

**POLICE CITIZENS YOUTH CLUBS NSW LTD**

A.B.N. 89 401 152 271

FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015



# **POLICE CITIZENS YOUTH CLUBS NSW LTD**

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FOR THE YEAR ENDED 31 DECEMBER 2015

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# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## DIRECTORS' REPORT

The Directors present their report on the Company for the year ended 31 December 2015.

### DIRECTORS

The names of the Directors in office at any time during or since the end of the financial year are:

Alexander Harvey (appointed 28/08/2015)	Samantha Davis
James Dack	Ian K Ellis
Simone Deane	Paul MacMillan
Nick Kaldas	Diane Scobie
Joshua Park (appointed 28/08/2015)	Errol Whiteley
Kim Schaefer	Edward Morris (resigned 28/08/2015)
Nicholas W Moore (resigned 28/08/2015)	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors and Secretary Qualifications, special responsibilities and experience is contained in the notes to the Financial Statements.

### THE COMPANY'S SHORT TERM OBJECTIVES ARE:

- Continued improved financial performance towards operating surplus and strengthened balance sheet
- Renewal of aging facilities through Asset Management strategy which incorporates asset recycling and leveraging of Government capital support across local and State Government.
- Expansion of PCYC into communities not currently served and for targeted programs with the aid of the State Government Grant.
- Increasing membership resulting in greater activity participation and revenues at Club level.
- Active engagement of Aboriginal young people.
- Growth of driver education programs.

### THE COMPANY'S LONG TERM OBJECTIVES ARE:

- Increased participation by young people in PCYC activities through establishment of new sites.
- Support for best practice programs with young offenders by the NSW Police Force Youth Command, and identification of opportunities for program initiatives to compliment that work.
- Continuous improvement in the level of active staff engagement in the Company's Mission.
- Generation of cash reserves to sustain facility upgrade and expansion.

### SET OUT PROCESSES IMPLEMENTED TO ACHIEVE THE AFOREMENTIONED STRATEGIES:

- The executive management team has been structured to deliver on the club expansion program, to support and improve club level performance, and to increase generation of own revenue streams.
- Funding is made available to the Youth Command to support Police programs, including allocations to support replication of best practice work.
- Tighter controls have been introduced around staffing costs, equipment and capital expenditure.

### IMPORTANT ACTIONS OF THE COMPANY DURING 2015:

- Achieved state membership of 90,000. Target of 100,000 members in 2017.
- Opened new PCYC at Walgett, Mittagong (Southern Highlands) and substantially commenced construction of new clubs at Dee Why (Northern Beaches) and Auburn.
- The Company has been approved as a provider of the NSW Government's 'Safer Driver' program with expected strong growth in provision of the program in 2015
- The 'Nations of Origin' program which was launched in Dubbo in 2013 to engage Aboriginal communities and young people in a rugby league based sports and reconciliation project has been expanded to include Futsal. The program will run annually and in 2015 will move to the Hunter region
- Successful in winning \$1.2M State Government Grant (COMPACT) through 'Multicultural NSW' to enable rollout of multi-cultural youth engagement programs in south-west Sydney.
- EBITDA results for 2015 were \$3,615,852 representing 9.60% of revenues

# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## DIRECTORS' REPORT

### MEETINGS OF DIRECTORS

During the financial year, seven meetings of directors (including committees) were held. Attendances were as follows:

	Directors' Meetings		Risk & Finance Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
A Harvey	3	3	3	3
N Moore	3	3	3	3
J Dack	6	6	-	-
S Davis	6	5	-	-
S Deane	6	5	-	-
I Ellis	6	3	6	3
N Kaldas	6	4	-	-
P MacMillian	6	4	-	-
J Park	3	3	-	-
D Scobie	6	5	-	-
K Schaefer	6	5	-	-
E Whiteley	6	6	6	6
E Morris	3	1	-	-

### CONTRIBUTION IN WINDING UP

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity.

### AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors:



**ALEXANDER HARVEY**  
Chairman

Sydney, 30 June 2016

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230


T +61 2 8297 2400  
F +61 2 9299 4445  
E info.nsw@au.gt.com  
W www.grantthornton.com.au

**Auditor's Independence Declaration  
To the Directors of Police Citizens Youth Clubs NSW Limited**

In accordance with the requirements 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 and section 307C of the Corporations Act 2001, as lead auditor for the audit of Police Citizens Youth Clubs NSW Limited for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

  
GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

  
A G Rigele  
Partner - Audit & Assurance

Sydney, 30 June 2016

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a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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Correspondence to:  
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Sydney NSW 1230

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F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Report To the Members of Police Citizens Youth Clubs NSW Limited**

We have audited the accompanying financial report of Police Citizens Youth Clubs NSW Limited (the "Company"), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report, Responsible Entities' declaration and the declaration by the President in respect of Fundraising Appeals.

### **Responsibility of the Responsible Entities' for the financial report**

The Responsible Entities' of Police Citizens Youth Clubs NSW Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012, Charitable Fundraising Act 1991 and the Corporations Act 2001. This responsibility includes such internal controls as the Responsible Entities' determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001.

### **Basis for qualified auditor's opinion**

Cash from donations, memberships, fees and other fund raising activities are a significant source of revenue for Police Citizens Youth Clubs NSW Ltd. Although the Directors of Police Citizens Youth Clubs NSW Ltd have implemented systems of controls to ensure the monies received at its clubs are properly recorded in the accounting records, it is impracticable to establish control over the collection of revenue from these sources prior to entry into its financial records.

Our audit procedures with respect to revenue from these sources had to be restricted to the amounts recorded in the financial records. As a result, we are unable to express an opinion as to whether revenue from cash donations, memberships, fees and other fundraising activities is complete.

### **Auditor's opinion**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matter referred to above;

- a) the financial report of Police Citizens Youth Clubs NSW Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, including:
  - i. giving a true and fair view of Police Citizens Youth Clubs NSW Limited's financial position as at 31 December 2015 and of its performance and cash flows for the year ended on that date;

- ii. complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013 and the Corporations Regulations 2001;
- b) the financial report shows a true and fair view of the financial result of fundraising appeals for the year;
- c) the financial report and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the regulations;
- d) monies received by the Police Citizens Youth Clubs NSW Limited, as a result of fundraising appeals conducted during the year ended 31 December 2015, have been accounted for and applied, in all material aspects, in accordance with the Charitable Fundraising Act 1991 and its Regulations; and
- e) there are reasonable grounds to believe the Police Citizens Youth Clubs NSW Limited will be able to pay its debts as and when they fall due.

  
GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

  
A G Rigele  
Partner - Audit & Assurance

Sydney, 30 June 2016



## **POLICE CITIZENS YOUTH CLUBS NSW LTD**

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### **RESPONSIBLE ENTITIES' DECLARATION**

The responsible entities of the Police Citizens Youth Clubs NSW declare that

1. the financial statements and notes set out on pages 11 to 31 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012; including
  - (a) giving a true and fair view of the financial position as at 31 December 2015 and performance for the year ended on that date; and
  - (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting interpretations), the Australian Charities and Not-for-profits Commission Regulation 2013; and
2. there are reasonable grounds to believe 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:



**ALEXANDER HARVEY**  
Chairman

Sydney, 30 June 2016

## **POLICE CITIZENS YOUTH CLUBS NSW LTD**


A.B.N. 89 401 152 271

### **STATEMENT BY THE BOARD IN RESPECT OF FUNDRAISING APPEALS**

We the Board of Directors of Police Citizens Youth Clubs NSW Ltd declare that to the best of our knowledge and having regard to internal controls and audit procedures undertaken at the clubs, we are satisfied that:

