

**BANKSTOWN DISTRICT SPORTS  
CLUB LIMITED**

*(A Company Limited by Guarantee)*

**ABN 88 000 243 916**

**ANNUAL REPORT**

**AND**

**FINANCIAL STATEMENTS**

**For the Twelve Months ended  
30<sup>th</sup> June 2010**

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**DIRECTORS' REPORT**

The Directors present their report together with the financial report of the Bankstown District Sports Club Limited for the financial year ended 30<sup>th</sup> June 2010 and the auditor's report thereon.

a) Directors

The names, qualifications and responsibilities of the Directors in office as at the date of this report are:-

NAME	OCCUPATION	COMMITTEE	No. of Years On Board	No. of Attendance at Board Meetings
BOURNE, Dion Parma	Retired	Welfare & Sports	7	22 of 22
FALCONER, Vernon Frederick	Consultant	Sports	4	21 of 22
FULCHER, Alexander Frederick	Company Director	Sports	4	22 of 22
MURRAY, John	Company Director	President	30	22 of 22
PHILLIPS, Richard	Retired	Vice President Chairman of Sports	29	18 of 22
RONIS, Jim	Company Director	Sports	4	22 of 22
SHEDDEN, Douglas James	Retired	Editor & Sports	8	22 of 22

b) Company Secretary

The Company Secretary at the end of the financial year is John Edmond Mackay ACCM, JP. Mr. Mackay was appointed company secretary on 29th September 1982.

c) The principal activities of the Club during the course of the financial year were the promotion of sport and games and the operation of a Licensed Club. There has been no significant change in the nature of these activities since the last report.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**DIRECTORS' REPORT continued**

- d) The net surplus from ordinary activities after tax for the year amounted to \$8,395,404 (\$9,826,168 – 2009), a decrease of \$1,430,764. This decrease was mainly due to the 2009 Accounts including a \$2,649,846 gain on amalgamation realized as a result of the amalgamation of the Bankstown City Bowling & Recreation Club Ltd. When this gain is removed from the 2009 normal trading income, then the surplus from activities after tax would be \$8,395,404 (\$7,176,322 – 2009), an increase of \$1,219,082. This increase is mainly due to a reassessment of building and plant depreciation rates.
- e) No dividends have been or will be paid. The Company has no provision in its Constitution for the payment of dividends.
- f) There has been no significant change in the state of affairs of the Company in the past financial year.
- g) No item, transaction or circumstance of a material nature has arisen in the interval between the end of the financial year and the date of this report which in the opinion of the Directors is likely to affect substantially the results of the Company's operations for the next financial year.
- h) Directors' indemnity premiums have been provided for and paid by the Bankstown District Sports Club Limited for Directors' and Officers' liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omission or acts (other than a wilful breach of duty) by them whilst acting in their individual or collective capacity as Directors or Officers for the Bankstown District Sports Club Limited.
- i) The Company is not subject to significant environmental regulation under the law of the Commonwealth and State.
- j) No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**DIRECTORS' REPORT continued**

- k) Auditor's independence declaration under section 307C of the Corporations Act 2001 to the Directors of Bankstown District Sports Club Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Greg Huggett & Co  
G W Huggett  
4<sup>th</sup> October 2010  
7/83 Mulga Road, Oatley West NSW 2223

