williams
D J White
D J Heine resigned 18th February 2011
I Keddle appointed 18th February 2011

For information on Directors regarding their qualifications, experience, responsibilities, directorships in other entities, declared interests, and meeting attendances refer to pages 5 to 8 which are to be read as part of this report.

Principal Activity

The company's principal activity is the provision of emergency financial support services for the benefit of Australian Mutual Authorised Deposit Taking Institutions (ADI'S) and their members.

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

During the reported 2010-2011 financial year the following have been admitted as a new member/shareholder:

- The Gympie Credit Union – March 2011;

Review of Operations

The profit after income tax expense of the company for the year ended 30 June 2011 was \$8,523 (2010 \$6,780).

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 2011(2010: \$nil)

The Directors do not recommend a dividend in respect of the current financial year (2010: \$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.

Since the 30th June 2011 the following has been admitted as a new member/shareholder:

- Coastline Credit Union Limited – July 2011.

Future Developments

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

Indemnification of Officers

The company has agreed to indemnify the Directors of the company and the joint Company Secretaries of the company and any related party against a liability that may arise from their positions within the company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability indemnified.

The company paid premiums of \$864 in respect to directors' and officers' liability insurance during the financial year. The contract of insurance does not include details of premiums paid in respect of individual officers of the company and prohibits disclosure of the amount of the premium paid.

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

Signed in accordance with a resolution of Directors made pursuant to s298 (2) of the Corporations Act 2001.

Independence Declaration

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 9 of the financial report.

On behalf of the Directors



A Sala
Director



P E Doughty
Director

Signed in Sydney and dated this 14th day of September 2011

ALEX SALA – DIRECTOR

Aged 63
Appointed to the Board: 1ST November 2008

Qualifications

FPNA; FAICD; FAIM; FFin.

Experience

34 years experience in Financial Services Industry at senior executive level
Executive Chairman TransAction Solutions Limited
Former Director and Vice Chair National Heart Foundation Australia
Former CEO Endeavour Credit Union (23 years)
Former Director and Deputy Chair Cuscal
Former Director Credit Union Technology Development (CUTD)
Former Director AUSTNET
Former Director First Data International

Special Responsibilities

Chairman

Other Declared Interests

Nil

Number of Meetings Attended

7 out of 7.

PHYLIP EDWARD DOUGHTY - DIRECTOR

Aged 60
Appointed to the Board: 16th June 1999

Qualifications

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

Experience

Chief Executive Officer and former Director, mecu Limited
37 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

6 out of 7

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
INFORMATION ON DIRECTORS/OFFICERS

DAVID JOHN HEINE – DIRECTOR

Aged 40
Appointed to the Board: 6th August 2003
Resigned 18th February 2011

Qualifications

Bachelor of Economics; Masters of Applied Finance; MAICD

Experience

General Manager - Products & Operations, Cuscal
13 years experience in the CU Industry
19 years experience in Treasury and Risk Management

Special Responsibilities

None

Other Declared Interests

Deputy Chairman Australian Payments Clearing Association Limited (APCA).

Number of Meetings Attended

3 out of 3

BRUCE ASTON WILLIAMS - DIRECTOR

Appointed to the Board: 21st November 2005

Qualifications

FCIS; Master of Business (Finance)

Experience

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

Special Responsibilities

None

Other Declared Interests

Director - Chelsea Wealth Management Pty Ltd
Director - Chelsea Shared Services Pty Ltd
Director Chelsea Home Loans Pty Ltd

Number of Meetings Attended

6 out of 7

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED

INFORMATION ON DIRECTORS/OFFICERS

DAVID JOHN WHITE – DIRECTOR

Aged 56
Appointed to the Board: 1ST September 2010

Qualifications

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

Experience

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

Special Responsibilities

None

Other Declared Interests

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

Number of Meetings Attended

7 out of 7

IAIN KEDDIE – DIRECTOR

Aged 47
Appointed to the Board: 18TH February 2011

Qualifications

Bachelor of Science (Hons);
Chartered Accountant;

Experience

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

Special Responsibilities

None

Other Declared Interests

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

Number of Meetings Attended

4 out of 4

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
INFORMATION ON DIRECTORS/OFFICERS

GARY WILLIAM EGGERT – EXECUTIVE OFFICER & COMPANY SECRETARY

Aged 59

Appointed to the Role: 1st July 2007.

