

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

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

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Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

Information on Trustee

Credit Union Foundation Australia Pty Limited is the Trustee of the Credit Union Foundation Australia Grahame Mehrrens 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.

Current Directors

Brian Bennett Dip Comm, CPA, FAMI, AIMM
Appointed 7 December 2010

Experience:

Chief Executive Officer Encompass Credit Union since 2005
31 years senior managerial experience in the Credit Union movement
Served on various industry level bodies, including Combined Financial Processing (CFP)

Directorships in Other Entities:

Nil

Other Declared Interests:

Nil

Rowan Dowland GAICD AFAIM
Appointed 7 December 2010

Experience:

General Manager Development bankmecu
18 years senior management experience in mutual banking

Directorships in Other Entities:

Nil

Other Declared Interests:

Nil

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

Experience:

Former Ernst & Young Tax and Business Advisory Partner

Directorships in Other Entities:

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

Other Declared Interests:

Chair 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.

Credit Union Foundation Australia Grahame Mehrtens International Projects Fund

Information on Trustee (continued)

Louise Margaret Petschler BA (Hons), MAICUD

Appointed 20 February 2008

Experience:

Chief Executive Officer, Abacus-Australian Mutuals Limited

15 years experience in government and public relations

10 years experience in finance industry

Directorships in Other Entities:

Nil

Other Declared Interests:

Management Committee, Consumer Credit Legal Centre

Margot Sweeny B Bus, MEc, CPA, ACS, SA Fin, FAMI, JP (Chair)

Appointed 14 September 2010

Experience:

Chief Executive Officer, Summerland Credit Union

Directorships in Other Entities:

Director Abacus Australian Mutuals Limited

Southern Cross University-Member of University Council, Chair of Audit Committee, Deputy Chair of Finance Committee.

Director, Southern Cross University Foundation

Director, Asia Pacific Football Institute Operations

Other Declared Interests:

Member, Federal Government Advisory Panel on Standards and Ethics for Financial Advisers

Therese Lyn Turner MBA, Adv Diploma Accounting, MAMI

Appointed 7 December 2010

Experience:

Chief Executive Officer, Quay Credit Union Ltd

25 years experience in financial services industry

Directorships in Other Entities:

Director, Quay Credit Union

Other Declared Interests:

Nil

Retiring Directors – Held office during the financial year

John William Baistow BA, Dip Bus Stud, Dip CD, FAICD, MBA (Tech Mgt) FAMI

Appointed 7 December 2006

Retired 7 December 2010

Experience:

Retired Senior Executive, CSIRO

22 years as a credit union director, 7 years as chairman

Special Responsibilities:

Chairman, Credit Union Foundation Australia Pty Ltd, until retirement

Directorships in Other Entities:

Cuscal Limited

mecu Limited

Other Declared Interests:

Nil

Credit Union Foundation Australia Grahame Mehrstens International Projects Fund

Information on Trustee (continued)

Kenneth Mutton Dip BA, Dip Fin. Services, FAMI
Appointed 16 December 2009
Retired 5 April 2011

Experience:

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

Directorships in Other Entities:

Nil

Other Declared Interests:

Nil

John Richard Paine Dip. Fin. Services AMI, MAIM, JP
Appointed 1 November 2006
Retired 1 November 2010

Experience:

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

Directorships in Other Entities:

Nil

Other Declared Interests:

Nil

Kathryn Anne Skipper AM, FAICD, FAIM
Appointed 18 February 2009
Resigned 6 July 2010

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 – People’s Choice Credit Union
Deputy Chair – South Australian Tourism Commission
Chair – Plan International – Australia
Chair –Royal District Nursing Service
Director – Aboriginal Foundation SA

Other Declared Interests:

Nil

Credit Union Foundation Australia Grahame Mehrtens International Projects Fund

Statement of Comprehensive Income

For the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
REVENUE			
Monetary and Non-Monetary			
Donations and Gifts	3	725,767	628,566
Grants			
AusAID	3	425,858	373,743
Other Australian	3	-	-
Other Overseas	3	-	-
Investment Income		40,263	29,716
Other Income			
Other Project Services (Non-Monetary)	4	291,705	283,656
TOTAL REVENUE FROM ORDINARY ACTIVITIES		<u>1,483,593</u>	<u>1,315,681</u>
EXPENSES			
Overseas Projects			
Funds to Overseas projects	5	973,396	691,261
Fundraising Costs-Public		35,164	7,990
Accountability and Administration	6	2,000	14,052
Other Project Services (Non-Monetary)	4	291,705	283,656
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		<u>1,302,265</u>	<u>996,959</u>
EXCESS OF REVENUE OVER EXPENSES FROM CONTINUING OPERATIONS		<u>181,328</u>	<u>318,722</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		<u>181,328</u>	<u>318,722</u>

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

Over the course of both the 2011 and 2010 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; and
- Evangelistic, Political, or Religious Proselytisation programs.