- (a) the Statement of profit or loss and other comprehensive income gives a true and fair view of income and expenditure of Police Citizens Youth Clubs NSW Ltd. with respect to the fundraising appeals; and
- (b) the Statement of financial position gives a true and fair view of the state of affairs with respect to fund raising appeals conducted by Police Citizens Youth Clubs NSW Ltd; and
- (c) the provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by Police Citizens Youth Clubs NSW Ltd are appropriate and effective in accounting for all income received and applied by the organization from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**ALEXANDER HARVEY**  
Chairman

Sydney, 30 June 2016

**POLICE CITIZENS YOUTH CLUBS NSW LTD**

A.B.N. 89 401 152 271

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015	2014
		\$	\$
<b>Revenue</b>			
Fundraising	2, 16	10,088,347	10,717,353
Sale of goods		617,966	529,207
Activity and membership fees		10,640,324	9,535,536
Grant income	2	12,729,527	11,650,813
Interest income		146,881	359,158
Venue hire		2,823,236	2,759,581
Other income	2	616,234	355,193
<b>Revenue and other income</b>		<b>37,662,515</b>	<b>35,906,841</b>
Fundraising costs	16	3,452,618	4,009,927
Cost of sales		498,769	491,910
Activity costs	3	10,073,368	9,659,349
Club operational expenses	3	18,403,902	17,100,637
Blue Light operational expenses		27,521	74,876
Management and administration	3	6,782,664	5,372,507
<b>Expenditure</b>		<b>39,238,842</b>	<b>36,709,206</b>
Deficit before income tax expense		(1,576,327)	(802,365)
Income tax expense – exempt		-	-
<b>Deficit after income tax expense</b>		<b>(1,576,327)</b>	<b>(802,365)</b>
Other comprehensive income		-	-
<b>Total comprehensive deficit</b>		<b>(1,576,327)</b>	<b>(802,365)</b>

The accompanying notes form part of these financial statements.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015	2014
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	4	8,153,851	9,206,959
Trade and other receivables	5	2,289,348	973,289
Inventories	6	72,019	59,194
Other financial assets		-	5,000,000
Other current assets	7	362,098	321,933
Asset held for sale	8	6,212,976	2,056,811
<b>Total Current Assets</b>		<u>17,090,292</u>	<u>17,618,186</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	63,962,120	65,139,043
Intangibles	10	542,065	686,025
<b>Total Non-Current Assets</b>		<u>64,504,185</u>	<u>65,825,068</u>
<b>Total Assets</b>		<u>81,594,477</u>	<u>83,443,254</u>
<b>Current Liabilities</b>			
Trade and other payables	11	4,815,393	2,904,919
Borrowings	12	-	10,798
Deferred income	13	8,017,728	10,384,694
Short-term provisions	14	1,978,952	1,850,242
<b>Total Current Liabilities</b>		<u>14,812,073</u>	<u>15,150,653</u>
<b>Non-Current Liabilities</b>			
Borrowings	12	28,793	28,793
Deferred income	13	3,525,000	3,525,000
Long-term provisions	14	182,697	116,567
<b>Total Non-Current Liabilities</b>		<u>3,736,490</u>	<u>3,670,360</u>
<b>Total Liabilities</b>		<u>18,548,563</u>	<u>18,821,013</u>
<b>Net Assets</b>		<u>63,045,914</u>	<u>64,622,241</u>
<b>Equity</b>			
Reserves		-	-
Accumulated funds		63,045,914	64,622,241
<b>Total Equity</b>		<u>63,045,914</u>	<u>64,622,241</u>

The accompanying notes form part of these financial statements.

**POLICE CITIZENS YOUTH CLUBS NSW LTD**

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
<b>Balance at 1 January 2014</b>	65,424,606	-	65,424,606
Total comprehensive income for the year	(802,365)	-	(802,365)
Transfer to and from reserve	-	-	-
<b>Balance at 31 December 2014</b>	<u>64,622,241</u>	<u>-</u>	<u>64,622,241</u>
<b>Balance at 1 January 2015</b>			
Total comprehensive income for the year	(1,576,327)	-	(1,576,327)
Transfer to and from reserve	-	-	-
<b>Balance at 31 December 2015</b>	<u>63,045,914</u>	<u>-</u>	<u>63,045,914</u>

The accompanying notes form part of these financial statements.

