

**Credit Union Foundation Australia Grahame Mehrrens International Projects  
Fund**

**ANNUAL FINANCIAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

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## **Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

### **Information on Trustee**

Credit Union Foundation Australia Pty Limited is the Trustee of the Credit Union Foundation Australia Grahame Mehrstens International Projects Fund (the 'Fund').

Credit Union Foundation Australia Pty Limited is a wholly owned subsidiary of Abacus – Australian Mutuals Limited and its only activity is to act as Trustee of this Fund, Credit Union Foundation Australia Trust Fund and the Credit Union Relief Fund.

Information on the Directors of Credit Union Foundation Australia Pty Limited regarding their qualifications, experience and other directorships is set out below:

**John William Baistow** BA, Dip Bus Stud, Dip CD, FAICD, MBA (Tech Mgt) FAMI  
Appointed 7 December 2006

#### **Experience:**

Retired Senior Executive, CSIRO  
21 years as a credit union director, 6 years as chairman

#### **Special Responsibilities:**

Chairman, Credit Union Foundation Australia Pty Ltd 4 years

#### **Directorships in Other Entities:**

Cuscal Limited  
mecu Limited

**Peter George Dowling** AM BA (Acc), FCPA, FAICD  
Appointed 1 November 2008

#### **Experience:**

Former Ernst and Young Tax and Business Advisory Partner

#### **Directorships in Other Entities:**

Credit Union Australia Ltd  
CPA Australia Ltd  
Superior Coal Ltd  
Lexon Insurance Pty Ltd  
SPYRUS Pty Ltd  
Virgin Blue Aircraft Leasing Subsidiaries  
Co-op Research Centre for Integrated Engineering Asset Management

#### **Other Declared Interests:**

Member of Sunshine Coast Regional Council's Audit and Risk Committee  
Chair of Queensland Department of Transport and Main Roads' Audit and Risk Committee.  
Chair of Queensland Water Commission Audit and Risk Committee  
Queensland Honorary Consul for Botswana.

**Kenneth Mutton** Dip BA, Dip Fin. Services, FAMI  
Appointed 5 April 2007

#### **Experience:**

Chief Executive, Swan Hill Credit Union Ltd  
Chairman, Victorian Insight Committee  
33 years experience in finance industry

#### **Directorships in Other Entities:**

Nil

#### **Other Declared Interests:**

Nil

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Information on Trustee (continued)**

**John Richard Paine** Dip. Fin. Services AMI, MAIM, JP  
Appointed 1 November 2006

**Experience:**

General Manager, Family First Credit Union Ltd  
38 years experience in finance industry

**Directorships in Other Entities:**

Nil

**Other Declared Interests:**

Nil

**Louise Margaret Petschler** BA (Hons), MAICUD  
Appointed 20 February 2008

**Experience:**

Chief Executive Officer, Abacus-Australian Mutuals Ltd  
14 years experience in government and public relations  
9 years experience in finance industry

**Directorships in Other Entities:**

Nil

**Other Declared Interests:**

Management Committee, Consumer Credit Legal Centre

**Kathryn Anne Skipper** AM, FAICD, FAIM  
Appointed 18 February 2009

**Experience:**

Consultant in corporate governance and board dynamics; executive coach and mentor for executives and directors.

Extensive background in governance and sustainability; awarded an Australia Medal in the Order of Australia Awards for service to children and adults with disabilities in Australia.

**Directorships in Other Entities:**

Director – Australian Central Credit Union Limited  
Deputy Chair – South Australian Tourism Commission  
Chair – Plan International – Australia  
Chair – Royal District Nursing Service  
Director – Aboriginal Foundation SA

**Other Declared Interests:**

Australian Central Credit Union Limited  
Audit Committees - Member Merger and Acquisition Committee  
Chair - Marketing Sub-Committee and Corporate Governance Committee  
Board Committee Chair Corporate Governance and previously on Risk Management

## **Independent Auditor's Report to the Board of Trustees of Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

We have audited the accompanying financial report of Credit Union Foundation Australia Grahame Mehrstens International Projects Fund ("the Fund"), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, the cash flow statement 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 Trustee's declaration as set out on pages 7 to 24. In addition, we have audited the Fund's compliance with specific requirements of the Western Australia Charitable Collections Act 1946 ("the Act") and the Western Australia Charitable Collections Regulations 1974 ("the Regulations") as listed in Appendix A for the year ended 30 June 2010.