**Dated at BANKSTOWN**  
**This fifth day of**  
**October 2010.**

**ON BEHALF OF THE BOARD AND IN**  
**ACCORDANCE WITH ITS RESOLUTION**

**John Murray**                      **Director**

**Richard Phillips**                **Director**

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2010**

	2010	2009
<b>Revenue from Ordinary Activities</b>		
Revenue from Sale of Goods	20,348,184	18,619,559
Poker Machine Net Revenue	63,584,676	64,886,921
Subscriptions	488,313	425,592
Bank Interest Received	40,169	192,630
Rent Received	1,344,195	1,235,209
Other Revenue from Ordinary Activities	1,130,409	1,368,819
Gain on Disposal of Real Estate Held For Sale	110,604	
Gain on Amalgamation	-	2,649,846
<b>Total Revenue</b>	<b>87,046,550</b>	<b>89,378,576</b>
<b>Less Expenditure from Ordinary Activities</b>		
Cost of Goods Sold	7,926,562	7,269,640
Employment Expenses	19,109,524	18,499,361
Depreciation - Plant & Equipment	4,272,948	5,172,847
Amortisation - Leased Plant & Equipment	164,758	82,636
Amortisation - Buildings	764,109	2,283,964
Administrative Expenses	5,851,398	5,904,770
Operating Expenses	7,036,898	6,552,792
Social Expenses	5,846,172	5,686,627
Poker Machine Expenses	2,916,621	2,857,442
Loss on Disposal of Fixed Asset	13 178,927	395,847
Catering Expenses	771,032	772,831
Bar Expenses	286,567	223,430
TAB/Keno Expenses	178,076	180,553
Property Expenses	304,719	271,550
Event Expenses	156,375	195,377
Bad Debts	2,208	9,879
Auditor's Fees	50,985	49,415
Auditor's Fees - Other	18 1,970	1,550
Borrowing Costs	2,951,263	2,772,911
Debenture (Unsecured) Interest	6,242	6,483
State and Federal Taxes	12 20,151,595	20,199,154
<b>Total Expenses from Ordinary Activities</b>	<b>78,928,949</b>	<b>79,389,059</b>
Surplus before Tax and Objectives	8,117,601	9,989,517
Less: Income Tax Expense / Benefit	14 (277,803)	163,349
Surplus after Tax but before Objectives	<b>8,395,404</b>	<b>9,826,168</b>
<b>Less Expenditure in Futherance of the Club's Objectives</b>		
Sports Expenses	850,649	1,036,978
Welfare Expenses	1,037,886	534,516
Youth Club Net Expenses	147,609	194,784
	<b>2,036,144</b>	<b>1,766,278</b>
<b>Total Comprehensive Income for the year</b>	<b>6,359,260</b>	<b>8,059,890</b>

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the Accounts.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2010**

<b>Current Assets</b>	<b>Note</b>	<b>2010</b>	<b>2009</b>
Cash and Cash Equivalents	2	3,024,881	4,280,127
Inventories	3	875,924	1,007,243
Trade and Other Receivables	4	797,750	567,797
Other Current Assets	5	1,277,102	1,397,866
<b>Total Current Assets</b>		<b>5,975,657</b>	<b>7,253,033</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	6	200,684,795	194,588,740
Deferred Tax Asset	14	993,794	619,108
Intangible Assets	7	1,014,373	920,229
Other Non-Current Assets		2,500	7,500
<b>Total Non-Current Assets</b>		<b>202,695,462</b>	<b>196,135,577</b>
<b>Total Assets</b>		<b>208,671,119</b>	<b>203,388,610</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8	8,655,716	9,313,460
Interest Bearing Liabilities	9	4,000,000	1,000,000
Employee Benefits		2,170,463	2,152,162
Short Term Provisions	10	396,492	381,895
<b>Total Current Liabilities</b>		<b>15,222,671</b>	<b>12,847,517</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	9	42,776,569	47,368,248
Employee Benefits		1,739,079	1,695,142
Deferred Tax Liability	14	970,290	873,407
Other	11	1,011,395	12,441
<b>Total Non-Current Liabilities</b>		<b>46,497,333</b>	<b>49,949,238</b>
<b>Total Liabilities</b>		<b>61,720,004</b>	<b>62,796,755</b>
<b>Net Assets</b>		<b>146,951,115</b>	<b>140,591,855</b>
Made up of:			
<b>Equity</b>			
Land & Buildings Revaluation Reserve		7,111,305	7,111,305
Surplus on Amalgamation Reserve	24	1,076,345	1,076,345
Retained Surplus		138,763,465	132,404,205
<b>Total Equity</b>		<b>146,951,115</b>	<b>140,591,855</b>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Accounts.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2010**

	<b>Retained Earnings</b>	<b>Reserves</b>	<b>Total</b>
<b>As at 1 July 2009</b>	124,344,315	8,187,650	132,531,965
Net surplus for the year	8,059,890	-	8,059,890
Transfers from reserves	-	-	-
<b>As at 30 June 2009</b>	132,404,205	8,187,650	140,591,855
Net surplus for the year	6,359,260	-	6,359,260
Transfers from reserves	-	-	-
<b>As at 30 June 2010</b>	<b>138,763,465</b>	<b>8,187,650</b>	<b>146,951,115</b>

