

**Credit Union Foundation Australia International Projects Fund**

**FINANCIAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

# Credit Union Foundation Australia International Projects Fund

<b>CONTENTS</b>	<b>Page No.</b>
Information on Trustee	1
Independent Auditor's Report	3
Trustee's Declaration	6
Income Statement	7
Balance Sheet	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the Financial Statements	11

# Credit Union Foundation Australia International Projects Fund

## Information on Trustee

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

Credit Union Foundation Australia Pty Limited is a wholly owned subsidiary of Cuscal Limited (formerly Credit Union Services Corporation (Australia) Limited) and its only activity is to act as Trustee of this Fund and Credit Union Foundation Australia Trust Fund.

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

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

Appointed 7 December 2006

### **Experience:**

Retired Senior Executive, CSIRO

18 years as a credit union director, 6 years as chairman

### **Special Responsibilities**

Chairman, Credit Union Foundation Australia Pty Ltd

### **Directorships in other entities**

Cuscal Limited

mecu Limited

**Elizabeth Foster** B. Bus (Accounting), FCPA, GAICD, MAMI

Appointed 30 October 2003

### **Experience:**

Self employed accountant

22 years experience with Credit Unions both as a Director and in management

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

Credit Union Australia Limited, Director, Member of Board Audit and Risk Committee

Chair of Credicorp Pty Ltd,

### **Other Declared Interests:**

Nil

**Tony Innes** B.Ec, FCPA, GAICD

Appointed 1 November 2005

### **Experience:**

Deputy CEO, Savings and Loans Credit Union Ltd

23 years experience in Credit Union management

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

MINDA Inc., Director and member of the Finance and Investment Committee

### **Other Declared Interests:**

Nil

# Credit Union Foundation Australia International Projects Fund

## Information on Trustee (continued)

### **Adrian Lovney** LL.B (Hons), MBA

Appointed 30 October 2003

Resigned 20 February 2008

#### **Experience:**

14 years experience in public policy and government

9 years experience with Credit Unions and credit union service organisations

Chief Executive Officer Abacus Australian Mutuals Limited (resigned 20 February 2008) and General Manager People and Communication, Cuscal Limited

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

Nil

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

Nil

### **Ken Mutton** Dip BA, Dip Fin. Services, FAMI

Appointed 5 April 2007

#### **Experience:**

Chief Executive, St Mary's Swan Hill Credit Union Ltd

Chairman, Victorian Insight Committee

31 years experience in finance industry

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

Nil

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

Nil

### **John Paine** Dip. Fin. Services AMI, MAIM, JP

Appointed 1 November 2006

#### **Experience:**

General Manager, Family First Credit Union Ltd

36 years experience in finance industry

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

Nil

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

Nil

### **Louise Petschler** BA (Hons), MAICUD

Appointed 20 February 2008

#### **Experience:**

Chief Executive Officer, Abacus Australian Mutuals Ltd

12 years experience government and public relations

7 years experience in finance industry

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

Nil

#### **Other Declared Interests**

Management Committee, Consumer Credit Legal Centre

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

We have audited the accompanying financial report of Credit Union Foundation Australia International Projects Fund ("the Fund"), which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Board of Trustees' declaration as set out on pages 6 to 22. 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 1947 ("the Regulations") as listed in Appendix B for the year ended 30 June 2008.

*Board of Trustees Responsibility for the Financial Report and Compliance with the Western Australia Charitable Collections Act 1946 and the Western Australia Charitable Collections Regulations 1947*

The Board of Trustees of the Fund are 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 state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the 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

Member of  
Deloitte Touche Tohmatsu

the audit to obtain reasonable assurance whether the company 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 the risks of non-compliance with specific requirements of the Act and the Regulations and 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 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 procedure, 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 the 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 the Regulations to future periods is subject to the risk that the 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 on the Financial Report**

In our opinion:

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

**Auditor's Opinion on Other Legal and Regulatory Requirements**

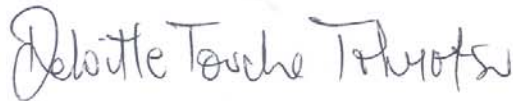
*Basis for Qualified Opinion*

Regulation 11(a) requires that monies received by a licensee should be banked within seven (7) days of receipt. Contributions to Credit Union Foundation Australia International Projects Fund by participating credit unions are currently made by depositing money into the bank account of Credit Union Foundation Australia International Projects Fund's service provider, Cuscal Limited. For procedural and efficiency reasons, it is agreed between Credit Union Foundation Australia International Projects Fund and Cuscal Limited that amounts deposited with Cuscal Limited for this purpose are only transferred from the bank account of Cuscal Limited into the bank account of Credit Union Foundation Australia International Projects Fund monthly. As such, Credit Union Foundation Australia International Projects Fund was not in compliance with regulation 11(a) for the year ended 30 June 2008.