### *Board of Trustees Responsibility for the Financial Report and Compliance with the Act and the Regulations*

The Board of Trustees of the Fund is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and for compliance with the Act and the Regulations. 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 Board of Trustees also states, 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.

# Deloitte

## *Auditor's Responsibility*

Our responsibility is to express an opinion on the Fund's compliance with specific requirements of the Act and the Regulations, and 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 Fund has complied with specific requirements of the Act and the Regulations, and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the Fund's compliance with specific requirements of the Act and the Regulations and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of non-compliance with specific requirements of the Act and the Regulations and material misstatement of financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's compliance with the Act and the Regulations, and 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 Board of Trustees, as well as evaluating the overall presentation of the financial report.

## *Inherent Limitations*

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error, or non-compliance with the Act and the Regulations may occur and not be detected. An audit is not designed to detect all weaknesses in the Fund's compliance with the Act and Regulations as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the Act and Regulations to further periods is subject to the risk that procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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 presents fairly, in all material respects, the financial position of the Credit Union Foundation Australia Grahame Mehrstens International Projects Fund as at 30 June 2010, 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);

- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2;
- (c) the financial report agrees to the underlying financial records of the Fund, that have been maintained, in all material respects, in accordance with the Act and the Regulations for the year ended 30 June 2010; and
- (d) monies received by the Fund, as a result of fundraising appeals conducted during the year ended 30 June 2010, have been accounted for and applied, in all material respects, in accordance with the Act and Regulations as listed in Appendix A.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Philip Hardy*

Philip Hardy  
Partner  
Chartered Accountants  
Sydney, 20 September 2010

## APPENDIX A: WESTERN AUSTRALIA CHARITABLE COLLECTIONS REGULATION 1947

### **Significant Control Requirements**

The financial management and fundraising activities of the licence holder should be conducted in accordance with, but not limited to, the following provisions of the Regulations:

#### **Financial Management**

- Monies received should be banked within seven (7) days of receipt in accordance with regulation 11(a);
- An asset register should be maintained in accordance with regulation 11(c);
- Every bank account should be operated by two (2) officers of the organisation in accordance with regulation 11(d);
- Investments should be in accordance with regulation 16 of *the Charitable Collections Amendment Regulations (1998)*.

#### **Fundraising**

- Monies received from collectors and fundraisers should be paid to the licence holder within fourteen (14) days of receipt in accordance with regulation 11(b) of the Regulations;
- Receipts should be completed for all monies received;
- The Income and Expenditure Statement should be sufficiently detailed to enable identification of all charitable collections received and the manner in which the collections have been dealt with;
- Fundraising expenses (i.e. salaries, wages, commissions and any professional fundraising fees) should be disclosed separately in the accounts;
- The licence holder should be collecting monies and goods, and should be disbursing those monies and goods, in accordance with the organisation's objectives.



**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Trustee's Declaration**

The financial report on pages 8 to 24 for the financial year ended 30 June 2010 has been prepared as required by the Trust Deed.

The auditors of the Fund, Deloitte Touche Tohmatsu, have been appointed by the Trustee in accordance with the Trust Deed and have conducted an audit of the financial report.

The Trustee declares that:

- a) in the Trustee's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- b) in the Trustee's opinion, the attached financial statements and notes thereto are in accordance with accounting standards and giving a true and fair view of the financial position and performance of the Fund; and
- c) the Fund has been conducted in accordance with the Trust Deed and has complied with all governing law.

