

Credit Union Foundation Australia International Projects Fund

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

Credit Union Foundation Australia International Projects Fund

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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:

Neville L Parsons B Ec, LLB, FAIM, MAICD, PNA, FACUI

Experience:

Chief Executive, Holiday Coast Credit Union Limited
23 years experience with credit unions

Special Responsibilities:

Chairman, Credit Union Foundation Australia Pty Limited
Member of the Credit Union Industry Association Advisory Committee
Member of the Board Risk Committee, Cuscal Limited

Directorships in Other Entities:

Cuscal Limited
Holiday Coast Wealth Management Pty Ltd

Other Declared Interests:

Holiday Coast Credit Union Limited

Rowan Dowland

Experience:

Group Manager Marketing and Development, mecu Limited
15 years Credit Union management experience

Directorships in other entities:

Nil

Other Declared Interests:

Nil

Elizabeth Foster B. Bus (Accounting), FCPA, MAICD, AICUD

Experience:

Self employed accountant
20 years experience with Credit Unions both as a Director and in management

Directorships in Other Entities:

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

Other Declared Interests:

Nil

Credit Union Foundation Australia Trust Fund

Information on Trustee

Information on the Directors of Credit Union Foundation Australia Pty Limited (continued)

Tony Innes B.Ec, FCPA, GAICD, FACUI

Experience:

Deputy CEO, Savings and Loans Credit Union Ltd

21 years experience in Credit Union management

Directorships in other entities:

MINDA Homes Finance, Director and member of the Audit Committee

Other Declared Interests:

Nil

Adrian Lovney LL.B (Hons), MBA

Experience:

12 years experience in public policy and government

7 years experience with Credit Unions

General Manager Industry Association and General Manager People Management and Communication, Cuscal Limited

Directorships in Other Entities:

Nil

Other Declared Interests:

Nil

Mark Worthington BA, MBA

Experience:

Chief Executive, Select Credit Union Ltd

19 years experience in Credit Union management

Directorships in Other Entities:

Director, CU Financial Advisory Services Pty Ltd

Director, TransAction Solutions Pty Ltd

Other Declared Interests:

Nil

Independent audit report to the Trustee of Credit Union Foundation Australia International Projects Fund (the “Fund”)

Scope

The financial report and Trustees responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes and the Trustees declaration for the Fund, for the financial year ended 30 June 2006 as set out on pages 5 to 16.

The Trustee is responsible for the preparation and fair presentation of the financial report in accordance with Accounting Standards in Australia. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the Trustee. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and statutory and other requirements so as to present a view which is consistent with our understanding of the Fund's financial position, the results of its operations, its changes in equity and its cash flows.

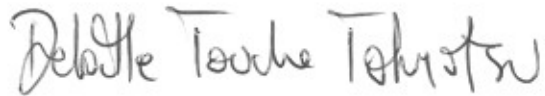
Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the Trustee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

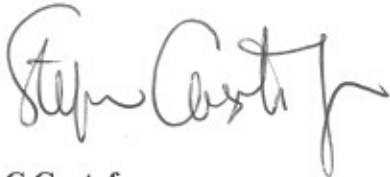
The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Credit Union Foundation International Projects Fund presents fairly in accordance with applicable Accounting Standards in Australia, the Fund's financial position as at 30 June 2006 and the results of its operations, its changes in equity and its cash flows for the year ended on that date.



DELOITTE TOUCHE TOHMATSU



S C Gustafson

Partner

Chartered Accountants

Sydney, 18th September 2006

Credit Union Foundation Australia International Projects Fund

Trustee's Declaration

The financial report on pages 6 to 16 for the financial year ended 30 June 2006 has been prepared as required by the Trust Deed.