**POLICE CITIZENS YOUTH CLUBS NSW LTD**

A.B.N. 89 401 152 271

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015	2014
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers – inclusive of GST		35,253,365	40,030,543
Payments to suppliers and employees - inclusive of GST		(34,358,281)	(33,341,051)
Interest received		146,881	359,158
Finance costs		(18,653)	(28,377)
<b>Net cash inflow from operating activities</b>	17	<u>1,023,312</u>	<u>7,020,273</u>
<b>Cash flows from investing activities</b>			
Payments for intangibles		(65,325)	(210,316)
Purchases of property, plant and equipment		(8,136,659)	(7,777,918)
Proceeds from sale of property, plant and equipment		1,136,364	14,196
<b>Net cash inflow/(outflow) from investing activities</b>		<u>(7,065,620)</u>	<u>(7,974,038)</u>
<b>Cash flows from financing activities</b>			
Transfer to other deposits		5,000,000	(5,000,000)
Repayment of borrowings		(10,800)	(10,798)
<b>Net inflow from financing activities</b>		<u>4,989,200</u>	<u>(5,010,798)</u>
Net increase in cash held		(1,053,108)	(5,964,563)
<b>Cash at the beginning of the year</b>		<u>9,206,959</u>	<u>15,171,522</u>
Cash at the end of the year	18	<u>8,153,851</u>	<u>9,206,959</u>

The accompanying notes form part of these financial statements.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. Statement of Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board, the NSW Charitable Fundraising Act 1991 and the Australian Charities and Not-for-Profit Commission Act 2012 and Regulations.

The financial report is for Police Citizens Youth Clubs NSW Ltd, including the Company's Clubs and Advancement Fund. Police Citizens Youth Clubs NSW Ltd is a Public Company limited by guarantee, incorporated and domiciled in Australia.

Police Citizens Youth Clubs NSW Ltd was automatically registered as a charity with the ACNC with its registration details transferred across from the Australian Taxation Office (ATO) having been previously endorsed by the ATO as a charity.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### Basis of Preparation

The Financial Report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

#### Taxes

**Income tax:** The Company is endorsed as an income tax exempt charitable entity and accordingly is an exempt body for Income Tax accordingly no provision for these taxes are required.

**Fringe benefits tax:** the company, as a public benevolent institution, was exempt from fringe benefits tax under section 57A, Fringe Benefits Tax Assessment Act 1986. From 1 April 2001 this exemption ceased for certain fringe benefits paid to employees in excess of \$30,000 grossed up value for each employee.

**Capital gains tax:** the company, as a public benevolent institution, is exempt from capital gains tax under section 50-5, Income Tax Assessment Act 1997.

**Payroll Tax:** the company, as a public benevolent institution, is exempt from payroll tax under section 10(1) (a2), Payroll Tax Act 1971.

**Land Tax:** the company, as a charitable institution, is exempt from land tax under section 10(d), Land Tax Act.

**Stamp duties and charges:** the company, as a public benevolent institution and holder of an Authority to Fundraise, under the Charitable Fundraising Act 1991 has a general exemption from paying stamp duty and charges under section 275 of the NSW Duties Act 1997.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. Statement of Accounting Policies - Continued

#### Taxes – continued

**Goods and Services Tax:** the company, as a public benevolent institution is registered for the goods and services tax (GST), applicable from 1 July 2000. The tax paid is paid on revenues from commercial activities and sponsorship. Most input taxes charged are credited except for expenses related to non creditable transaction. Revenues, expenses and assets are recognised net of the amount of GST except:

1. where the amount of GST incurred is not recoverable from the ATO, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
2. for receivables or payables which are recognised inclusive of GST where applicable.

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

#### Fundraising Activities

Fundraising, donations and bequests are recognised as revenue when the Company obtains control of the contributions, it is probable that the economic benefits comprising the contribution will flow to the Company and the amount of the contribution can be measured reliably.