Credit Union Foundation Australia Grahame Mehrstens International Projects Fund

Balance Sheet

As at 30 June 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9	964,041	610,521
Other receivables	7	207,275	456,647
Total Assets		1,171,316	1,067,168
Current Liabilities			
Other liabilities	8	65,085	142,265
Total Liabilities		65,085	142,265
Net Assets		1,106,231	924,903
Equity			
Retained Earnings		1,106,231	924,903
Total Equity		1,106,231	924,903

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

Current and Non-Current Assets:

At the end of both the 2011 and 2010 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 2011 and 2010 financial years, there were no Non-Current Assets.

Current and Non-Current Liabilities:

At the end of both the 2011 and 2010 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 2011 and 2010 financial years, there were no Non-Current Liabilities.

Reserves

The Fund does not maintain Reserves.

Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

Statement of Changes in Equity

As at 30 June 2011

Statement of Changes in Equity

	Retained Earnings \$	Total \$
2011		
Balance as at 1 July 2010	924,903	924,903
Excess of revenue over expenses for the year	181,328	181,328
Balance as at 30 June 2011	<u>1,106,231</u>	<u>1,106,231</u>
2010		
Balance as at 1 July 2009	606,181	606,181
Excess of revenue over expenses for the year	318,722	318,722
Balance as at 30 June 2010	<u>924,903</u>	<u>924,903</u>

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

Credit Union Foundation Australia Grahame Mehrtens International Projects Fund

Cash Flow Statement

For the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Donations received		335,746	373,306
AusAID grants received		424,497	328,048
Funds raised for specific initiatives		355,622	284,628
Interest received		40,263	29,716
Sundry income		2,454	-
Fundraising expenses		(37,179)	(7,991)
Auditor's Remuneration		(2,625)	(2,500)
Expenditure on AusAID projects		(315,077)	(838,793)
Expenditure on other projects		(450,181)	(238,853)
Sundry expense		-	(3,511)
Net cash provided by (used in) operating activities	9 (b) & 10	353,520	(75,950)
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		353,520	(75,950)
Cash and cash equivalents at the beginning of the financial year		610,521	686,471
Cash and cash equivalents at the end of the financial year	9 (a)	964,041	610,521

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

Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

**Notes to the Financial Statements
For the financial year ended 30 June 2011**

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Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

Notes to the Financial Statements For the financial year ended 30 June 2011

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 2009-5 '*Amendments to Australian Accounting Standards*'. Amendments made to AASB 107 dealing with expenditure items in the Statement of Cash Flows.

Adoption of this amended standard 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 beginning on or after	Expected to be initially applied in the financial year ending
AASB 2010-5 ' <i>Amendments to Australian Accounting Standards</i> '	1 January 2011	30 June 2012
AASB 2010-4 ' <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> '. Amendments arising from AASB 101 ' <i>Presentation of Financial Statements</i> ' dealing with items classified as "other comprehensive income".	1 January 2011	30 June 2012
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 2012

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, which will be the Fund's annual reporting period beginning 1 July 2011. The Trustee anticipates the adoption of these standards will have no material financial impact on the future periods for the Fund.

Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

Notes to the Financial Statements For the financial year ended 30 June 2011

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').

The financial statements were approved by the Trustee on 18th October 2011.

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

The Trustee is required to make judgements, 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 judgements. 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.

Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

Notes to the Financial Statements For the financial year ended 30 June 2011

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 Mehrrens International Projects Fund

Notes to the Financial Statements For the financial year ended 30 June 2011

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 Mehrrens International Projects Fund