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

The Trustee declares that:

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

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



M Worthington
Director

R Dowland
Director

Sydney, 18 September 2006

Credit Union Foundation Australia International Projects Fund

Income Statement

For the financial year ended 30 June 2006

	Notes	2006 \$	2005 \$
Revenue			
Interest income		14,214	14,807
Non-interest revenue from ordinary activities	2	574,462	1,053,322
Services in kind	3	199,855	241,256
Total revenue		788,531	1,309,385
Expenses			
Interest paid		-	56
Services in kind	3	199,855	241,256
Expenses from ordinary activities	4	460,996	993,490
Total Expenses		660,851	1,234,802
Excess of revenue over disbursements for the year		127,680	74,583

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 2006

	Notes	2006 \$	2005 \$
Current assets			
Cash and cash equivalents	8 (a)	237,439	234,934
Other receivables	6	13,250	6,171
Total current assets		<u>250,689</u>	<u>241,105</u>
Current liabilities			
Other liabilities	7	1,741	119,837
Total current liabilities		<u>1,741</u>	<u>119,837</u>
Net assets		<u>248,948</u>	<u>121,268</u>
Equity			
Accumulated surplus		248,948	121,268
Total equity		<u>248,948</u>	<u>121,268</u>

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

Statement of Changes in Equity

	Accumulated surplus \$
For the financial year ended 30 June 2006	
Balance at the beginning of the financial year	121,268
Excess of revenue over disbursements for the year	127,680
Balance at the end of the financial year	<u>248,948</u>
For the financial year ended 30 June 2005	
Balance at the beginning of the financial year	46,685
Excess of revenue over disbursements for the year	74,583
Balance at the end of the financial year	<u>121,268</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 2006

	Notes	2006 \$	2005 \$
Cash flows from operating activities			
Donations received		413,753	892,653
AusAID grants received		153,630	142,419
Interest received		14,214	14,807
Other miscellaneous receipts		3,565	13,250
Interest paid		-	(56)
Payment to Care Australia		-	(638,446)
Expenditure on projects - AusAID		(160,183)	(234,268)
- Other		(93,928)	(37,072)
World Council of Credit Unions Tsunami Relief		(273,378)	-
Payments to suppliers		(9,991)	(2,652)
Net cash provided by operating activities	8 (b)	<u>47,682</u>	<u>150,635</u>
Cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Repayment of borrowings – Cuscal Limited		(45,177)	(67,688)
Net cash used in financing activities		<u>(45,177)</u>	<u>(67,688)</u>
Net increase in cash and cash equivalents		<u>2,505</u>	<u>82,947</u>
Cash and cash equivalents at the beginning of the financial year		234,934	151,987
Cash and cash equivalents at the end of the financial year		<u>237,439</u>	<u>234,934</u>

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 2006

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Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements For the financial year ended 30 June 2006

1. Statement of accounting policies

Financial reporting framework

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 Accounting Standards and Urgent Issues Group Interpretations and the financial reporting requirements of the Australia Council for International Development Code of Conduct. 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 by the Trustee on 18 September 2006.

Basis of preparation

This financial report is the first financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards ("A-IFRS"). AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* ("AASB 1") has been applied in preparing this financial report.

The financial report has been prepared on the basis of historical cost convention 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.

In the application of A-IFRS 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.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

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 Fund changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with the Accounting Standard AASB 1 '*First-time Adoption of Australian Equivalents to International Financial Reporting Standards*', with 1 July 2004 as the date of transition. The transition to A-IFRS had no impact on the Fund's financial position, financial performance, and cash flows.

Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements For the financial year ended 30 June 2006

1. Statement of accounting policies (continued)

Significant accounting policies

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

a. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

b. Other receivables

Other receivables are carried at amortised cost less impairment.

c. Impairment of assets

At each reporting date, the Trust 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 any).

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. AusAID funds

The financial statements include as revenue, funds received from AusAID and the expenditure of AusAID funds, and the amount of AusAID funds unexpended on projects in accordance with the accounting policies detailed below.

e. Contributions

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

f. Expenditure on projects

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

g. Accumulated surplus

All unexpended funds received for specific projects are recognised as accumulated surplus in the equity section of the Balance Sheet, and are only available for use in accordance with requirements of the Trust Deed.

h. Services in kind

Services in kind 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 2006

1. Statement of accounting policies (continued)

Significant accounting policies (continued)

- i. Income tax**
The Fund has been granted exemption from income tax under Section 23(e) 17AA36 as it has been classified as a non-profit charitable institution.
- j. Other liabilities**
Other liabilities are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.
- k. Goods and services tax**
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
 - i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisitions of an asset or as part of an item of expense; or
 - ii. for receivables and payables which are recognised inclusive of GST.

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

Cash flows are included in the statement of cash flows 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.