**Charitable Fundraising Act 1991:** this Act and supporting Charitable Fundraising Regulation prescribe the manner in which fundraising appeals are conducted, controlled and reported in NSW. The amounts shown in Note 16 are in accordance with Authority Condition 7, which is issued to the Company under section 19 of the Act.

**Donations and bequests:** are recognised as income as and only when received by the company or deposited to the company's bank account. As specified in the Act, unsolicited donations, members' donations and bequests are not treated as fundraising income when determining information required under the Act.

**Costs of fundraising:** costs used in Note 16 include all direct fundraising costs in accordance with the Act. The inclusion of indirect costs is discretionary. Indirect costs excluded, include overheads such as the time spent by accounting or office staff administering appeals, cost apportionment of rent, light and power, and insurance. Exclusion of the indirect costs decreases the cost of fundraising and increases the margins from fundraising shown in Note 16.

#### Donated Services

Various services are generously donated to the company. These services are recognised when the amount of the contribution can be measured reliably.

#### Deferred Income

The liability for deferred income is the unutilized amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve months of receipts of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve months after reporting date then the liability is disclosed as non-current.



# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. Statement of Accounting Policies - Continued

#### Inventories

Inventories are valued at the lower of cost or current replacement costs. Costs have been assigned to inventories on hand at balance date using the average cost method.

#### Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and depreciated replacement costs, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

The decline in future economic benefit is recognised in the statement of profit or loss and other comprehensive income annually as a depreciation expense. The depreciation rates are reviewed with sufficient regularity to ensure they reflect the decline in future economic benefits.

#### Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where an asset is acquired at no cost or for nominal cost, the cost is its fair value at the date of acquisition.

**Freehold Land and Buildings:** Freehold Land and Buildings, are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the company's management.

Freehold Land and Building are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. Land is not depreciated, whilst depreciation for buildings is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment.

**Buildings held in Trust:** These assets comprise buildings erected on land where there is a legal right to ownership of the land, or a trustee's right to occupy whilst there is continuing utilisation exclusively for Police & Community Youth Club purposes.

The Company recognises as assets buildings on leasehold land and held in trust on the basis they are a scarce resource controlled by the Company. Furthermore they provide service potential through their ability to enable the Company to achieve its stated objectives, whilst providing economic benefits, through the absence of a commercial rental charge or acquisition cost.

Buildings on leasehold land are only taken up in the accounts where there is a continuing use and service benefit to the Company. In the event of cessation of existing use all benefits therein would be forfeited under the terms of the right of occupation and in some cases there may be expenses associated with removal or re-instatement to original condition. A provision has been estimated where it can be reliably measured.

Consistent with previous years, no value has been ascribed in these accounts to leasehold land or to land where buildings are held in trust on the basis there is no recoverable amount associated with the land at the expiry of the remaining useful life of the buildings.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. Statement of Accounting Policies - Continued

#### Plant, Equipment and Motor Vehicles:

Plant, equipment and motor vehicles are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not excess of the recoverable amount from these assets or equivalent depreciable cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Depreciation:** The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 – 12.5%
Plant, Equipment and Motor Vehicles	10 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**Capital Projects - Work in Progress:** Work in progress is in relation to capital works in progress at year-end in accordance with various grant funding received. Work in progress is valued at cost, less any provision for anticipated future losses.

#### Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the entity are classified as finance leases. Finance leases are capitalized recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated on a straight line basis over the estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged as expenses in the periods in which they are incurred.

# **POLICE CITIZENS YOUTH CLUBS NSW LTD**

A.B.N. 89 401 152 271

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **1. Statement of Accounting Policies – Continued**

#### **Employee Benefits**

Provision is made for the company's 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, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

#### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

#### **Revenue**

Fundraising, donations and bequests are recognised as revenue when the Company obtains control of the contributions, it is probable that the economic benefits comprising the contribution will flow to the Company and the amount of the contribution can be measured reliably. Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Revenue from the sale of goods is recognised upon delivery of goods to customers. Interest is recognised on a proportional basis taking into account interest rates applicable to financial assets. Government grants are recognised upon receipt provided it is probable that the economic benefits comprising the grant will flow to the company.