**Notes to the Financial Statements
For the financial year ended 30 June 2011**

	2011	2010
	\$	\$
3. Non-interest revenue from ordinary activities		
Donations and gifts- Monetary		
Sri Lanka Reconstruction Project-Cuscal Limited	-	500
Other Australian Donations	333,346	375,707
Children's Financial Literacy-Cambodia	25,301	27,871
Participation Fees-Cambodia Leadership Challenge	54,200	26,600
Participation Fees Pacific Credit Union Technical Congress	90,510	54,769
Leadership-Pacific	41,494	523
Pakistan Flood Relief	53,232	-
Grow and Sustain Program	-	95,686
Village Entrepreneur Program	45,314	30,678
Haiti Appeal	-	11,773
Progress Out of Poverty	26,190	-
Fundraising-Asia	9,518	-
Fundraising-Pacific	38,593	-
Other Funds	8,069	4,459
Total Donations and Gifts-Monetary	725,767	628,566
Grants		
AusAID	425,858	373,743
Other Australian	-	-
Other Overseas	-	-
	425,858	373,743
Total non-interest revenue from ordinary activities	1,151,625	1,002,309

Credit Union Foundation Australia Grahame Mehrstens International Projects Fund

**Notes to the Financial Statements
For the financial year ended 30 June 2011**

4. Other project services (Non-Monetary)

	2011	2010
	\$	\$
These are represented by:		
<u>Project Costs</u>		
Staff Payroll- Abacus Australian Mutuals Ltd	137,243	-
Staff payroll – Cuscal Limited	-	120,262
Volunteers	46,940	57,524
 <u>Administration Costs</u>		
Equipment, services and accommodation		
- Abacus Australian Mutuals Pty Ltd	14,748	13,870
- Cuscal Limited	92,774	92,000
 Total	291,705	283,656

Volunteers' services are recognised on the basis of time spent and represents 224 days (2010: 268 days).

5. Funding expenses

	2011	2010
	\$	\$
Funds to overseas projects		
AusAID projects	582,409	444,918
Sri Lanka Reconstruction Project	-	4,154
Financial Literacy Program	30,139	24,639
Leadership-Asia	46,991	24,590
Pacific Credit Union Technical Congress	100,365	43,517
Pakistan Flood Relief	53,422	-
Cambodia Building Trust	23,877	42,961
Pacific Leadership	24,198	-
India	3,408	1,157
Solomon Islands	-	26,142
Progress Out of Poverty	3,120	1,222
Grow and Sustain Program	3,388	14,870
Village Entrepreneur	37,050	18,588
Haiti Appeal	-	11,539
Pacific Credit Union Network	53,677	22,344
Other projects	11,352	10,620
Total funds to overseas projects	973,396	691,261

Of the total amount disclosed, there is no accrued expenditure (2010: \$48,525)

Credit Union Foundation Australia Grahame Mehrrens International Projects Fund

**Notes to the Financial Statements
For the financial year ended 30 June 2011**

	2011	2010
	\$	\$
6. Administration expenses		
Audit of the financial report (i)	2,000	2,750
Other expenses	-	11,302
	2,000	14,052

(i) The auditor of the financial report for 2011 is BDO Audit (NSW-Vic) Pty Limited; for 2010 it was Deloitte Touche Tohmatsu.

7. Other receivables

Prepaid Project Expenses	204,140	450,834
Donation receivable	-	2,400
Other receivables	3,135	3,413
Total other receivables	207,275	456,647

8. Other liabilities

Cuscal Limited	-	35,045
Accrued staff expenses	20,353	19,270
Goods and Services Tax Liability	42,732	-
Accrued Audit Fees	2,000	2,625
Deferred Income	-	36,800
Project Accruals	-	48,525
Total other liabilities	65,085	142,265

9. Notes to cash flow

a. Reconciliation of cash and cash equivalents

With Cuscal Limited:		
- Cash at bank	12,845	4,827
- Deposits at call	951,196	605,694
Total cash and cash equivalents	964,041	610,521

b. Reconciliation of excess of revenue over expenses to net cash flow from operating activities

Excess of revenue over expenses for the year	181,328	318,722
Decrease/(Increase) in receivables	249,372	(431,024)
(Decrease)/Increase in payables	(77,180)	36,352
Net cash used in operating activities	353,520	(75,950)