Qualifications

Diploma Financial Services, FAMI, FFIN, FPNA, JP (NSW101703)

Experience

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

Special Responsibilities

Executive Officer and Company Secretary

Other Declared Interests

None

Number of Meetings Attended

7 out of 7

JULIE ANNE LEE – COMPANY SECRETARY

Aged 52

Appointed to the Role: 3rd August 2004.

Resigned 26th July 2011.

Qualifications

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

Experience

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

10years of Company Secretariat experience including 8 years as Company Secretary of the Cuscal group.

Special Responsibilities

Company Secretary

Other Declared Interests

Company Secretary Cuscal and subsidiaries

Number of Meetings Attended

0 out of 7

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, which comprises the balance sheet as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 12 to 26.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Credit Union Financial Support System Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.


DELOITTE TOUCHE TOHMATSU



Philip Hardy
Partner

Chartered Accountants

Sydney, 14 September 2011

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

14 September 2011

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 2011, 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
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
DIRECTORS' DECLARATION

The Directors declare that:

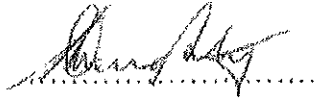
- a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company;
- c) In the Director's opinion the attached Financial Statements are in compliance with International Financial Reporting Standards as stated in Note 2 of the Financial Statements.

Signed in accordance with a resolution of the Directors made pursuant to s 295 (5) of the Corporations Act 2001.

On behalf of the Directors



.....
A Sala
Director



P E Doughty
Director

Signed in Sydney and dated this 14th day of September 2011

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2011**

	Note	30 June 2011 \$	30 June 2010 \$
Revenue	3	420,187	407,691
Management expenses	5	(173,584)	(173,687)
Auditor's remuneration	6	(12,500)	(13,446)
Directors fees	5	(124,372)	(121,700)
Legal expenses		(12,002)	-
Accountancy fees		(3,055)	(6,462)
Occupancy expenses		(12,000)	(11,496)
Shared services		(22,001)	(27,456)
Administration expenses		(48,281)	(45,411)
Total expenses		(407,795)	(399,658)
Profit before income tax expense		12,392	8,033
Income tax expense	4	(3,869)	(1,253)
Profit for the period		8,523	6,780
Other Comprehensive Income		-	-
Total Comprehensive Income attributable to members of the Company.		<u>8,523</u>	<u>6,780</u>

Notes to the financial statements are included on pages 17 to 26.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
BALANCE SHEET AS AT 30 JUNE 2011**

	Note	30 June 2011 \$	30 June 2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	63,685	48,600
Trade and other receivables	8	15,266	16,157
Other assets	9	6,060	5,663
TOTAL CURRENT ASSETS		85,011	70,420
NON-CURRENT ASSETS			
Deferred tax assets	4, 10	12,420	9,653
TOTAL NON-CURRENT ASSETS		12,420	9,653
TOTAL ASSETS		97,431	80,073
CURRENT LIABILITIES			
Other payables	11	23,491	21,496
Current tax liabilities	12	1,699	1,907
Provisions	13	23,885	16,956
TOTAL CURRENT LIABILITIES		49,075	40,359
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4, 14	1,818	1,699
TOTAL NON-CURRENT LIABILITIES		1,818	1,699
TOTAL LIABILITIES		50,893	42,058
NET ASSETS		46,538	38,015
SHAREHOLDERS' EQUITY			
Issued capital	15	-	-
Retained earnings	15	46,538	38,015
TOTAL EQUITY		46,538	38,015

Notes to the financial statements are included on pages 17 to 26.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Ordinary Issued Capital \$	Retained Earnings \$	Total \$
Balance at 30 June 2009		-	31,235	31,235
Profit for the period		-	6,780	6,780
Balance at 30 June 2010		-	38,015	38,015
Profit for the period		-	8,523	8,523
Balance at 30 June 2011		-	46,538	46,538

Notes to the financial statements are on pages 17 to 26.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

**CREDIT UNION FINANCIAL SUPPORT SYSTEM LIMITED
ABN 24 088 097 563
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Note	30 June 2011 Inflow/(Outflow)	30 June 2010 Inflow/(Outflow)
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		449,692	442,265
Payments to suppliers and employees		(410,530)	(398,741)
Interest received		10,712	7,607
Income tax (paid)/refunded		(6,726)	1,461
GST paid		(28,063)	(28,528)
Net cash provided by operating activities	16	15,085	24,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows from financing activities		-	-
Net increase in cash held		15,085	24,064
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		48,600	24,536
CASH AT THE END OF THE FINANCIAL YEAR		63,685	48,600

Notes to the financial statements are on pages 17 to 26.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

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.