*Qualified Opinion*

In our opinion, except for the effect on the financial report of the matter referred to in the preceding paragraph:

- (a) 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 2008; and
- (b) monies received by the Fund, as a result of fundraising appeals conducted during the year ended 30 June 2008, have been accounted for and applied, in all material respects, in accordance with the Act and the Regulations.



DELOITTE TOUCHE TOHMATSU



S C Gustafson  
Partner  
Chartered Accountants  
Sydney, 15 October 2008

# Credit Union Foundation Australia International Projects Fund

## Trustee's Declaration

The financial report on pages 7 to 22 for the financial year ended 30 June 2008 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; and
- 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



Louise Petschler

Director

Sydney, 15 October 2008



# Credit Union Foundation Australia International Projects Fund

## Income Statement

For the financial year ended 30 June 2008

	Notes	2008 \$	2007 \$
<b>REVENUE</b>			
<b>Monetary and Non-Monetary</b>			
Donations and Gifts	3	<b>379,897</b>	438,553
Legacies and Bequests		-	-
<b>Grants</b>			
AusAID	3	<b>262,246</b>	144,397
Other Australian	3	<b>50,500</b>	-
Other Overseas	3	<b>83,806</b>	-
<b>Investment Income</b>	11	<b>48,901</b>	22,795
<b>Other Income</b>			
Community Education Program	3	<b>33,695</b>	-
Other Project Services (Non Monetary)	4	<b>310,735</b>	304,858
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<b>1,169,780</b>	910,603
<b>EXPENSES</b>			
Overseas Projects			
Funds to Overseas projects*	5	<b>636,206</b>	403,687
Other project costs		-	-
Domestic Projects		-	-
Community Education		-	-
Fundraising Costs-Public		-	-
Fundraising Costs-Government, multilateral and private		<b>66,140</b>	9,079
Administration Expenses	6	<b>4,133</b>	4,829
Other Project Services (Non Monetary)	4	<b>310,735</b>	304,858
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>1,017,214</b>	722,453
<b>EXCESS OF REVENUE OVER EXPENSES FROM CONTINUING OPERATIONS</b>		<b>152,566</b>	188,150

\*Of the amount disclosed, there is no accrued expenditure (2007: \$66,936)

The above income statement should be read in conjunction with the accompanying notes.

# Credit Union Foundation Australia International Projects Fund

## Balance Sheet

As at 30 June 2008

	Notes	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	<b>788,525</b>	620,980
Financial Assets	7	<b>16,611</b>	8,665
<b>Non Current Assets</b>			
Property, Plant and Equipment		-	-
Other		-	-
<b>Total Assets</b>		<b>805,136</b>	<b>629,645</b>
<b>Current liabilities</b>			
Trade and other payables	8	<b>215,472</b>	192,547
Provisions		-	-
<b>Non Current liabilities</b>			
Payables		-	-
Other		-	-
<b>Total liabilities</b>		<b>215,472</b>	<b>192,547</b>
<b>Net assets</b>		<b>589,664</b>	<b>437,098</b>
<b>Equity</b>			
Retained Earnings		<b>589,664</b>	437,098
Reserves		-	-
<b>Total equity</b>		<b>589,664</b>	<b>437,098</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Credit Union Foundation Australia International Projects Fund

## Statement of changes in equity

As at 30 June 2008

### Statement of Changes in Equity

	Retained Earnings	Reserves	Total
<b>2008</b>			
Balance as at 1 July 2007	437,098	-	437,098
Excess of revenue over expenses for the year	152,566	-	152,566
Amount transferred to Reserves	-	-	-
Balance as at 30 June 2008	<u>589,664</u>	<u>-</u>	<u>589,664</u>
<b>2007</b>			
Balance as at 1 July 2006	248,948	-	248,948
Excess of revenue over expenses for the year	188,150	-	188,150
Amount transferred to Reserves	-	-	-
Balance as at 30 June 2007	<u>437,098</u>	<u>-</u>	<u>437,098</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Credit Union Foundation Australia International Projects Fund