Credit Union Foundation Australia Grahame Mehrstens International Projects Fund

**Notes to the Financial Statement
For the financial year ended 30 June 2011**

10. Table of cash movements for designated purposes

2011	Cash available at 30 June 2010	Cash raised during 2010/2011	Cash disbursed during 2010/2011	Cash available at 30 June 2011
Purpose	\$	\$	\$	\$
Sri Lanka Reconstruction Project	6,006	-	(3,267)	2,739
Cambodia Children's Financial Literacy	49,872	25,301	(30,139)	45,034
Cambodia Leadership Challenge	24,079	54,200	(46,991)	31,288
Pacific Credit Union Technical Congress Conference	15,496	84,869	(100,365)	-
Kokoda Challenge Participation Fees	4,479	41,494	(24,198)	21,775
Cambodia Building Trust	-	23,877	(23,877)	-
Pacific Development	30,785	31,876	(62,661)	-
Cambodia-Building Institutional Capacity	-	190,340	(63,894)	126,446
Timor Leste	-	151,477	(108,632)	42,845
Myanmar	-	42,157	(42,157)	-
Village Entrepreneur	12,089	45,314	(37,050)	20,353
Pakistan Flood Relief	-	53,422	(53,422)	-
Fundraising-ASIA	-	9,518	(707)	8,811
Fundraising-Pacific	-	38,593	(1,308)	37,285
Poverty Management	-	38,560	(38,560)	-
Solomon Islands	-	100,394	(100,394)	-
Other Purposes	467,715	227,190	(67,440)	627,465
Total	610,521	1,158,582	(805,062)	964,041
Net cash flow by designated purpose for the year (Refer Cash Flow Statement)			353,520	

Credit Union Foundation Australia Grahame Mehrstens International Projects Fund

**Notes to the Financial Statement
For the financial year ended 30 June 2011**

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

2010	Cash available at 30 June 2009	Cash raised during 2009/2010	Cash disbursed during 2009/2010	Cash available at 30 June 2010
Purpose	\$	\$	\$	\$
Sri Lanka Reconstruction Project	9,660	500	(4,154)	6,006
Cambodia Children's Financial Literacy	46,640	27,871	(24,639)	49,872
Cambodia Leadership Challenge	5,389	36,280	(17,590)	24,079
Pacific Congress Conference	2,776	54,769	(42,049)	15,496
Kokoda Challenge Participation Fees	3,957	522	-	4,479
Cambodia Building Trust	14,306	28,655	(42,961)	-
Pacific Development	47,783	-	(16,998)	30,785
Cambodia-Building Institutional Capacity	12,571	417,212	(429,783)	-
Timor Leste	21,789	337,311	(359,100)	-
Myanmar Village Entrepreneur	7,543	42,367	(49,910)	-
	-	30,678	(18,589)	12,089
Other Purposes	514,057	39,534	(85,876)	467,715
Total	686,471	1,015,699	(1,091,649)	610,521
Net cash flow by designated purpose for the year (Refer Cash Flow Statement)			(75,950)	

Credit Union Foundation Australia Grahame Mehrstens International Projects Fund

**Notes to the Financial Statement
For the financial year ended 30 June 2011**

11. Financial instruments disclosures

	2011	2010
	\$	\$
Carrying value:		
Cash at a Bank (at call)	12,845	4,827
Deposits at call	951,196	605,694
Total carrying value	964,041	610,521

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	Decrease 0.5%		Increase 0.5%	
	2011	2010	2011	2010
	\$	\$	\$	\$
Profit or loss	(4,820)	(3,053)	4,820	3,053

Credit risk

Cuscal Limited is an approved deposit taking institution regulated by APRA and is rated A+ (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 Mehrstens International Projects Fund

**Notes to the Financial Statements
For the financial year ended 30 June 2011**

11. Financial instruments disclosures (continued)

Contractual undiscounted cash flows of financial liabilities

2011

	At Call	3 Months or less	3 to 12 months	1 to 5 years	Over 5 years	No Maturity Specified	Total
	\$	\$	\$	\$	\$	\$	\$
Financial Liabilities							
Other payables	-	57,252	-	-	-	7,833	65,085
Total	-	57,252	-	-	-	7,833	65,085

2010

Financial Liabilities							
Other payables	-	142,265	-	-	-	-	142,265
Total	-	142,265	-	-	-	-	142,265

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 Mehrstens International Projects Fund

**Notes to the Financial Statements
For the financial year ended 30 June 2011**

12. Related party disclosures

(a) Directors

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

J.W Baistow (Retired 7 December 2010)
B. Bennett (Appointed 7 December 2010)
R.B Dowland (Appointed 7 December 2010)
P.G Dowling
K.E Mutton (Retired 5 April 2011)
J.R Paine (Retired 1 November 2010)
L.M Petschler
K.A Skipper (Resigned 6 July 2010)
M.Sweeny (Appointed 14 September 2010)
T.L Turner (Appointed 7 December 2010)

The compensation of the specified directors was nil (2010: nil).

(b) Service agreement

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

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 Mehrstens International Projects Fund is a trust formed in Australia.

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