

**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
30th June 2009**

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 statement of the Bankstown District Sports Club Limited for the financial year ended 30th June 2009 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	6	21 of 22
FALCONER, Vernon Frederick	Consultant	Sports	3	22 of 22
FULCHER, Alexander Frederick	Company Director	Sports	3	22 of 22
MURRAY, John	Company Director	President	29	21 of 22
PHILLIPS, Richard	Retired	Vice President Chairman of Sports	28	20 of 22
RONIS, Jim	Company Director	Sports	3	18 of 22
SHEDDEN, Douglas James	Retired	Editor & Sports	7	21 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
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DIRECTORS' REPORT continued

- d) The net surplus from ordinary activities after tax for the year amounted to \$9,826,168 (\$9,473,617 - 2008), an increase of \$352,551. In 2009 and 2008, there were transactions being the amalgamation of the Bankstown City Bowling & Recreation Club Ltd and the sale of the Bankstown Bowling Club at Yagoona, which in both instances contributed to profitability. When these gains are removed from normal trading income, then surplus from ordinary activities after tax would be \$7,176,322 (\$4,735,029 – 2008), an increase of \$2,441,293.
- e) No shares were issued. The Company has no provision in its Constitution for the issue of shares.
- f) No dividends have been or will be paid. The Company has no provision in its Constitution for the payment of dividends.
- g) There has been no significant change in the state of affairs of the Company in the past financial year.
- h) 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.
- i) 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 to a maximum of \$20,000,000 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.
- j) The Company is not subject to significant environmental regulation under the law of the Commonwealth and State.
- k) 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.

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DIRECTORS' REPORT continued

- l) 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 2009 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
5th October 2009
7/83 Mulga Road, Oatley West NSW 2223

Dated at BANKSTOWN
This sixth day of

October 2009.

ON BEHALF OF THE BOARD AND IN
ACCORDANCE WITH ITS RESOLUTION

John Murray **Director**

Richard Phillips **Director**

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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INCOME STATEMENT
For the year ended 30 June 2009

	2009	2008
Revenue from Ordinary Activities		
Revenue from Sale of Goods	18,619,559	16,048,475
Poker Machine Net Revenue	64,886,921	61,238,813
Subscriptions	425,592	293,206
Bank Interest Received	192,630	244,562
Rent Received	1,235,209	1,050,995
Other Revenue from Ordinary Activities	1,368,819	961,546
Gain on Amalgamation	1(r) 2,649,846	-
Gain on Disposal of Real Estate Held For Sale	-	4,738,588
Total Revenue	89,378,576	84,576,185
Less Expenditure from Ordinary Activities		
Cost of Goods Sold	7,269,640	5,979,388
Employment Expenses	18,499,361	16,706,554
Depreciation - Plant & Equipment	5,172,847	6,224,483
Amortisation - Leased Plant & Equipment	82,636	136,930
Amortisation - Buildings	2,283,964	3,590,943
Administrative Expenses	5,904,770	5,447,600
Operating Expenses	6,552,792	5,419,653
Social Expenses	5,686,627	4,442,388
Poker Machine Expenses	2,857,442	3,177,000
Loss on Disposal of Fixed Asset	13 395,847	1,083,953
Catering Expenses	772,831	773,107
Bar Expenses	223,430	157,926
TAB/Keno Expenses	180,553	145,092
Property Expenses	271,550	244,278
Event Expenses	195,377	205,514
Bad Debts	9,879	20,334
Auditor's Fees	49,415	54,496
Auditor's Fees - Other	18 1,550	1,520
Borrowing Costs	2,772,911	2,184,477
Debenture (Unsecured) Interest	6,483	7,970
State and Federal Taxes	12 20,199,154	19,341,238
Total Expenses from Ordinary Activities	79,389,059	75,344,844
Surplus before Tax and Objectives	9,989,517	9,231,341
Less: Income Tax Expense / (Refund)	14 163,349	(242,276)
Surplus after Tax but before Objectives	9,826,168	9,473,617
Less Expenditure in Futherance of the Club's Objectives		
Sports Expenses	1,036,978	1,047,190
Welfare Expenses	534,516	1,742,181
Youth Club Net Expenses	194,784	170,351
	1,766,278	2,959,722
Net Surplus Transferred to Equity	8,059,890	6,513,895

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

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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BALANCE SHEET
As at 30 June 2009