Signed for and on behalf of the Trustee  
Credit Union Foundation Australia Pty Limited



John Baistow

Director

20/9/2010  
Sydney,



Louise Petschler

Director

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Statement of Comprehensive Income**

**For the financial year ended 30 June 2010**

	<b>Notes</b>	<b>2010</b> \$	2009 \$
<b>REVENUE</b>			
<b>Monetary and Non-Monetary</b>			
Donations and Gifts	3	<b>628,566</b>	677,575
<b>Grants</b>			
AusAID	3	<b>373,743</b>	287,076
Other Australian	3	-	10,294
Other Overseas	3	-	70,493
<b>Investment Income</b>		<b>29,716</b>	34,978
<b>Other Income</b>			
Other Project Services (Non-Monetary)	4	<b>283,656</b>	292,822
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<u><b>1,315,681</b></u>	<u>1,373,238</u>
<b>EXPENSES</b>			
<b>Overseas Projects</b>			
Funds to Overseas projects	5	<b>691,261</b>	938,696
Fundraising Costs-Public		<b>7,990</b>	99,021
Accountability and Administration	6	<b>14,052</b>	26,182
Other Project Services (Non-Monetary)	4	<b>283,656</b>	292,822
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<u><b>996,959</b></u>	<u>1,356,721</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM CONTINUING OPERATIONS</b>		<u><b>318,722</b></u>	<u>16,517</u>
<b>Other Comprehensive Income</b>		<b>.*</b>	-
<b>Total Comprehensive Income</b>		<u><b>318,722</b></u>	<u>16,517</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Over the course of both the 2010 and 2009 financial years, the Fund had no transactions in respect of Legacies and Bequests, Community Education, Program Support, Domestic Projects, Government, Multi-lateral and Private Fundraising, Evangelistic, Political, or Religious Proselytisation programs.

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Balance Sheet**

**As at 30 June 2010**

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	<b>610,521</b>	686,471
Trade and other receivables	7	<b>456,647</b>	25,623
<b>Total Assets</b>		<u><b>1,067,168</b></u>	<u>712,094</u>
<b>Current Liabilities</b>			
Trade and other payables	8	<b>142,265</b>	105,913
<b>Total Liabilities</b>		<u><b>142,265</b></u>	<u>105,913</u>
<b>Net Assets</b>		<u><b>924,903</b></u>	<u>606,181</u>
<b>Equity</b>			
Retained Earnings		<b>924,903</b>	606,181
<b>Total Equity</b>		<u><b>924,903</b></u>	<u>606,181</u>

The above Balance Sheet should be read in conjunction with the accompanying notes

**Current and Non-Current Assets:**

At the end of both the 2010 and 2009 financial years, with respect to Current Assets, the Fund had no balances in respect of inventories, assets held for sale, or other financial assets.

In both the 2010 or 2009 financial years, there were no Non-Current Assets.

**Current and Non-Current Liabilities:**

At the end of both the 2010 and 2009 financial years, with respect to Current Liabilities the Fund had no balances in respect of borrowings, tax liabilities, provisions, or other financial liabilities.

In both the 2010 and 2009 financial years, there were no Non-Current Liabilities.

**Reserves**

The Fund does not maintain Reserves.

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Statement of Changes in Equity**

**As at 30 June 2010**

	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>2010</b>		
Balance as at 1 July 2009	<b>606,181</b>	<b>606,181</b>
Total comprehensive income	<b>318,722</b>	<b>318,722</b>
Balance as at 30 June 2010	<b>924,903</b>	<b>924,903</b>
<b>2009</b>		
Balance as at 1 July 2008	589,664	589,664
Total comprehensive income \	16,517	16,517
Balance as at 30 June 2009	<b>606,181</b>	<b>606,181</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Cash Flow Statement**

