

Credit Union Foundation Australia Trust Fund

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Credit Union Foundation Australia Trust Fund

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Credit Union Foundation Australia Trust Fund

Information on Trustee

Credit Union Foundation Australia Pty Limited is the Trustee of the Credit Union Foundation Australia Trust 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 Grahame Mehrtens International Projects 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 Trust 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 Ltd

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 Trust 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 Trust Fund

Statement of Comprehensive Income

For the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
Revenue			
Interest income		26,463	20,247
Development education fees		54,261	50,146
Other project services (Non-monetary)	3	370,526	347,353
Total revenue from ordinary activities		451,250	417,746
Expenses			
Other project services (Non-monetary)	3	370,526	347,353
Development education expenses		49,300	41,921
Administration expenses	4	2,000	8,000
Total expenses from ordinary activities		421,826	397,274
Excess of revenue over expenses from continuing operations		29,424	20,472
Other Comprehensive Income		-	-
Total Comprehensive Income		29,424	20,472

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

Credit Union Foundation Australia Trust Fund

Balance Sheet

As at 30 June 2011

	Notes	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	7	223,572	201,074
Cash in term deposit		350,000	350,000
Other receivables	5	6,287	265
Total current assets		579,859	551,339
Current Liabilities			
Other liabilities	6	6,233	7,137
Total current liabilities		6,233	7,137
Net Assets		573,626	544,202
Equity			
Retained Earnings		417,186	387,762
Reserve - Steve Birt Endowment Fund		156,440	156,440
Total Equity		573,626	544,202

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

Statement of Changes in Equity

	Retained Earnings \$	Reserve - Steve Birt Endowment Fund \$	Total equity \$
For the financial year ended 30 June 2011			
Balance at the beginning of the financial year	387,762	156,440	544,202
Total Comprehensive Income	29,424	-	29,424
Balance at the end of the financial year	417,186	156,440	573,626
For the financial year ended 30 June 2010			
Balance at the beginning of the financial year	367,290	156,440	523,730
Total Comprehensive Income	20,472	-	20,472
Balance at the end of the financial year	387,762	156,440	544,202

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

Credit Union Foundation Australia Trust Fund

Cash Flow Statement

For the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Interest received		23,902	20,247
Development education funding received		54,261	46,646
Development education expenditure		(50,370)	(41,921)
Administration expenses paid		(5,295)	(3,710)
Net cash provided by operating activities	7 (b)	22,498	21,262
Cash flows from investing activities		-	-
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		22,498	21,262
Cash and cash equivalents at the beginning of the financial year		201,074	179,812
Cash and cash equivalents at the end of the financial year	7 (a)	223,572	201,074

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

Credit Union Foundation Australia Trust Fund

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

Note Contents

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Credit Union Foundation Australia Trust 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 Trust 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. Compliance with A-IFRS ensures that the financial statements and notes of the Foundation 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 Trust Fund

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

2. Significant accounting policies (continued)

c. Impairment of Financial 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 Foundation 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 Foundation 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 Foundation.

f. Retained earnings

All unexpended funds are recognised as retained earnings in the equity section of the Balance Sheet.

Credit Union Foundation Australia Trust Fund

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

2. Significant accounting policies (continued)

g. Steve Birt Endowment Fund

Interest income earned by the fund and disbursements from the interest earned are recognised as revenue and expenditure.

h. Other project services

Other project services represent services provided to the Foundation at no cost, which were essential to the provision of project services or for the administration of the Foundation. 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.

i. 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.

j. 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 Trust Fund

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

	2011	2010
	\$	\$
3. Other project services (Non-Monetary)		
These are represented by:		
<u>Development Education</u>		
Volunteers	11,895	9,198
<u>Administration costs</u>		
Employment costs		
Abacus - Australian Mutuals Limited	205,864	-
Cuscal Limited	-	180,393
Volunteer Services	15,750	24,153
Equipment, Accommodation, and Other Services		
Abacus - Australian Mutuals Limited	44,243	41,609
Cuscal Limited	92,774	92,000
Total services in kind	370,526	347,353
Volunteers' services are recognised on the basis of time spent and represents 122 days (2010: 155 days).		
4. Administration expenses		
Auditor's remuneration		
Audit of the financial report	2,000	2,625
The auditor of the financial report is BDO Audit (NSW-Vic) Pty Ltd; in 2010 it was Deloitte Touche Tohmatsu		
Audit of the financial report of the Credit Union Relief Fund	-	
For 2010	-	2,750
For 2009		2,625
	2,000	8,000
5. Other receivables		
Sundry debtors	6,287	265
Total other receivables	6,287	265
6 Other liabilities		
Accounts payable and accrued expenses	6,233	7,137
Total other liabilities	6,233	7,137

Credit Union Foundation Australia Trust Fund

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

	2011	2010
	\$	\$
7. Notes to cash flow		
a. Reconciliation of cash and cash equivalents		
With Cuscal Limited:		
- Cash at a Bank	479	6,400
- Deposits at call	223,093	194,674
Total cash and cash equivalents	223,572	201,074
b. Reconciliation of excess of revenue over expenses to net cash flow from operating activities		
Excess of revenue over disbursements for the year	29,424	20,472
(Increase)/Decrease in other receivables	(6,022)	829
Decrease in other liabilities	(904)	(39)
Net cash flow provided by operating activities	22,498	21,262
8. Financial instruments disclosures		
Carrying value:		
Cash at a Bank (at call)	479	6,400
Deposits at call	223,093	194,674
Fixed term deposit	350,000	350,000
Total carrying value	573,572	551,074

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.

Credit Union Foundation Australia Trust Fund

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

8. Financial instruments disclosures (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The cash balance is exposed to movements in interest rates.

A sensitivity 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	(2,868)	(2,742)	2,868	2,742

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.

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	-	6,233	-	-	-	-	6,233
Total	-	6,233	-	-	-	-	6,233

2010

	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	-	7,137	-	-	-	-	7,137
Total	-	7,137	-	-	-	-	7,137

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 all its equity in cash. Generally, all liabilities are paid within 30 days following the end of the month in which such liabilities are incurred.

Credit Union Foundation Australia Trust Fund

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

9. 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.L 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 and 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.

10. 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.

11. Additional information

Credit Union Foundation Australia Trust Fund is a trust formed in Australia.

The registered office and principal place of business are both:

1 Margaret Street
SYDNEY NSW 2000