## Cash Flow Statement

For the financial year ended 30 June 2008

	Notes	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Donations received		284,460	252,638
AusAID grants received		262,246	144,397
Cambodia Building Trust		-	76,713
Solomon Islands Reconstruction Project		-	12,141
Solomon Islands Womens Leadership		2,000	18,000
World Council of Credit Unions		58,901	-
Commonwealth Secretariat		24,905	-
Interest received		48,901	22,795
Community education fees		56,978	-
Sri Lanka Reconstruction Donation-Cuscal Limited		100,000	100,480
Corporate Sponsorships		30,500	-
Goods and Services Tax Rebate		-	3,536
Goods and Services Tax Payments		(14,397)	-
Fundraising expenses		(66,140)	-
Interest expense		(13)	-
Community education expenses		(31,115)	-
Solomon Islands Womens Leadership		(31,133)	-
Expenditure on projects - AusAID		(427,404)	(155,434)
- Other		(116,506)	(83,623)
Payments to suppliers		(1,620)	(11,603)
Sri Lanka Reconstruction Project		(93,720)	(100,000)
<b>Net cash provided by operating activities</b>	9 (b)	<b>86,843</b>	280,040
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Borrowings – Cuscal Limited		80,702	103,501
<b>Net cash from financing activities</b>		<b>80,702</b>	103,501
<b>Net increase in cash and cash equivalents</b>		<b>167,545</b>	383,541
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>620,980</b>	237,439
<b>Cash and cash equivalents at the end of the financial year</b>	9 (a)	<b>788,525</b>	620,980

The above cash flow statement should be read in conjunction with the accompanying notes.

# Credit Union Foundation Australia International Projects Fund

## Notes to the Financial Statements For the financial year ended 30 June 2008

### Note Contents

1. Adoption of new and revised accounting standards
2. Significant accounting policies
3. Non-interest revenue from ordinary activities
4. Other project services
5. Funding expenses
6. Administration expenses
7. Financial Assets
8. Trade and Other Payables
9. Notes to cash flow
10. Table of cash movements for designated purposes
11. Financial instruments disclosures
12. Segment information
13. Related party disclosures
14. Subsequent events
15. Additional information

# Credit Union Foundation Australia International Projects Fund

## Notes to the Financial Statements For the financial year ended 30 June 2008

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

In the current year, the 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.

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

AASB 101 'Presentation of Financial Statements' (revised October 2006)  
AASB 7 'Financial Instruments: Disclosures'

The Trustee anticipates the adoption of these standards will have no material financial impact on the future periods for the Fund. The adoption of these standards has no material financial impact on the financial statements of the Fund for the current period or the prior comparative period.

### Standards and Interpretations issued but not yet effective

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

AASB 101 'Presentation of Financial Statements' (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009.
AASB 123 'Borrowing costs' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2009.
AASB 2007-9 Amendments to Australian Accounting Standards	Effective for annual reporting periods beginning on or after 1 July 2008.
AASB 2007-10 Amendments to Australian Accounting Standards arising from AASB 101.	Effective for annual reporting periods beginning on or after 1 January 2009.

Credit Union Foundation Australia Pty Ltd is not required to apply AASB 8 'Operating Segments' as this Standard applies only to an entity whose debt or equity instruments are traded in public market or is in the process of issuing any class of instruments in a public market.

The adoption of AASB 101 (revised) will not affect any of the amounts recognised in the financial statements.

These Standards and Interpretations will be first applied in the financial report of the 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 2008.

# Credit Union Foundation Australia International Projects Fund

## Notes to the Financial Statements For the financial year ended 30 June 2008

### 2. Significant accounting policies

#### Statement of Compliance

The financial report has been prepared at the request of the Trustee and has been prepared on the basis that would have applied had the Fund been required to prepare a General Purpose Financial Report under the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Fund comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 15 October 2008.

#### 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 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.

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

##### b. Receivables

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

##### c. Impairment of 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.

# Credit Union Foundation Australia International Projects Fund

## Notes to the Financial Statements For the financial year ended 30 June 2008

### 2. Significant accounting policies (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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.

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.

#### 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.

#### 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 at 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.



# Credit Union Foundation Australia International Projects Fund

## Notes to the Financial Statements For the financial year ended 30 June 2008

### 2. Significant accounting policies (continued)

#### h. Goods and Services Tax

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

- i. Where the amount of GST 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 International Projects Fund

## Notes to the Financial Statements For the financial year ended 30 June 2008

	2008 \$	2007 \$
<b>3. Non-interest revenue from ordinary activities</b>		
<b>Donations and gifts-Monetary</b>		
Sri Lanka Reconstruction Project-Cuscal Limited	100,000	100,000
Other Australian Donations	279,897	338,553
Total Donations and Gifts-Monetary	379,897	438,553
<b>Grants</b>		
AusAID	262,246	144,397
Other Australian Grants		
Sponsorship-Cuscal Ltd	13,300	-
Sponsorship-Cuna Mutual Ltd	17,200	-
Office of Women-Solomon Islands Womens' Leadership	20,000	-
Total Other Australian Grants	50,500	-
Other Overseas Grants		
World Council of Credit Unions Inc. (USA)	58,901	-
Commonwealth Secretariat (U.K.)	24,905	-
Total Other Overseas Grants	83,806	-
Community Education Program	33,695	-
Total non-interest revenue from ordinary activities	810,144	582,950