Current Assets	Note	2009	2008
Cash and Cash Equivalents	2	4,280,127	6,820,023
Inventories	3	1,007,243	823,839
Trade and Other Receivables	4	567,797	982,934
Other Current Assets	5	1,397,866	1,384,600
Total Current Assets		7,253,033	10,011,396
Non-Current Assets			
Property, Plant & Equipment	6	194,588,740	165,799,705
Deferred Tax Asset	14	619,108	539,891
Intangible Assets	7	920,229	130,822
Other Non-Current Assets		7,500	-
Total Non-Current Assets		196,135,577	166,470,418
Total Assets		203,388,610	176,481,814
Current Liabilities			
Trade and Other Payables	8	9,313,460	6,243,840
Interest Bearing Liabilities	9	1,000,000	3,500,000
Current Tax Liabilities		-	(97,546)
Employee Benefits		2,152,162	2,115,004
Short Term Provisions	10	381,895	357,007
Total Current Liabilities		12,847,517	12,118,305
Non-Current Liabilities			
Interest Bearing Liabilities	9	47,368,248	29,419,680
Employee Benefits		1,695,142	1,775,023
Deferred Tax Liability	14	873,407	630,841
Other	11	12,441	6,000
Total Non-Current Liabilities		49,949,238	31,831,544
Total Liabilities		62,796,755	43,949,849
Net Assets		140,591,855	132,531,965
Made up of:			
Equity			
Land & Buildings Revaluation Reserve		7,111,305	7,111,305
Surplus on Amalgamation Reserve	24	1,076,345	1,076,345
Retained Surplus		132,404,205	124,344,315
Total Equity		140,591,855	132,531,965

The Balance Sheet is to be read in conjunction with the notes to and forming part of the Accounts.

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

	Retained		
	Earnings	Reserves	Total
As at 1 July 2008	117,830,420	8,540,690	126,371,110
Net surplus for the year	6,513,895	-	6,513,895
Transfers from reserves	-	(353,040)	(353,040)
As at 30 June 2008	124,344,315	8,187,650	132,531,965
Net surplus for the year	8,059,890	-	8,059,890
Transfers from reserves	-	-	-
As at 30 June 2009	132,404,205	8,187,650	140,591,855

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Cash Flow Statement
For the year ended 30 June 2009

Cash Flows from Operating Activities	2009	2008
Cash Receipts in the course of operations	86,827,008	79,512,650
Cash Payments in the course of operations	(68,495,784)	(65,178,320)
Income taxes paid	97,546	136,222
Borrowing costs paid	(2,734,990)	(2,166,242)
Interest received	201,520	247,003
Net Cash provided by Operating Activities	15(ii) 15,895,300	<u>12,551,313</u>
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	156,180	5,672,711
Payment for property, plant and equipment	(31,965,040)	(30,137,956)
Net Cash Used in Investing Activities	(31,808,860)	<u>(24,465,245)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	16,942,767	20,575,028
Repayment of Borrowings	(1,581,733)	(4,534,883)
Funds received from other parties	190,635	-
Funds advanced to other parties	(2,178,005)	(325,852)
Net Cash used in Financing Activities	13,373,664	<u>15,714,293</u>
Net Increase / (Decrease) in Cash held	(2,539,896)	3,800,361
Cash at the beginning of Financial Year	6,820,023	3,019,662
Cash at the end of Financial Year	15(i) 4,280,127	<u><u>6,820,023</u></u>

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

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Notes to the Financial Statements
for the Year Ended 30 June 2009

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.

Accounting Policies

(a) Inventories

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

(b) 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.

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Notes to the Financial Statements
for the Year Ended 30 June 2009

1. Statement of Significant Accounting Policies - continued

Income Tax - continued

- (b) 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.

(c) 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.

(d) 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.

(e) Comparative Figures

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

(f) 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.

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Notes to the Financial Statements
for the Year Ended 30 June 2009

1. Statement of Significant Accounting Policies - continued

(f) Property, Plant & Equipment - continued

(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 balance sheet.

(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 Balance Sheet. 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.

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

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

The company has reassessed the depreciation rate on poker machines at 21%, approximating a 7 year life, whereas previously a 40% rate was used, approximating a 3.75 year life.

In this year building amortisation rates were altered to:

67 years for the Club buildings at Bankstown and Baulkham Hills, 50 years for the Bowling Club and 40 years for commercial properties, as advised by Global Valuations Services.