**For the financial year ended 30 June 2010**

	Notes	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Donations received		<b>373,306</b>	295,061
AusAID grants received		<b>328,048</b>	328,979
Specific Donations			
Cambodia Childrens Financial Literacy		<b>27,871</b>	85,089
Cambodia Leadership Challenge		<b>36,280</b>	49,065
Growth and Sustain Program		<b>95,686</b>	-
Village Entrepreneur Initiative		<b>30,678</b>	64
Pacific Credit Union Technical Congress		<b>54,769</b>	49,514
Kokoda Challenge		-	54,900
Kokoda Challenge Fundraising		-	47,783
World Council of Credit Unions		-	68,525
Commonwealth Secretariat		-	1,968
Haiti Appeal		<b>11,773</b>	-
Other Projects		<b>9,274</b>	-
Interest received		<b>29,716</b>	34,978
Sri Lanka Reconstruction Donation-Cuscal Limited		-	100,000
Corporate Sponsorships		-	10,230
GST Rebate from Australian Tax Office		-	3,972
Goods and Services Tax Payments		<b>(3,511)</b>	-
Fundraising Expenses		<b>(7,991)</b>	(99,021)
Auditor's Remuneration		<b>(2,500)</b>	-
Solomon Islands Womens Leadership		-	(4,279)
Expenditure on AusAID Projects-Timor Leste		<b>(359,100)</b>	(231,408)
Expenditure on AusAID Projects-Cambodia		<b>(429,783)</b>	(185,999)
Expenditure on AusAID Projects-Myanmar		<b>(49,910)</b>	-
Expenditure on AusAID Projects-Solomon Islands		-	(175,306)
Expenditure on Other Projects		<b>(234,699)</b>	(270,127)
Sri Lanka Reconstruction Project		<b>(4,154)</b>	(97,640)
Net increase/ (reduction) in Other Payables-Cuscal Limited		<b>18,297</b>	(168,402)
<b>Net cash used in operating activities</b>	9 (b)	<b>(75,950)</b>	(102,054)
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	-
<b>Net decrease in cash and cash equivalents</b>		<b>(75,950)</b>	(102,054)
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>686,471</b>	788,525
<b>Cash and cash equivalents at the end of the financial year</b>	9 (a)	<b>610,521</b>	686,471

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

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**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

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

In the current year, the Fund 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.

- AASB 2007-8 '*Amendments to Australian Accounting Standards*'. Amendments arising from AASB 101 '*Presentation of Financial Statements*'. The amendments affect several standards arising from the application of AASB 101
- AASB 2009-7 '*Amendments to Australian Accounting Standards*'. Amendments made to AASB 5, 7, 139 and Interpretation 17 to correct errors that occurred in AASB 2008-12;

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.

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

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

Standard	Effective for annual reporting periods commencing on or after	Expected to be initially applied in the financial year ending
AASB 2009-5 ' <i>Further amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> '. Further non-urgent amendments to several accounting standards arising from the annual improvements project.	1 January 2010	30 June 2011
AASB 9 ' <i>Financial Instruments</i> '. Includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	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 2011

These Standards and Interpretations will be first applied in the financial report of the Fund that relates to the annual reporting period beginning after the effective date of each pronouncement. The Trustee anticipates that the adoption of these standards will have no material financial impact on the future periods for the Fund.

# **Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

## **Notes to the Financial Statements For the financial year ended 30 June 2010**

### **2. Significant accounting policies**

#### **Statement of Compliance**

The financial report has been prepared at the request of the Trustee and has been prepared as a General Purpose Financial Report in accordance with Australian Accounting Standards and Interpretations (A-IFRS), and the financial reporting requirements of the Australian Council for International Development Code of Conduct. Compliance with A-IFRS ensures that the financial statements and notes of the Fund comply with International Financial Reporting Standards ('IFRS').

#### **Basis of Preparation**

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

#### **Critical Accounting judgements and key sources of estimation uncertainty**

Management is required to make judgments, estimates and assumptions about carrying values 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 judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing 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 other 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 an insignificant risk of changes in value.

##### **b. Receivables**

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



**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

**2. Significant accounting policies (continued)**

**c. Impairment of Assets**

**(i) Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**(ii) Other Assets**

At each reporting date, the Fund reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

**d. Contributions**

All project contributions are recognised as revenue of the Fund in accordance with AASB 1004 *Contributions*, at fair value received or receivable.

**e. Expenditure on projects**

All expenditure on projects is recognised as part of operating expenditure of the Fund.

**f. Retained earnings**

All unexpended funds are recognised as retained earnings in the equity section of the balance sheet.

# **Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

## **Notes to the Financial Statements For the financial year ended 30 June 2010**

### **2. Significant accounting policies (continued)**

#### **g. Other project services**

Other project services represent services provided to the Fund at no cost, which were essential to the provision of project services or for the administration of the Fund. They are recognised as revenue and expenditure at their fair value.

Fair value is determined as the cost which would have been expended to acquire the service. With respect to volunteers' services, the services contributed are valued at a standard daily rate as determined by the AusAID scale.