### 4. Other project services

Services have been received in the year which require no cash outlay by the Fund but which were essential to the Fund's delivery of services in accordance with its charter. These services are recognised at the fair value, which would have been expended if the services were acquired.

	2008 \$	2007 \$
These are represented by:		
<u>Project Costs</u>		
Staff payroll – Cuscal Limited	153,343	161,062
Volunteers	58,914	40,769
<u>Administration Costs</u>		
Equipment, services and accommodation - Abacus Limited	13,437	15,860
Equipment, services, and accommodation - Cuscal Limited	85,041	87,167
Total	310,735	304,858

Volunteers' services are recognised on the basis of time spent and represents 246 days (2007: 135 days).

**Notes to the Financial Statements**  
**For the financial year ended 30 June 2008**

**5. Funding expenses**

Funds to overseas projects		
AusAID projects*	<b>364,752</b>	222,370
Other projects	<b>116,506</b>	81,317
Sri Lanka Reconstruction Project	<b>92,700</b>	100,000
Solomon Islands Womens' Leadership	<b>31,133</b>	-
Cambodian Community Education Program	<b>31,115</b>	-
Total Funds to overseas projects	<b><u>636,206</u></b>	<u>403,687</u>

\*Of the total amount disclosed, there is no accrued expenditure (2007: \$66,936).

	<b>2008</b>	2007
	<b>\$</b>	\$
<b>6. Administration expenses</b>		
Audit of the financial report	<b>2,500</b>	1,030
Other expenses	<b>1,633</b>	3,799
	<b><u>4,133</u></b>	<u>4,829</u>

The auditor of the financial report is Deloitte Touche Tohmatsu.

**7. Financial Assets**

Sundry Debtors	<b><u>16,611</u></b>	<u>8,665</u>
----------------	----------------------	--------------

**8. Trade and Other Payables**

Cuscal Limited	<b>185,405</b>	104,703
Tsunami relief	-	1,020
Accrued project costs	-	66,936
Accrued staff expenses	<b>4,284</b>	-
Goods and Services Tax Liability	-	1,888
Accrued Audit Fees	<b>2,500</b>	-
Deferred Income	<b>23,283</b>	18,000
Total other liabilities	<b><u>215,472</u></b>	<u>192,547</u>

**Notes to the Financial Statements**  
**For the financial year ended 30 June 2008**

**9. Notes to cash flow**

**a. Reconciliation of cash and cash equivalents**

With Cuscal Limited:		
- Cash at bank	<b>110,831</b>	276,236
- Deposits at call	<b>677,694</b>	344,744
Total cash and cash equivalents	<b>788,525</b>	620,980

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

Excess of revenue over disbursements for the year	<b>152,566</b>	188,150
(Increase) / decrease in receivables	<b>(7,946)</b>	4,585
(Decrease)/ increase in payables	<b>(57,777)</b>	87,305
Net cash flow provided by operating activities	<b>86,843</b>	280,040

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

<b>2008</b>	<b>Cash available at 30 June 2007</b>	<b>Cash raised during 2007/2008</b>	<b>Cash disbursed during 2007/2008</b>	<b>Cash available at 30 June 2008</b>
	\$	\$	\$	\$
<b>Purpose</b>				
Sri Lanka Reconstruction Project	<b>1,020</b>	<b>100,000</b>	<b>(93,720)</b>	<b>7,300</b>
Cambodia Building Trust	<b>76,713</b>	-	<b>(76,713)</b>	-
Solomon Islands Reconstruction Project	<b>12,141</b>	-	<b>(12,141)</b>	-
Solomon Islands Women's Leadership	<b>18,000</b>	<b>13,133</b>	<b>(31,133)</b>	-
Other purposes	<b>513,106</b>	<b>822,064</b>	<b>(553,945)</b>	<b>781,225</b>
<b>Total</b>	<b>620,980</b>	<b>935,197</b>	<b>(767,652)</b>	<b>788,525</b>
	Cash available at 30 June 2006	Cash raised during 2006/2007	Cash disbursed during 2006/2007	Cash available at 30 June 2007
<b>2007</b>	\$	\$	\$	\$
<b>Purpose</b>				
Sri Lanka Reconstruction Project	540	100,480	(100,000)	1,020
Cambodia Building Trust	-	76,713	-	76,713
Solomon Islands Reconstruction Project	-	12,141	-	12,141
Solomon Islands Womens' Leadership	-	18,000	-	18,000
Other purposes	236,899	526,867	(250,660)	513,106
<b>Total</b>	<b>237,439</b>	<b>734,201</b>	<b>(350,660)</b>	<b>620,980</b>