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Notes to the Financial Statements
for the Year Ended 30 June 2009

1. Statement of Significant Accounting Policies - continued

(f) Property, Plant & Equipment - continued

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

(g) 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.

(h) 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.

(i) Cash and Cash Equivalent

For the purposes of the statement of cash flows, cash includes cash on hand and at bank.

(j) 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.

(k) 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.

(l) 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.

(m) 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 Balance Sheet.

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Notes to the Financial Statements
for the Year Ended 30 June 2009

1. Statement of Significant Accounting Policies - continued

(n) 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 Balance Sheet are shown inclusive of GST.

(o) 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 income statement.

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.

(p) 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.

(q) 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.

(r) Business Combinations

The amalgamation of Bankstown City Bowling and Recreation Club on 9 July 2008 was accounted for in accordance with AASB 3 Business Combinations using the purchase method of accounting. The fair value of assets acquired was \$5,257,648 and liabilities \$2,607,802. The excess \$2,649,846 was brought to account as revenue in the Income Statement as a gain on amalgamation.

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Notes to the Financial Statements
for the Year Ended 30 June 2009

1. Statement of Significant Accounting Policies - continued

(s) Financial Instruments

Cash and cash 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

	2009	2008
Cash at Bank	1,622,520	6,186,571
Cash on Hand	2,657,607	633,452
	4,280,127	6,820,023

The interest rate as at 30 June 2009 on cash at bank was 2.25% per annum (6.25% - 2008).

3. Inventories

Bar	953,653	778,952
Catering	53,590	44,887
	1,007,243	823,839

4. Trade and Other Receivables

Trade Debtors	567,797	982,934
(Net of doubtful debt provision of \$3,815 (\$3,815 - 2008))		

5. Other Current Assets

Prepayments	1,103,739	1,117,463
Deposits	294,127	267,137
	1,397,866	1,384,600

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Notes to the Financial Statements
for the Year Ended 30 June 2009

6. Property, Plant and Equipment	2009	2008
Land	21,497,214	15,430,016
Land held for Investment	3,335,000	3,335,000
	<u>24,832,214</u>	<u>18,765,016</u>
Buildings	118,685,797	116,989,610
Buildings - Held for Investment	6,430,482	6,430,482
Buildings - Leasehold Land	2,132,355	2,129,341
Buildings - Under Construction	28,054,579	6,164,766
	<u>155,303,213</u>	<u>131,714,199</u>
Less: Accumulated Depreciation	<u>(17,586,383)</u>	<u>(15,778,586)</u>
	<u>137,716,830</u>	<u>115,935,613</u>
Plant and Equipment	73,495,714	69,424,964
Less: Accumulated Depreciation	<u>(41,599,997)</u>	<u>(38,531,282)</u>
	<u>31,895,717</u>	<u>30,893,682</u>
Leased Plant and Equipment	723,567	685,841
Less: Accumulated Amortisation	<u>(579,588)</u>	<u>(480,447)</u>
	<u>143,979</u>	<u>205,394</u>
Total Property, Plant and Equipment	<u><u>194,588,740</u></u>	<u><u>165,799,705</u></u>

Land and buildings were independently valued at open market value by Graham Scrymgeour, Registered Valuer No. 1578 and Nicholas Brady, Registered Valuer No.3609 of Global Valuation Services Pty Ltd, on 31 January 2008 at \$171,285,000 (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). It does not take into account real estate purchased since 31 January 2008. Real estate purchased after 31 January 2008 to 30 June 2009 has a cost value of \$2,100,000 and also the Bankstown City Bowling and Recreation Club which had a value ascertained of \$4,850,000, thus totalling \$6,950,000.

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Notes to the Financial Statements
for the Year Ended 30 June 2009