#### **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 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 and 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 an operating cash flow.

#### **i. Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for 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 to the asset's net carrying amount.

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

	<b>2010</b>	2009
	<b>\$</b>	\$
<b>3. Non-interest revenue from ordinary activities</b>		
<b>Donations and gifts- Monetary</b>		
Sri Lanka Reconstruction Project-Cuscal Limited	<b>500</b>	100,000
Other Australian Donations	<b>375,707</b>	295,061
Children's Financial Literacy-Cambodia	<b>27,871</b>	85,089
Participation Fees-Cambodia Leadership Challenge	<b>26,600</b>	41,300
Participation Fees Pacific Credit Union Technical Congress	<b>54,769</b>	53,442
Kokoda Challenge	<b>523</b>	54,900
Pacific Development Funds	-	47,783
Grow and Sustain Program	<b>95,686</b>	-
Village Entrepreneur Program	<b>30,678</b>	-
Haiti Appeal	<b>11,773</b>	-
Other Funds	<b>4,459</b>	-
Total Donations and Gifts-Monetary	<b>628,566</b>	677,575
<b>Grants</b>		
AusAID	<b>373,743</b>	287,076
<b>Other Australian Grants</b>		
Other Sponsorships	-	10,294
Total Other Australian Grants	-	10,294
<b>Other Overseas Grants</b>		
World Council of Credit Unions Inc. (USA)	-	68,525
Commonwealth Secretariat (U.K.)	-	1,968
Total Other Overseas Grants	-	70,493
Community Education Program	-	-
Total non-interest revenue from ordinary activities	<b>1,002,309</b>	1,045,438

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

**4. Other project services**

	<b>2010</b>	2009
	\$	\$
These are represented by:		
<u>Project Costs</u>		
Staff payroll – Abacus - Australian Mutuals Limited (i)	<b>120,262</b>	132,908
Volunteers	<b>57,524</b>	55,635
<u>Administration Costs</u>		
Equipment, services and accommodation - Abacus - Australian Mutuals Pty Ltd (i)	<b>105,870</b>	104,279
<b>Total</b>	<b>283,656</b>	292,822

Volunteers' services are recognised on the basis of time spent and represents 268 days (2009: 307 days).

(i) In 2009 the staff and services were provided by Abacus Australian Mutuals Pty Limited.

**5. Funding expenses**

	<b>2010</b>	2009
	\$	\$
Funds to overseas projects		
AusAID Projects	<b>444,918</b>	585,077
Sri Lanka Reconstruction Project	<b>4,154</b>	97,640
Financial Literacy Program	<b>24,639</b>	38,449
Cambodia Leadership Challenge	<b>24,590</b>	43,676
Pacific Credit Union Technical Congress	<b>43,517</b>	50,666
Kokoda Challenge	-	50,943
Cambodia Building Project	<b>42,961</b>	54,219
Tonga	-	213
Solomon Islands Womens' Leadership	-	4,279
India	<b>1,157</b>	-
Solomon Islands	<b>26,142</b>	-
Progress Out of Poverty	<b>1,222</b>	-
Grow and Sustain Program	<b>14,870</b>	-
Village Entrepreneur	<b>18,588</b>	-
Haiti Appeal	<b>11,539</b>	-
Pacific Credit Union Network	<b>22,344</b>	-
Other Projects	<b>10,620</b>	13,534
<b>Total Funds to overseas projects</b>	<b>691,261</b>	938,696

Of the total amount disclosed, \$48,525 represents accrued expenditure (2009: Nil)