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2010**

	<b>2010</b>	2009
<b>Cash Flows from Operating Activities</b>		
Cash receipts in the course of operations	<b>95,130,261</b>	95,509,709
Cash payments in the course of operations	<b>(78,815,292)</b>	(75,345,362)
Income taxes paid	-	97,546
Borrowing costs paid	<b>(2,935,609)</b>	(2,734,990)
Interest received	<b>41,931</b>	201,520
<b>Net Cash provided by Operating Activities</b>	<b>15(ii) 13,421,291</b>	<u>17,728,423</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property, plant and equipment	<b>644,965</b>	156,180
Payment for property, plant and equipment	<b>(13,626,909)</b>	(33,798,163)
<b>Net Cash Used in Investing Activities</b>	<b>(12,981,944)</b>	<u>(33,641,983)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Borrowings	<b>5,000</b>	16,942,767
Repayment of Borrowings	<b>(1,590,498)</b>	(1,581,733)
Funds received from other parties	<b>42,695</b>	190,635
Funds advanced to other parties	<b>(151,790)</b>	(2,178,005)
<b>Net Cash used in Financing Activities</b>	<b>(1,694,593)</b>	<u>13,373,664</u>
<b>Net Increase / (Decrease) in Cash held</b>	<b>(1,255,246)</b>	(2,539,896)
<b>Cash at the beginning of Financial Year</b>	<b>4,280,127</b>	6,820,023
<b>Cash at the end of Financial Year</b>	<b>15(i) 3,024,881</b>	<u><u>4,280,127</u></u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the Accounts.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

The financial report is for Bankstown District Sports Club Ltd as an individual entity, incorporated and domiciled in Australia and is a company limited by guarantee.

**1. Statement of Significant Accounting Policies**

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on the basis of accrual accounting and historical costs and does not take into account changing money values or except where stated current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

**(a) New accounting standards and interpretations**

Changes in accounting policy and disclosures

The Club has adopted the following new and amended Australian Accounting Standard as of 1 January 2009:

AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009

The revised standard separates owner and non-owner changes in equity. The Club's transactions relate to only owners equity and are included in one single Statement of Comprehensive Income.

AASB 123 Borrowing Costs (revised 2007) effective 1 January 2009

The revised standard requires that borrowing costs incurred directly in the acquisition of qualifying assets be capitalised. The Club did not capitalise any borrowings in the current year.

**(b) Inventories**

Inventories are valued at the lower of cost and net realisable value.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**1. Statement of Significant Accounting Policies - continued**

**(c) Income Tax**

The charge for current income tax is based on the profit for the year, adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting, or taxable profit or loss.

Deferred tax liability is calculated at the tax rates they are expected to apply to the period when an asset is realised or a liability is settled. Deferred tax is credited in the income statement, except where it relates to items that may be credited to equity, in which case the deferred tax is adjusted against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with conditions of deductibility imposed by the law.

**(d) Employee Benefits**

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave, have been measured at their nominal value. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

**(e) Leases**

Finance leases are capitalised by recording an asset and liability at the lower of the amounts equal to their fair value of the lease property, or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis, over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risk and benefit remain with the lessor, are charged as expenses in the period in which they are incurred.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**1. Statement of Significant Accounting Policies - continued**

**(f) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**(g) Property, Plant & Equipment**

**(i)** Property, plant and equipment are brought to account at cost, or at independent valuation where cost cannot be ascertained, less, where applicable any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. Expected net cash flows have not been discounted to present values in determining recoverable amounts.

**(ii)** Buildings are depreciated on a straight-line basis where as all other depreciable assets are on a diminishing value basis over their estimated lives. Buildings on leased land are written off over the remaining term of the lease they are subject to,

**(iii)** Land and buildings are revalued by a professional independent valuer every three years. That valuation is brought to light in the notes to and forming part of the Financial Statements but not the actual Statement of Financial Position.

**(iv)** In the earlier years of the company, there was regular revaluation of real estate being land and buildings and the revaluation was expressed in the Statement of Financial Position. That policy ceased in 1986. Due to the time periods when such revaluations occurred it appears impossible to fully apply AASB 116:Property, Plant and Equipment, whereby such assets are to be reduced back to their original cost. The departure from this standard is considered to have an immaterial effect.

**(v)** In this year, as in previous years, the company at 30 June has had considerable building works under construction. Advice is received annually from the company's quantity surveyors, Casey Burne and Associates P/L as to completed works and that still under construction at 30 June. The quantity surveyor further advises as to completed works in respect of dividing costs between buildings and equipment.

**(vi)** When real estate is purchased the acquisition cost is divided between land and buildings. The land value is determined by a recent Valuer Generals Valuation and the balance of the purchase price is allocated to buildings.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**1. Statement of Significant Accounting Policies - continued**

**(g) Property, Plant & Equipment - continued**

(vii) Depreciation rates for each class of depreciable asset are:

<u>Class of Fixed Assets</u>	<u>Depreciation Rate</u>
Buildings	1 - 10%
Poker Machines	21%
Leased Poker Machines	21%
Motor Vehicles	22.50%
Other Plant & Equipment	1.5 - 40%

The Company has reassessed the building amortisation rates relating to the construction costs of carpark facilities and altered the effective life from 67 years to 100 years.