**Notes to the Financial Statement**  
**For the financial year ended 30 June 2008**

**11. Financial instruments disclosures**

The Fund's financial instruments, as detailed below, are maintained with Cuscal Limited. The accounts are conducted on the same basis as applies to credit unions and other parties who maintain similar accounts with Cuscal Limited.

	<b>2008</b>	2007
	<b>\$</b>	\$
Carrying value:		
Cash at a Bank (at call)	<b>110,831</b>	276,236
Deposits at call	<b>677,694</b>	344,744
Total carrying value	<u><b>788,525</b></u>	<u>620,980</u>

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.

	<b>2008</b>	2007
Cash at a Bank (at call)	<b>3.18%</b>	2.60%
Deposits at call	<b>6.64%</b>	6.09%
Interest rate at the end of the financial year	<b>6.60%</b>	4.57%

Average balance	<b>\$744,307</b>	\$390,861
Interest revenue	<b>\$48,901</b>	\$22,795
Average interest rate	<b>6.57%</b>	5.83%

**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>2008</b>	2007	<b>2008</b>	2007
	<b>\$</b>	\$	<b>\$</b>	\$
Profit or loss	<b>(3,722)</b>	(1,954)	<b>3,722</b>	1,954

**Credit Union Foundation Australia International Projects Fund**

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

**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.

2008	Floating Rate	Less than 1 year	Over 1 to 5 years	Over 5 years	Non Interest Bearing	Total	Weighted Average Interest
	\$	\$	\$	\$	\$	\$	
<b>Financial Assets</b>							
Cash and cash equivalents	788,525	-	-	-	-	788,525	6.57%
Trade and other receivables	-	-	-	-	16,611	16,611	-
<b>Total</b>	<b>788,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,611</b>	<b>805,136</b>	
<b>Financial Liabilities</b>							
Borrowings	-	-	-	-	185,405	185,405	-
Trade and other payables	-	-	-	-	2,500	2,500	-
Accrued staff expenses	-	-	-	-	4,284	4,284	-
Deferred income	-	-	-	-	23,283	23,283	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,472</b>	<b>215,472</b>	<b>-</b>

**Credit Union Foundation Australia International Projects Fund**

## 11. Financial instruments disclosures (continued)

2007

	Floating Rate	Less than 1 year	Over 1 to 5 years	Over 5 years	Non Interest Bearing	Total	Weighted Average Interest
	\$	\$	\$	\$	\$	\$	
<b>Financial Assets</b>							
Cash and cash equivalents	620,980	-	-	-	-	620,980	5.83%
Trade and other receivables	-	-	-	-	8,665	8,665	-
<b>Total</b>	<b>620,980</b>				<b>8,665</b>	<b>629,645</b>	
<b>Financial Liabilities</b>							
Borrowings	-	-	-	-	104,703	104,703	-
Trade and other payables	-	-	-	-	69,844	69,844	-
Accrued staff expenses	-	-	-	-	-	-	-
Deferred income	-	-	-	-	18,000	18,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,547</b>	<b>192,547</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. All liabilities payable within 30 days following the month in which such liabilities are incurred.

## 12. Segment information

The Fund provides assistance throughout the Asia Pacific region, operating mainly in the Asia and South Pacific through technical exchanges and training in financial services systems and operations.

# Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements  
For the financial year ended 30 June 2008

### **13. Related party disclosures**

#### **(a) Directors**

The following persons were directors and key management personnel of the Fund during the financial year:

J Baistow  
E Foster  
T Innes  
A Lovney (Resigned 20 February 2008)  
K Mutton  
J Paine  
L Petschler (Appointed 20 February 2008)

The compensation of the specified directors was nil (2007: nil).

#### **(b) Service agreement**

The Fund has entered into a general services agreement with a related entity, Cuscal Limited (Cuscal). Under the terms of the agreement, Cuscal has agreed to provide the Fund with staff and back office support services (such as finance and administration, information technology, human resources, building occupancy, and related services). No charge is payable to Cuscal in respect of these services.

### **14. 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 in future financial years.

### **15. Additional information**

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

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