The following standards and interpretations relevant to the company became effective in 2011:

- AASB 2009-5 *'Further amendments to Australian Accounting Standards arising from the Annual Improvements Project'*. Further non-urgent amendments to several accounting standards arising from the annual improvements project

Adoption of these amended standards and interpretations did not have a significant impact on the balance sheet or the results of operations except as otherwise stated.

Accounting standards & interpretations issued but not yet adopted

The Company has reviewed all accounting Standards and Interpretations that have been issued and not yet adopted.

At the date of authorisation of the financial report, the following Standards and Interpretations issued but not yet effective are considered relevant to the preparation of the financial statements of the company. All other Standards and Interpretations are not considered relevant.

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 <i>'Financial Instruments'</i> , AASB 2009-11 <i>'Amendments to Australian Accounting Standards arising from AASB9'</i> , AASB 2010-07 <i>'Amendments to Australian Accounting Standards arising from AASB9'</i>	1 January 2013	30 June 2014
AASB 124 <i>'Related Party Disclosures'</i> AASB 2009-12 <i>'Amendments to Australian accounting Disclosures'</i> . These requirements clarify the definition of a related party and include an implicit requirement to disclose commitments involving related parties.	1 January 2011	30 June 2012

The adoption of these standards is not expected to have a material financial impact on the financial statements of the Company for the current period. The directors anticipate the adoption of these standards will have no material financial impact on the future periods for the company.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

2. Significant Accounting Policies

Statement of Compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are in Australian dollars.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

Management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or periods.

Accounting policies are selected and applied in a manner, which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or the events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities are recognised in respect of employee benefits, which are expected to be settled within 12 months.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Significant Accounting Policies (continued)

c) Receivables

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

d) Impairment of financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

e) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the company income tax rate, adjusted for changes in deferred tax assets and liabilities and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax base of assets and liabilities and their respective carrying amounts, which give rise to a future tax benefit, or where a benefit arises due to unused tax losses, but are only recognised in both cases to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses.

Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts being payable in future periods. Deferred Income Tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled.

f) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the net estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some, or all, of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

Significant Accounting Policies (continued)

g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

i) Accounts payable

Accounts payable and other liabilities are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services received, whether or not billed to the company.

	30 June 2011	30 June 2010
	\$	\$
3. REVENUE		
Levy – Credit Unions	393,054	383,805
Levy – Cuscal Limited	16,397	15,998
Interest Revenue	10,736	7,888
	<u>420,187</u>	<u>407,691</u>

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

4. INCOME TAX EXPENSE

	30 June 2011 \$	30 June 2010 \$
Tax expense comprises		
Income statement		
Current Income tax charge	6,517	1,902
Deferred tax expense/income relating to the origination and reversal of temporary differences	(2,648)	(649)
Income tax expense reported	3,869	1,253
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	12,392	8,033
Income tax expense calculated at 30% thereon	3,718	2,410
Net non-deductible / non-assessable items:		
Entertainment	151	1,157
Income tax expense	3,869	1,253

Deferred income tax assets

30 June 2011

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

30 June 2010

	Opening \$	Equity \$	Profit \$	Closing \$
Accounts payable & other liabilities	3,150	-	1,416	4,566
Provisions	1,626	-	3,461	5,087
Tax losses	4,225	-	(4,225)	-
Total deferred tax assets	9,001	-	652	9,653

Deferred income tax liabilities

30 June 2011

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

**CREDIT UNION FINANCIAL SUPPORT SYSTEM
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

4. INCOME TAX EXPENSE (continued)

Deferred income tax liabilities	30 June 2010			
	Opening \$	Equity \$	Profit \$	Closing \$
Accounts receivable & other assets	1,702	-	(3)	1,699
Total deferred tax liabilities	1,702	-	(3)	1,699
			30 June 2011 \$	30 June 2010 \$
<i>Net deferred tax assets</i> <i>- Refer Notes 10 & 14.</i>			10,602	7,954

5. KEY MANAGEMENT PERSONNEL COMPENSATION

A. 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 A Sala	Chairman – Non Executive Independent
Mr P E Doughty	Director – Non Executive
Mr B A Williams	Director – Non Executive
Mr D J Heine	Director – Non Executive (Resigned 18 th February 2011)
Mr D J White	Director – Non Executive
Mr I Keddie	Director – Non Executive (appointed 18 th February 2011)
Mr G W Eggert	Executive Officer & Company Secretary
Ms J A Lee	Company Secretary

B. Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the entity is as follows.