(viii) The potential capital gains tax on the disposal of applicable land and buildings has not been taken into account.

**(h) Intangibles - Liquor Licences and Poker Machine Entitlements**

Liquor licences are valued at cost of acquisition and will be amortised over the period its benefit is to be realised. Additionally, the carrying amount is reviewed annually to ensure that it is not in excess of its fair value.

Poker machine entitlements are reviewed annually to ensure that they are not in excess of fair value.

**(i) Revenue**

Trading revenue is recognised upon the delivery of goods and services to customers. Interest revenue is recognised at the earliest of receipt or being due and receivable. The profit and loss on disposal of assets is brought to account at the date an unconditional contract comes into being.

**(j) Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank.

**(k) Trade Debtors and Other Receipts**

Sales made on credit and due in 30 days are included in Trade Debtors at balance date net of a provision for amounts estimated to be uncollectible. The Company does not have any material risk in this area.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**1. Statement of Significant Accounting Policies - continued**

**(l) Trade Creditors**

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company. Trade accounts are normally settled within 30 days.

**(m) Bank Bill Facility**

The bank bill facility in current liabilities comprises the current portion of the Company's bank bill repayment within one year.

The bank bill facility is repayable in minimum quarterly instalments of \$1,000,000. The Company does have the right to make additional reductions in principal. The bill bears interest at the bank's yield rate plus a margin. The Company is required to submit to the bank an annual capital budget for approval. That part of interest that relates past 30 June is included as a prepayment.

**(n) Subscription Income**

Members' subscriptions, which are paid in respect of the coming years, are not brought to account as revenue in this financial year but expressed as unearned income (liability) in the Statement of Financial Position.

**(o) Goods and Services Tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except where amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or an item of the expense. Receivables and Payables in the Statement of Financial Position are shown inclusive of GST.

**(p) Impairment of Assets**

At each reporting date the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the assets fair value less costs to sell, and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which that asset belongs.

During the year the Handle Bar Tavern was closed but has not been the subject of impairment because there are expressions of interest to the point that is likely the Tavern will become a cash generating unit again.

**(q) Investment Property**

Investment property consists of local real estate and it is held for the purpose of deriving rental income. All tenant leases are on an arm's length basis.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**1. Statement of Significant Accounting Policies - continued**

**(r) Critical Accounting Estimates and Judgements**

Critical Accounting Estimates and Judgements incorporated in the Financial Report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**Key estimates - Impairment**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts incorporate a number of key estimates.

Property, plant and equipment, licences, poker machine entitlements and receivables have been reviewed by the company and there is no indication of any impairment, no impairment losses have been recognised to date.

**(s) Financial Instruments**

Cash on hand and at bank are measured at face value. Receivables are measured at face value less provision for likely non recovery. Bank bills and members' debentures (unsecured) are measured at face value. Interest income and interest expense is recognised as incurred.

**2. Cash and Cash Equivalents**

	2010	2009
Cash at Bank	860,403	1,622,520
Cash on Hand	2,164,478	2,657,607
	3,024,881	4,280,127

The interest rate as at 30 June 2010 on cash at bank was 3.5% per annum (2.25% - 2009).

**3. Inventories**

Bar	835,576	953,653
Catering	40,348	53,590
	875,924	1,007,243

**4. Trade and Other Receivables**

Trade Debtors	797,750	567,797
(Net of doubtful debt provision of \$3,815 (\$3,815 - 2009))		

**5. Other Current Assets**

	2010	2009
Prepayments	1,268,262	1,103,739
Deposits	8,840	294,127
	1,277,102	1,397,866

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

<b>6. Property, Plant and Equipment</b>	<b>2010</b>	<b>2009</b>
Land	21,497,214	21,497,214
Land held for Resale	1,190,000	-
Land held for Investment	1,874,000	3,335,000
	<u>24,561,214</u>	<u>24,832,214</u>
Buildings	145,630,348	118,685,797
Buildings - Held for Resale	1,911,195	-
Buildings - Held for Investment	4,266,869	6,430,482
Buildings - Leasehold Land	2,132,355	2,132,355
Buildings - Under Construction	2,342,512	28,054,579
	<u>156,283,279</u>	<u>155,303,213</u>
Less: Accumulated Amortisation	<u>(18,304,226)</u>	<u>(17,586,383)</u>
	<u>137,979,053</u>	<u>137,716,830</u>
Plant and Equipment	80,729,901	73,495,714
Less: Accumulated Depreciation	<u>(44,842,141)</u>	<u>(41,599,997)</u>
	<u>35,887,760</u>	<u>31,895,717</u>
Leased Plant and Equipment	3,001,584	723,567
Less: Accumulated Amortisation	<u>(744,816)</u>	<u>(579,588)</u>
	<u>2,256,768</u>	<u>143,979</u>
Total Property, Plant and Equipment	<u>200,684,795</u>	<u>194,588,740</u>