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

	<b>2010</b>	2009
	\$	\$
<b>6. Administration expenses</b>		
Audit of the financial report(i)	<b>2,750</b>	2,500
Other expenses	<b>11,302</b>	23,682
	<u><b>14,052</b></u>	<u>26,182</u>
 (i) The auditor of the financial report is Deloitte Touche Tohmatsu.		
<b>7. Other receivables</b>		
Prepaid Project Expenses	<b>450,834</b>	25,623
Donation receivable	<b>2,400</b>	-
Other receivables	<b>3,413</b>	-
	<u><b>456,647</b></u>	<u>25,623</u>
<b>8. Other Payables</b>		
Cuscal Limited	<b>35,045</b>	16,748
2010 AusAid Grant	-	41,903
Accrued Staff Expenses	<b>19,270</b>	17,544
Goods and Services Tax Liability	-	98
Accrued Audit Fees	<b>2,625</b>	2,500
Deferred Income	<b>36,800</b>	27,120
Project Accruals	<b>48,525</b>	-
	<u><b>142,265</b></u>	<u>105,913</u>
Total other liabilities		
<b>9. Notes to cash flow</b>		
<b>a. Reconciliation of cash and cash equivalents</b>		
With Cuscal Limited:		
- Cash at bank	<b>4,827</b>	4,084
- Deposits at call	<b>605,694</b>	682,387
	<u><b>610,521</b></u>	<u>686,471</u>
Total cash and cash equivalents		
<b>b. Reconciliation of excess of revenue over expenses to net cash flow from operating activities</b>		
Excess of revenue over expenses for the year	<b>318,722</b>	16,517
Increase in receivables	<b>(431,024)</b>	(9,012)
Increase/(Decrease) in payables	<b>36,352</b>	(109,559)
	<u><b>(75,950)</b></u>	<u>(102,054)</u>
Net cash used in operating activities		

**Credit Union Foundation Australia Grahame Mehrtens International Projects Fund**

**Notes to the Financial Statement  
For the financial year ended 30 June 2010**

**10. Table of cash movements for designated purposes**

<b>2010</b>	<b>Cash available at 30 June 2009</b>	<b>Cash raised during 2009/2010</b>	<b>Cash disbursed during 2009/2010</b>	<b>Cash available at 30 June 2010</b>
<b>Purpose</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sri Lanka Reconstruction Project	<b>9,660</b>	<b>500</b>	<b>(4,154)</b>	<b>6,006</b>
Cambodia Children's Financial Literacy	<b>46,640</b>	<b>27,871</b>	<b>(24,639)</b>	<b>49,872</b>
Cambodia Leadership Challenge	<b>5,389</b>	<b>36,280</b>	<b>(17,590)</b>	<b>24,079</b>
Pacific Congress Conference	<b>2,776</b>	<b>54,769</b>	<b>(42,049)</b>	<b>15,496</b>
Kokoda Challenge Participation Fees	<b>3,957</b>	<b>522</b>	<b>-</b>	<b>4,479</b>
Cambodia Building Trust	<b>14,306</b>	<b>28,655</b>	<b>(42,961)</b>	<b>-</b>
Pacific Development	<b>47,783</b>	<b>-</b>	<b>(16,998)</b>	<b>30,785</b>
Cambodia-Building Institutional Capacity	<b>12,571</b>	<b>417,212</b>	<b>(429,783)</b>	<b>-</b>
Timor Leste	<b>21,789</b>	<b>337,311</b>	<b>(359,100)</b>	<b>-</b>
Myanmar	<b>7,543</b>	<b>42,367</b>	<b>(49,910)</b>	<b>-</b>
Other Purposes	<b>514,057</b>	<b>70,212</b>	<b>(104,465)</b>	<b>479,804</b>
<b>Total</b>	<b>686,471</b>	<b>1,015,699</b>	<b>(1,091,649)</b>	<b>610,521</b>

**Credit Union Foundation Australia Grahame Mehrstens International Projects Fund**

**Notes to the Financial Statement  
For the financial year ended 30 June 2010**

**10. Table of cash movements for designated purposes (continued)**

<b>2009</b>	<b>Cash available at 30 June 2008</b>	<b>Cash raised during 2008/2009</b>	<b>Cash disbursed during 2008/2009</b>	<b>Cash available at 30 June 2009</b>
<b>Purpose</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sri Lanka Reconstruction Project	7,300	100,000	(97,640)	9,660
Cambodia Children's Financial Literacy	-	85,089	(38,449)	46,640
Cambodia Leadership Challenge	-	49,065	(43,676)	5,389
Pacific Congress Conference	-	53,442	(50,666)	2,776
Kokoda Challenge Participation Fees	-	54,900	(50,943)	3,957
Cambodia Building Trust	-	68,525	(54,219)	14,306
Pacific Development	-	47,783	-	47,783
Cambodia-Building Institutional Capacity	-	198,570	(185,999)	12,571
Solomon Islands Credit Union Development	-	175,306	(175,306)	-
Timor Leste	-	253,197	(231,408)	21,789
Myanmar	-	7,543	-	7,543
Other Purposes	781,225	41,793	(308,961)	514,057
<b>Total</b>	<b>788,525</b>	<b>1,135,213</b>	<b>(1,237,267)</b>	<b>686,471</b>