6. Property, Plant and Equipment - continued

	2009	2008
Land		
- Carrying amount at beginning of year	18,765,016	19,047,959
- Additions	6,067,198	271,000
- Disposals	-	(553,943)
- Carrying amount at end of year	<u>24,832,214</u>	<u>18,765,016</u>
 Buildings		
- Carrying amount at beginning of year	109,770,847	85,785,146
- Additions	1,008,900	269,122
- Transfers from Capital Works in Progress	1,166,468	27,506,879
- Disposals	(476,167)	(388,944)
- Depreciation expense	(1,807,797)	(3,401,356)
- Carrying amount at end of year	<u>109,662,251</u>	<u>109,770,847</u>
 Plant and Equipment		
- Carrying amount at beginning of year	30,893,682	25,207,580
- Additions	6,398,915	7,595,015
- Transfers from Capital Works in Progress	391,997	5,474,365
- Disposals	(2,720,162)	(7,920,515)
- Depreciation expense	(3,068,715)	537,237
- Carrying amount at end of year	<u>31,895,717</u>	<u>30,893,682</u>
 Plant and Equipment under Lease		
- Carrying amount at beginning of year	205,394	342,324
- Additions	37,726	-
- Amortisation	(99,141)	(136,930)
- Carrying amount at end of year	<u>143,979</u>	<u>205,394</u>
 Capital Works in Progress		
- Carrying amount at beginning of year	6,164,766	17,836,556
- Additions	23,448,278	21,309,454
- Transfers to Land & Building	(1,166,468)	(27,506,879)
- Transfers to Plant & Equipment	(391,997)	(5,474,365)
- Carrying amount at end of year	<u>28,054,579</u>	<u>6,164,766</u>
	<u>194,588,740</u>	<u>165,799,705</u>

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Notes to the Financial Statements
for the Year Ended 30 June 2009

7. Intangible Assets	2009	2008
Liquor Licence	120,070	130,822
Poker Machine Entitlements	800,159	-
	<u>920,229</u>	<u>130,822</u>
8. Trade and Other Payables		
Trade Creditors	2,322,483	1,384,445
Other	6,990,977	4,859,395
	<u>9,313,460</u>	<u>6,243,840</u>
9. Interest Bearing Liabilities		
Current		
Bank Bill Facility	<u>1,000,000</u>	<u>3,500,000</u>
Non-Current		
Bank Bill Facility	47,278,138	29,321,370
Members' Debentures (unsecured)	90,110	98,310
	<u>47,368,248</u>	<u>29,419,680</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 30.6.2009 was \$48,278,138 (\$32,821,370 - 2008). The average interest rate for year ended 30 June 2009 was 5.21%, with interest rate at 30 June 2008 being 3.18%.

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 21/3/2011.
Bill Discount Facility 2 -	\$15,000,000	This facility is interest only and matures 21/3/2011.
Bill Discount Facility 3 -	\$8,298,000	This facility is interest only until 21/4/2010 when quarterly principal reductions of \$1,000,000 will commence, and matures 21/3/2011.
	<u>\$48,298,000</u>	

The company has interest rate cap arrangements with the Bank on \$27,500,000 of the above bill facilities. The cap rates range from 5.5% to 8.5%. The remaining \$20,798,000 is subject to variable interest rates.

Contingency Liability - Bank Guarantees \$181,000.

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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 \$27.5 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

Interest Rate Risk

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 2009, 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		2009	2008
	Increase in Interest Rate Risk by 2%	(750,000)	(295,000)
	Decrease in Interest Rate Risk by 2%	750,000	295,000
Change in Equity			
	Increase in Interest Rate Risk by 2%	(750,000)	(295,000)
	Decrease in Interest Rate Risk by 2%	750,000	295,000

10. Short Term Provisions

	2009	2008
Debenture Interest	125,609	124,325
Debenture Redemptions	5,000	10,000
Poker Machine Link Jackpot	251,286	222,682
	381,895	357,007

11. Non-Current Liabilities - Other

Lease Liabilities (settlement not later than 5 years)	12,441	6,000
	12,441	6,000

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12. State and Federal Taxes	2009	2008
Poker Machine Tax	18,974,479	18,250,981
Payroll Tax	1,045,761	904,141
Fringe Benefits Tax	107,621	128,527
Land Tax	71,293	57,589
	<u>20,199,154</u>	<u>19,341,238</u>

13. Loss on Disposal of Fixed Asset		
Gross Proceeds from Sale of Fixed Asset	(156,180)	(236,000)
Less: Written down value	552,027	1,319,953
Net Proceeds from sale	<u>395,847</u>	<u>1,083,953</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 2009 has been calculated is:

Non-member income	21,354,181	17,891,359
Less: Non-member expenses	(19,152,149)	(16,096,828)
	<u>2,202,032</u>	<u>1,794,531</u>
Add: Income / (Losses) taxable in full	1,719,750	1,531,716
	<u>3,921,782</u>	<u>3,326,247</u>
Less: Expenses allowable in full	(4,084,556)	(4,147,646)
Taxable Income / (Loss)	<u>(162,774)</u>	<u>(821,399)</u>
Tax rate of 30%	-	-
Less: Deferred Tax Liability	242,566	53,767
Add: Deferred Tax Asset	(79,217)	(296,043)
	<u>163,349</u>	<u>(242,276)</u>