Land and buildings were independently valued at open market value by Graham Scrymgeour, AAPI Registered Valuer No. 1578 of Global Valuation Services Pty Ltd on 30 April 2010 at \$224,815,000 (GST exclusive). This value has not been taken up in the accounts. This valuation was prepared on the basis of completed works (renovations) at Baulkham Hills and the Sports Club (Bankstown).

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**6. Property, Plant and Equipment - continued**

	<b>2010</b>	2009
Land		
- Carrying amount at beginning of year	24,832,214	18,765,016
- Additions	-	6,067,198
- Disposals	<b>(271,000)</b>	-
- Carrying amount at end of year	<u>24,561,214</u>	<u>24,832,214</u>
Buildings		
- Carrying amount at beginning of year	109,662,251	109,770,847
- Additions	9,102	1,008,900
- Transfers from Capital Works in Progress	26,935,448	1,166,468
- Disposals	<b>(252,418)</b>	(476,167)
- Amortisation	<b>(717,842)</b>	(1,807,797)
- Carrying amount at end of year	<u>135,636,541</u>	<u>109,662,251</u>
Plant and Equipment		
- Carrying amount at beginning of year	31,895,717	30,893,682
- Additions	3,763,726	6,398,915
- Transfers from Capital Works in Progress	4,844,628	391,997
- Disposals	<b>(1,374,167)</b>	(2,720,162)
- Depreciation expense	<b>(3,242,144)</b>	(3,068,715)
- Carrying amount at end of year	<u>35,887,760</u>	<u>31,895,717</u>
Plant and Equipment under Lease		
- Carrying amount at beginning of year	143,979	205,394
- Additions	2,315,066	37,726
- Disposals	<b>(37,049)</b>	-
- Amortisation	<b>(165,228)</b>	(99,141)
- Carrying amount at end of year	<u>2,256,768</u>	<u>143,979</u>
Capital Works in Progress		
- Carrying amount at beginning of year	28,054,579	6,164,766
- Additions	6,068,009	23,448,278
- Transfers to Land & Building	<b>(26,935,448)</b>	(1,166,468)
- Transfers to Plant & Equipment	<b>(4,844,628)</b>	(391,997)
- Carrying amount at end of year	<u>2,342,512</u>	<u>28,054,579</u>
	<u><b>200,684,795</b></u>	<u>194,588,740</u>

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

	<b>2010</b>	<b>2009</b>
<b>7. Intangible Assets</b>		
Liquor Licence	110,214	120,070
Poker Machine Entitlements	904,159	800,159
	<u>1,014,373</u>	<u>920,229</u>
<b>8. Trade and Other Payables</b>		
Trade Creditors	2,160,347	2,322,483
Other	6,495,369	6,990,977
	<u>8,655,716</u>	<u>9,313,460</u>
<b>9. Interest Bearing Liabilities</b>		
<b>Current</b>		
Bank Bill Facility	<u>4,000,000</u>	<u>1,000,000</u>
<b>Non-Current</b>		
Bank Bill Facility	42,687,639	47,278,138
Members' Debentures (unsecured)	88,930	90,110
	<u>42,776,569</u>	<u>47,368,248</u>

The Commonwealth Bank holds a registered equitable mortgage over the assets and undertakings of the Company and also holds registered mortgages on all real estate owned by the company to support a maximum Commercial Bill Facility of \$48,298,000.

The actual indebtedness at 30.06.2010 was \$46,687,639 (\$48,278,138 - 2009). The interest rate as at 30th June was 4.78%, with the average for the current year being 4.06% (3.18% and 5.21% respectively for 2009).

In accordance with the finance agreement in place, the Bank has the right to give notice to the effect that all indebtedness will convert to a current liability. In the ordinary course of events this is not expected to occur.

Bank indebtedness is made up of:

Bill Discount Facility 1 - \$25,000,000 This facility is interest only and matures 21.03.11.

Bill Discount Facility 2 - \$15,000,000 This facility is interest only and matures 21.03.11.

Bill Discount Facility 3 - \$8,298,000 This facility has quarterly principal reductions of \$1,000,000, and matures 21.03.11.