**Credit Union Foundation Australia Grahame Mehrtens International Projects Fund**

**Notes to the Financial Statement  
For the financial year ended 30 June 2010**

**11. Financial instruments disclosures**

	<b>2010</b>	2009
	<b>\$</b>	\$
Carrying value:		
Cash at a Bank (at call)	<b>4,827</b>	4,084
Deposits at call	<b>605,694</b>	682,387
Total carrying value	<b>610,521</b>	686,471

**Fair value**

The Trustee considers that the carrying value of the Fund's financial instruments carried at amortised cost approximates their fair value because the application of fair value methodologies would result in only minimal changes to their carrying value, due to the short-term nature of the instruments.

**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 to a 0.5% increase or decrease in interest rates on average cash 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 the profit or loss.

Sensitivity Impact	<b>Decrease 0.5%</b>		<b>Increase 0.5%</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>\$</b>	\$	<b>\$</b>	\$
Profit or loss	<b>(3,053)</b>	(3,805)	<b>3,053</b>	3,805

**Credit risk**

Cuscal Limited is an approved deposit taking institution regulated by APRA and is rated AA- (long term) and A1+ (short term) by Standard and Poor's. Accordingly, the Trustee believes that the accounts held with Cuscal Limited are subject to minimal credit risk.

**Interest rate risk**

The Fund is exposed to interest rate risk, should short term rates vary. As the Fund is cash positive, this exposure may cause interest revenue to vary.



**Credit Union Foundation Australia Grahame Mehrtens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

**11. Financial instruments disclosures (continued)**

**Contractual undiscounted cash flows of financial liabilities**

**2010**

	<b>At Call</b>	<b>3 Months or less</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>No Maturity Specified</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Liabilities</b>							
Other payables		-	-	-	-	<b>142,265</b>	<b>142,265</b>
<b>Total</b>		-	-	-	-	<b>142,265</b>	

**2009**

**Financial Liabilities**

Other payables		-	-	-	-	<b>105,913</b>	<b>105,913</b>
<b>Total</b>		-	-	-	-	<b>105,913</b>	<b>105,913</b>

**Liquidity risk management**

The Fund manages liquidity risk by ensuring that its cash outgoings do not exceed its cash receipts and by maintaining a substantial cash balance, which includes effectively holding the majority of its equity in cash. Generally, all liabilities are paid within 30 days following the month in which such liabilities are incurred.

**Credit Union Foundation Australia Grahame Mehrtens International Projects Fund**

**Notes to the Financial Statements  
For the financial year ended 30 June 2010**

**12. Related party disclosures**

**(a) Directors**

The following persons were directors of the Trustee during the financial year:

J.W Baistow  
P.G Dowling  
K.E Mutton  
J.R Paine  
L.M Petschler  
K.A Skipper

The compensation of the specified directors was nil (2009: nil).

**(b) Service arrangement**

The Fund has entered into an arrangement with Abacus – Australian Mutuals Limited (Abacus) whereby staff and back office support services (such as finance and administration, information technology, human resources and building occupancy) are sourced by Abacus under its agreements with Cuscal Limited and provided to the Fund without charge.

On 30 June 2010 the Trustee, Credit Union Foundation Australia Pty Limited ceased to be a subsidiary of Cuscal Limited and became a subsidiary of Abacus. Accordingly, Cuscal Limited ceased to be a related party to the Fund.

**13. Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations, the results of those operations, or the state of affairs of the Fund in future financial years.

**14. Additional information**

Credit Union Foundation Australia Grahame Mehrtens International Projects Fund is a trust formed in Australia.

The registered office and place of business are both:  
1 Margaret Street  
SYDNEY NSW 2000