Deferred Tax Asset

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss	2009	2008
Employee benefits	302,628	277,585
Poker machine link accrual	19,766	15,886
Superannuation Accrual	1,462	-
Taxable Losses	295,252	246,420
	<u>619,108</u>	<u>539,891</u>
Opening balance 1/7/2008	539,891	243,848
Credited (Debited) to Income Statement	79,217	296,043
Closing balance 30/6/2009	<u>619,108</u>	<u>539,891</u>

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14 Income Tax - continued

Deferred Tax Liability

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Depreciation - Timing Differences	<u>873,407</u>	<u>630,841</u>
Opening balance 1/7/2008	630,841	577,074
Credited (Debited) to Income Statement	<u>242,566</u>	<u>53,767</u>
Closing balance 30/6/2009	<u>873,407</u>	<u>630,841</u>

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 Cash Flow Statement, 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 Cash Flow Statement is reconciled to the related items in the Balance Sheet.

	2009	2008
Cash on Hand	2,657,607	633,452
Cash at Bank	<u>1,622,520</u>	<u>6,186,571</u>
	<u>4,280,127</u>	<u>6,820,023</u>

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15 Cash Flow Information - continued

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

Operating Profit After Tax	8,059,890	6,513,895
Loss on Disposal of Non-Current Assets	395,847	(3,650,545)
Depreciation and Amortisation of Non-Current Assets	7,539,447	9,964,263
Gain on Amalgamation	(2,649,846)	-
Changes in Net Assets and Liabilities		
(Decrease) / Increase in Income Tax	97,546	136,222
Decrease / (Increase) in Current Receivables	338	127,740
Decrease / (Increase) in Current Inventories	(183,404)	(203,950)
Decrease / (Increase) in Other Assets	(54,737)	(123,795)
Increase / (Decrease) in Trade Creditors	1,958,448	22,093
Increase / (Decrease) in Other Liabilities	774,494	61,269
Increase / (Decrease) in Leave and Other Provisions	(42,723)	57,162
Increase / (Decrease) in Land & Build Revaluation Reserve	-	(353,041)
Net Cash Provided by Operating Activities	<u>15,895,300</u>	<u>12,551,313</u>

(iii) Financing Facilities

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

Credit Facility	48,298,000	49,711,000
Amount Utilised	(48,278,138)	(32,821,370)
Unused Credit Facility	<u>19,862</u>	<u>16,889,630</u>

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.

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Notes to the Financial Statements
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17. Commitments

(a) Capital expenditure commitment	2009	2008
Capital expenditure committed but not provided for or payable:		
Not later than one year	<u>3,044,495</u>	<u>6,904,560</u>
 (b) Lease commitment		
Lease commitments payable:		
Not later than one year	29,261	72,240
Between one year and five years	<u>12,441</u>	<u>6,000</u>
Total lease liability	<u>41,702</u>	<u>78,240</u>
 Represented by:		
Current Liability	29,261	72,240
Non-Current Liability	<u>12,441</u>	<u>6,000</u>
	<u>41,702</u>	<u>78,240</u>

18. Auditor's Remuneration

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

	2009	2008
Audit	<u>49,415</u>	<u>54,496</u>
Other Services		
Taxation Services	<u>1,550</u>	<u>1,520</u>

19. Contingent Liabilities

There were no known material contingent liabilities as at 30 June 2009.

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 31.12.83.

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.

BANKSTOWN DISTRICT SPORTS CLUB LIMITED
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Notes to the Financial Statements
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22. Related Party Transactions & Directors Remuneration

The company has paid Ronis Real Estate, in which Director Jim Ronis has an interest, \$21,489 in property management fees for the year ended 30 June 2009. 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.

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 2009 were 55,550.

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

	2009	2008
Net movement in Provision for Employee Benefits	(42,723)	57,161
Number of Employees at Year End	492	434

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 car parks at 8 Greenfield Parade Bankstown.

Non Core Property Assets are:

All other commercial investment and residential properties.

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

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, 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 2009.

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.

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.

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

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 2009, 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**

**7th October 2009
7/83 Mulga Rd
Oatley West NSW 2223**