\$48,298,000

The Company has interest rate cap arrangements with the Bank on \$25,000,000 of the above bill facilities. The cap rates range from 5.5% to 7.5%. The remaining \$23,298,000 is subject to variable interest rates.

Contingency Liability - Bank Guarantees \$181,000.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**Financial Risk Exposure and Management**

The Company has two areas of exposure being interest and liquidity.

The directors and management have addressed the area of interest rate rises by capping the maximum interest rate that may be charged on \$25 million of the present debt.

With respect to liquidity the Company has further developed its gaming capacity and broadened its income base (the Grand Ballroom function and convention centre, La Piazza, etc). The Company also has real estate that may be disposed of if liquidity demands.

The Company has a cashflow budget which is continually monitored and updated.

Apart from bank indebtedness other areas of financial risk are minimal.

**Sensitivity Analysis**

The Company has performed a sensitivity analysis relating to its exposure to Interest Rate Risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Risk Sensitivity Analysis:

At 30 June 2010, the effect on surplus and equity as a result of changes in the Interest Rate Risk, with all other variables remaining constant would be as follows:

Change in Surplus		<b>2010</b>	2009
	Increase in Interest Rate Risk by 1%	<b>(455,587)</b>	(376,352)
	Decrease in Interest Rate Risk by 1%	<b>455,587</b>	376,352
Change in Equity			
	Increase in Interest Rate Risk by 1%	<b>(455,587)</b>	(376,352)
	Decrease in Interest Rate Risk by 1%	<b>455,587</b>	376,352

**10. Short Term Provisions**

Debenture Interest	<b>128,293</b>	125,609
Debenture Redemptions	<b>5,000</b>	5,000
Poker Machine Link Jackpot	<b>263,199</b>	251,286
	<b>396,492</b>	381,895

**11. Non-Current Liabilities - Other**

Lease Liabilities (settlement not later than 5 years)	<b>1,011,395</b>	12,441
	<b>1,011,395</b>	12,441

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

<b>12. State and Federal Taxes</b>	<b>2010</b>	<b>2009</b>
Poker Machine Tax	<b>18,903,473</b>	18,974,479
Payroll Tax	<b>1,044,740</b>	1,045,761
Fringe Benefits Tax	<b>117,255</b>	107,621
Land Tax	<b>86,127</b>	71,293
	<b><u>20,151,595</u></b>	<u>20,199,154</u>
<b>13. Loss on Disposal of Fixed Asset</b>		
Gross Proceeds from Sale of Fixed Asset	<b>(51,363)</b>	(156,180)
Less: Written down value	<b>230,290</b>	552,027
Net Proceeds from sale	<b><u>178,927</u></b>	<u>395,847</u>

**14. Income Tax**

The Company is liable for Income Tax on non-member income only, however, is liable fully on external investments.

The statement showing how the tax expense for 30 June 2010 has been calculated is:

Non-member income	<b>22,692,176</b>	21,354,181
Less: Non-member expenses	<b>(20,070,828)</b>	(19,152,149)
	<b><u>2,621,348</u></b>	<u>2,202,032</u>
Add: Income / (Loss) taxable in full	<b>1,706,306</b>	1,719,750
	<b><u>4,327,654</u></b>	<u>3,921,782</u>
Less: Expenses allowable in full	<b>(4,770,960)</b>	(4,084,556)
Taxable Income / (Loss)	<b><u>(443,306)</u></b>	<u>(162,774)</u>
Tax rate of 30%	-	-
Less: Deferred Tax Liability	<b>96,883</b>	242,566
Add: Deferred Tax Asset	<b>(374,686)</b>	(79,217)
	<b><u>(277,803)</u></b>	<u>163,349</u>

**Deferred Tax Asset**

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Employee benefits	<b>323,475</b>	302,628
Poker machine link accrual	<b>21,777</b>	19,766
Superannuation accrual	<b>35,932</b>	1,462
Taxable loss	<b>612,610</b>	295,252
	<b><u>993,794</u></b>	<u>619,108</u>

Opening balance 01.07.2009	<b>619,108</b>	539,891
Credited (Debited) to Statement of Comprehensive Income	<b>374,686</b>	79,217
Closing balance 30.06.2010	<b><u>993,794</u></b>	<u>619,108</u>

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**14 Income Tax - continued**

**Deferred Tax Liability**

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Depreciation - Timing Differences	<b>970,290</b>	873,407
Opening balance 01.07.2009	<b>873,407</b>	630,841
Credited (Debited) to Statement of Comprehensive Income	<b>96,883</b>	242,566
Closing balance 30.06.2010	<b>970,290</b>	873,407

The deferred tax asset will only be realised if:

- 1) the Company derives future assessable income of a nature and of an amount sufficient to enable the asset to be realised;
- 2) the Company continues to comply with the conditions for deductibility imposed by law; and
- 3) no changes in tax legislation adversely affect the Company in realising the asset.