The compensation structure for key management personnel is based on a number of factors including length of service, particular experience of the individual concerned, meeting attendance and the overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. 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 \$
2011				
Total				
Compensation	274,167	22,614	175	297,956
2010				
Total				
Compensation	272,886	22,154	347	295,387

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6. REMUNERATION OF AUDITORS	30 June 2011	30 June 2010
	\$	\$
External Audit fees - Deloitte Touche Tohmatsu	8,000	8,446
Internal Audit fees – Bell Partners	4,500	5,000
	<u>12,500</u>	<u>13,446</u>

During the year the Board undertook a tender process for the External Audit services and will recommend to members at the Annual General Meeting the appointment of Thomas Hopper & Partners.

7. CASH AND CASH EQUIVALENTS

Cash at bank and cash on hand	63,685	48,600
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	63,685	48,600
	<u>63,685</u>	<u>48,600</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>

8. TRADE AND OTHER RECEIVABLES

Interest receivable from Cuscal investment account	663	639
Goods and services tax credit receivable from Australian Tax Office	14,603	15,518
	<u>15,266</u>	<u>16,157</u>

9. OTHER ASSETS

Prepayments – Corporate Insurance	6,060	5,663
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10. DEFERRED TAX ASSETS

Deferred tax assets	12,420	9,653
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11. OTHER PAYABLES

Sundry payables and accruals	23,491	21,496
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12. CURRENT TAX LIABILITIES

Income tax liabilities	1,699	1,907
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	30 June 2011	30 June 2010
	\$	\$
13. PROVISION FOR EMPLOYEE BENEFITS		
The aggregate employee benefit liability recognised in the Financial Statements is as follows:		
Provision for employee benefits:		
- Provision at beginning of period	16,956	4,492
- Deduct write back of LSL on termination		
- Add accruals for the period	6,929	12,464
- Deduct accrued leave taken or paid on termination		
Provision at end of period	<u>23,885</u>	<u>16,956</u>
14. DEFERRED TAX LIABILITIES.		
Deferred tax liabilities	1,818	1,699
15. SHAREHOLDERS EQUITY		
The company is limited by guarantee. On winding up each person who is or was a member (within one year of the winding up) must contribute \$100.		
Retained Earnings		
Balance at the beginning of the year	38,015	31,235
Profit for the period	8,523	6,780
Balance at the end of the financial year	46,538	38,015
16. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of Cash Flows from Operations with Profit from Ordinary Activities after Income Tax		
Profit for the period	8,523	6,780
(Increase) / decrease in assets:		
Trade and other receivables	891	3,048
Other assets	(397)	9
Deferred tax asset	(2,767)	(652)
Increase / (decrease) in liabilities:		
Current tax liabilities	(208)	1,907
Trade and other payables	1,995	3,511
Provision for employee benefits	6,929	12,464
Deferred tax liabilities	119	(3)
	<u>15,085</u>	<u>24,064</u>

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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 2011	30 June 2010
	\$	\$
Carrying value	63,685	48,600
Fair value	63,685	48,600
Interest rate is repriced within one month in both the current and prior year.		
Interest rate at the end of the financial year	4.50%	4.25%
Average balance	264,906	210,700
Interest revenue	10,736	7,888
Average interest rate	4.05%	3.74%

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%	
	2011	2010	2011	2010
	\$	\$	\$	\$
Profit or loss	(1,325)	(1,054)	1,325	1,054

Credit risk

Cuscal Limited is an approved deposit taking institution regulated by APRA and has an A+ (long term) and A-1 (short term) (2010 AA- (long term) and A1+ (short term)) rating from Standard and Poor's. Accordingly the Company believes the deposit/overdraft account is subject to minimal credit risk.

Interest rate risk

As the deposit/overdraft account bears floating interest rates, the Company is exposed to interest rate risk, should short-term rates vary. As the Company is cash positive, this exposure may cause interest revenue to vary.

Liquidity risk management

The Company manages liquidity risk by maintaining a substantial cash balance, which includes effectively holding all its equity in cash.

Fair values of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies in Note 2.

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18. SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future years.

19. ADDITIONAL COMPANY INFORMATION

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

The number of employees at 30 June 2011 was 1 (2010: 1).