- l. Comparative amounts**
Where necessary, comparative figures have been adjusted to conform to changes in presentation of current year figures in these financial statements.

Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements
For the financial year ended 30 June 2006

	2006 \$	2005 \$
2. Non-interest revenue from ordinary activities		
Donations and gifts		
Tsunami appeal	203,565	708,799
Other	217,267	194,104
Grants		
AusAID	153,630	142,419
Project management fee	-	8,000
Total non-interest revenue from ordinary activities	574,462	1,053,322
3. Services in kind		
<p>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 service were acquired.</p>		
	2006 \$	2005 \$
These are represented by:		
<u>Project Costs</u>		
Staff payroll – Cuscal Limited	155,808	171,108
Volunteers	26,142	28,707
<u>Administration Costs</u>		
Equipment, services and accommodation – Cuscal Limited	17,905	41,441
Total services in kind	199,855	241,256
<p>Volunteers' services in kind are recognised on the basis of time spent and represent 92 days (2005: 99 days).</p>		
4. Expenses from ordinary activities		
Overseas projects		
AusAID projects	160,183	234,268
Other projects	93,928	45,072
Tsunami appeal donations	203,565	708,799
Auditors remuneration (Note 5)	1,000	1,000
Other expenses from ordinary activities	2,320	4,351
Total expenses from ordinary activities	460,996	993,490
5. Auditors' remuneration		
Audit of the financial report	1,000	1,000
6. Other receivables		
Sundry debtors	13,250	6,171

Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements
For the financial year ended 30 June 2006

	2006 \$	2005 \$		
7. Other liabilities				
Cuscal Limited	-	45,177		
Tsunami relief	540	70,353		
Accrued expenses	1,201	4,307		
Total other liabilities	<u>1,741</u>	<u>119,837</u>		
8. Notes to cash flow				
a. Reconciliation of cash and cash equivalents				
With Cuscal Limited:				
- Cash at bank	11,508	202,518		
- Deposits at call	225,931	32,416		
Total cash and cash equivalents	<u>237,439</u>	<u>234,934</u>		
b. Reconciliation of excess of revenue over disbursements to net cash flow from operating activities				
Excess of revenue over disbursements for the year	127,680	74,583		
(Increase) / decrease in receivables	(7,079)	4,796		
(Decrease) / increase in payables	(72,919)	71,256		
Net cash flow provided by operating activities	<u>47,682</u>	<u>150,635</u>		
9. Table of cash movements for designated purposes				
	Cash available at 30 June 2005 \$	Cash raised during 2005/2006 \$	Cash disbursed during 2005/2006 \$	Cash available at 30 June 2006 \$
2006				
Purpose				
Tsunami collection	70,353	203,565	(273,378)	540
Other purposes	164,581	381,597	(309,279)	236,899
Total	<u>234,934</u>	<u>585,162</u>	<u>(582,657)</u>	<u>237,439</u>
	Cash available at 30 June 2004 \$	Cash raised during 2004/2005 \$	Cash disbursed during 2004/2005 \$	Cash available at 30 June 2005 \$
2005				
Purpose				
Tsunami collection	-	708,799	(638,446)	70,353
Other purposes	151,987	354,330	(341,736)	164,581
Total	<u>151,987</u>	<u>1,063,129</u>	<u>(980,182)</u>	<u>234,934</u>

Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements
For the financial year ended 30 June 2006

10. 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.

	2006	2005
	\$	\$
Carrying value:		
Cash at a Bank	11,508	202,518
Deposits at call	225,931	32,416
Total carrying value	237,439	234,934

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.

	2006	2005
Interest rate is repriced within one month in both the current and prior year		
Interest rate at the end of the financial year	5.58%	2.39%
Average balance	371,122	453,125
Interest revenue	14,214	14,807
Average rate	3.83%	3.27%

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.

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.

11. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

The Fund changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

The adoption of A-IFRS by the Fund has not had any impact of its reported results, financial position or cash flows.

Credit Union Foundation Australia International Projects Fund

Notes to the Financial Statements
For the financial year ended 30 June 2006

12. Segment information

The Fund provides assistance throughout the Asia Pacific region, operating mainly in the South Pacific through technical exchanges and training in financial services systems and in the Asia region through a more traditional donor relationship.

13. Additional information

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

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