**15. Cash Flow Information**

**(i) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at banks and investments in money market instruments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

	<b>2010</b>	2009
Cash on Hand	<b>2,164,478</b>	2,657,607
Cash at Bank	<b>860,403</b>	1,622,520
	<b>3,024,881</b>	4,280,127

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**15 Cash Flow Information - continued**

**(ii) Reconciliation of Operating Profit after Tax to Net Cash Provided by operating activities.**

	<b>2010</b>	<b>2009</b>
Operating Profit After Tax	<b>6,359,260</b>	8,059,890
Loss on Disposal of Non-Current Assets	<b>68,323</b>	395,847
Depreciation and Amortisation of Non-Current Assets	<b>5,201,815</b>	7,539,447
Gain on Amalgamation	-	(2,649,846)
 <b>Changes in Net Assets and Liabilities</b>		
(Decrease) / Increase in Income Tax	-	97,546
Decrease / (Increase) in Current Receivables	<b>(235,052)</b>	338
Decrease / (Increase) in Current Inventories	<b>131,316</b>	(183,404)
Decrease / (Increase) in Other Assets	<b>(523,696)</b>	(54,737)
Increase / (Decrease) in Trade Creditors	<b>1,266,590</b>	1,958,448
Increase / (Decrease) in Other Liabilities	<b>1,090,497</b>	2,607,617
Increase / (Decrease) in Leave and Other Provisions	<b>62,238</b>	(42,723)
<b>Net Cash Provided by Operating Activities</b>	<b><u>13,421,291</u></b>	<b><u>17,728,423</u></b>

**(iii) Financing Facilities**

The Company has an arrangement with the Commonwealth Bank to provide funds and support facilities:

Credit Facility	48,298,000	48,298,000
Amount Utilised	<b><u>(48,278,138)</u></b>	<b><u>(48,278,138)</u></b>
Unused Credit Facility	<b><u>19,862</u></b>	<b><u>19,862</u></b>

**16. Superannuation Commitments**

The Company has superannuation plans in place to provide employees with benefits in the event of retirement, death, or disability. There is a legally enforceable obligation on the Company to contribute to a superannuation fund at a rate that is determined by industrial agreement.

**17. Commitments**

**(a) Capital expenditure commitment**

Capital expenditure committed but not provided for or payable:

Not later than one year	<u>-</u>	<u>3,044,495</u>
-------------------------	----------	------------------

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**17. Commitments - continued**

**(b) Lease commitment**

Lease commitments payable:

Not later than one year	724,508	29,261
Between one year and five years	998,954	12,441
Total lease liability	1,723,462	41,702

Represented by:

Current Liability	724,508	29,261
Non-Current Liability	998,954	12,441
	1,723,462	41,702

**18. Auditor's Remuneration**

During the year the following fees were paid or payable to Greg Huggett & Co for:

	2010	2009
Audit	50,985	49,415
Other Services		
Taxation Services	1,970	1,550

**19. Contingent Liabilities**

There were no known material contingent liabilities as at 30 June 2010.

Any legal action afoot is not likely to significantly affect the Company's future operations.

**20. Mortality Benefit**

The company's current policy is to pay each full member a mortality benefit of \$200 provided that he was a full member for at least five years prior to 31.12.1983.

**21. After Balance Date Events**

No events have occurred since 30th June to date of signing this report that would have a significant financial affect on the company.

**22. Related Party Transactions & Directors Remuneration**

The Company has paid Ronis Real Estate, in which Director Jim Ronis has an interest, \$32,476 in property management and selling fees for the year ended 30 June 2010. No Director or a near relative of a Director has benefited from a transaction involving the company other than stated above.

No Director has been paid remuneration or are owing remuneration. No loan or advances have been made to Directors or their relatives.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**Notes to the Financial Statements**  
**for the Year Ended 30 June 2010**

**23. Company Limited by Guarantee**

Bankstown District Sports Club Limited is a company limited by guarantee with the liability of the members to \$4 per member as set out in the Company's Constitution. Membership numbers at 30 June 2010 were 59,576.

**24. Surplus on Amalgamation**

Due to the amalgamation of the Baulkham Hills Sporting Club, a surplus arose representing the difference between assets acquired that belonged to Baulkham Hills Sporting Club and that paid to the liquidator.

**25. Employee Benefits**

	<b>2010</b>	2009
Net movement in Provision for Employee Benefits	<b>62,238</b>	(42,723)
Number of Employees at Year End	<b>479</b>	492

**26. Incorporation and Registered Office**

The Company is incorporated and domiciled in Australia and the Registered Office is located at 8 Greenfield Parade Bankstown 2200.

**27. Core Property Disclosure**

Section 41J of the Registered Clubs Amendment Act 2006 requires Bankstown District Sports Club to nominate its core and non core property assets.

Core Property Assets are:

The defined club premises and associated carparks at 8 Greenfield Parade Bankstown.

Non Core Property Assets are:

All other commercial investment and residential properties.

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that the financial report and notes as set out on pages 4 to 22 for the year ended and as at 30<sup>th</sup> June 2010 are in accordance with the Corporations Act 2001 including:

1. (a) comply with Accounting Standards and the Corporations Regulations 2001; and  
(b) give a true and fair view of the financial position as at 30<sup>th</sup> June 2010 and of the performance for the year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

ON BEHALF OF THE BOARD  
and in accordance with its resolutions

Dated at BANKSTOWN  
This fifth day of  
October 2010.

**John Murray**                      **Director**

**Richard Phillips**                      **Director**

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BANKSTOWN DISTRICT SPORTS CLUB LIMITED**

### **Scope**

#### **The financial report and directors' responsibility**

The financial report comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Bankstown District Sports Club Ltd for the year ended 30th June 2010.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting 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**

I conducted an independent audit in order to express an opinion to the members of the company. My audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether, in all material respects, the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the company's financial position and its performance as represented by the results of the operations and cash flows.

An opinion was formed in the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
BANKSTOWN DISTRICT SPORTS CLUB LIMITED continued**

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

**Independence**

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**In accordance with ASIC Class Order 05/83, I declare to the best of my knowledge and belief that the auditor's independence declaration set out in the Directors' Report has not changed as at the date of providing my audit opinion.**

**Audit Opinion**

In my opinion , the financial report presents fairly, in all material respects, the financial position of Bankstown District Sports Club Ltd as of 30 June 2010, and its financial performance and cash flows for the year then ended in accordance with the Corporations Act 2001 and the Australian Accounting Standards (including Australian Accounting Interpretations).

**Greg Huggett & Co  
Chartered Accountants**

**G.W. Huggett  
Registered Company Auditor**

**6th October 2010  
7/83 Mulga Rd  
Oatley West NSW 2223**

**BANKSTOWN DISTRICT SPORTS CLUB LIMITED**  
**(A Company Limited by Guarantee)**  
**ABN 88 000 243 916**

**TRADING STATEMENTS**  
**for the year ended 30 June 2010**

<b>Bar Trading</b>	<b>2010</b>	<b>2009</b>
Sales	<b>9,158,299</b>	8,863,331
Less: Cost of Goods	<b>3,534,853</b>	3,437,742
Gross Profit	<b>5,623,446</b>	5,425,589
Less:		
- Bar Wages	<b>2,737,553</b>	2,597,750
- Bar Expenses	<b>286,567</b>	223,430
- Depreciation	<b>227,797</b>	214,047
	<b>3,251,917</b>	3,035,227
Net Profit / (Loss)	<b>2,371,529</b>	2,390,362
Percentage of Gross Profit to Sales	<b>61.4%</b>	61.2%
 <b>Poker Machine Trading</b>		
Net Poker Machine Revenue	<b>63,584,676</b>	64,886,921
Less:		
- Poker Machine Wages	<b>2,312,765</b>	2,406,654
- Poker Machine Expenses	<b>2,916,621</b>	2,857,442
- Poker Machine Depreciation	<b>862,333</b>	2,110,635
	<b>6,091,719</b>	7,374,731
Net Profit from Poker Machines	<b>57,492,957</b>	57,512,190
 <b>Catering Trading</b>		
Sales	<b>11,189,885</b>	9,756,228
Less: Cost of Goods	<b>4,391,709</b>	3,831,898
Gross Profit	<b>6,798,176</b>	5,924,330
Room Hire Receipts	<b>332,564</b>	325,135
Total Catering Income	<b>7,130,740</b>	6,249,465
Less:		
- Catering Wages	<b>5,513,933</b>	4,926,674
- Catering Expenses	<b>771,032</b>	772,831
- Catering Depreciation	<b>382,830</b>	331,812
	<b>6,667,795</b>	6,031,317
Net Catering Profit / (Loss)	<b>462,945</b>	218,148
Percentage of Gross Profit to Sales	<b>60.8%</b>	60.7%