#### **Members' Guarantees**

Police Citizens Youth Clubs NSW Ltd is a company limited by guarantee. In the event of the company being wound up, each member may be liable to contribute an amount not exceeding \$100.

#### **Disposal of surplus**

Paragraph 4 of the company's constitution prohibits the distribution of any surplus to members. As required by the Charitable Fundraising Act 1991, the Income Tax Assessment Act 1997 and Tax Ruling TR 2000/12, any assets remaining upon winding up of the company must be applied to the objects or purposes for which they were raised.

#### **Financial Instruments**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

# **POLICE CITIZENS YOUTH CLUBS NSW LTD**

A.B.N. 89 401 152 271

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

### **1. Statement of Accounting Policies – Continued**

#### **Intangibles**

Software is initially recorded at cost less amortisation and impairment losses. Software is being amortised over a period of 5 years. The carrying amount of the software is revised annually by the directors to ensure it is not in excess of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### **Changes in Accounting Standards**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods and which the company has not decided to early adopt. The company has assessed the impacts of these changes and assessed them as not having any impact.

#### **Comparative Figures**

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

#### **Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial reports based on historical knowledge and best available current information. The Directors assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets.

#### **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### **Impairment**

The directors have applied the methodology in relation to impairment as set out in the statement of accounting policies. No specific indicators of impairment have been assessed on the company's assets in the current year.

#### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### **Inventories**

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

#### **Provision for impairment of receivables**

Management has reviewed individual debtors for impairment. Management have provided for specific debtors and when recoverability appears doubtful.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. Statement of Accounting Policies – Continued

#### Critical Accounting Estimates and Judgments - Continued

##### Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2015	2014
	\$	\$
<b>2. Revenue</b>		
<b>Operating activities</b>		
Proceeds from fundraising		
- Housie	58,848	91,386
- Donations	3,483,607	3,187,587
- Raffles and Art Unions	5,595,688	6,049,861
- Other fundraising projects	950,204	1,388,519
<b>Total fundraising revenue</b>	<b>10,088,347</b>	<b>10,717,353</b>
<b>Grant income</b>		
Building fund grant	6,043,546	3,049,672
Club manager funding grant	4,228,122	4,264,264
Other	2,457,859	4,336,877
<b>Total grant income</b>	<b>12,729,527</b>	<b>11,650,813</b>
<b>Other income</b>		
Gain on disposal of property, plant and equipment	20,150	27,838
Other	345,459	318,697
Insurance proceeds	250,625	8,658
<b>Total other income</b>	<b>616,234</b>	<b>355,193</b>

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
<b>3. Loss</b>		
Loss before income tax has been determined after:		
<b>Expenses</b>		
Depreciation		
- Buildings on freehold land	2,256,682	1,706,546
- Buildings on leasehold land	510,499	528,763
- Buildings held in trust	897,146	916,203
- Plant, equipment and motor vehicles	1,299,913	1,202,428
	<u>4,964,240</u>	<u>4,353,940</u>
Amortisation of software	209,285	146,141
Finance costs	18,653	28,377
<b>Significant expenses</b>		
The following expense items are relevant in explaining the financial performance		
<b>Activity costs</b>		
Employee benefit expense	5,013,965	3,990,493
Depreciation	321,664	319,532
<b>Club operational expense</b>		
Insurance	739,783	752,174
Light & heat	797,157	910,646
Information technology & communications	445,465	373,667
Motor vehicle	71,011	133,102
Repairs & renewals	696,633	808,971
Employee benefit expense	7,212,272	6,610,220
Depreciation & amortisation	4,077,061	3,544,651
<b>Management and administration</b>		
Legal and professional fees	777,450	482,947
Travel & accommodation*	316,445	497,183
Employee benefit expense	4,430,285	3,059,097
Depreciation & amortisation*	763,475	633,834

\*These costs include the support costs for Police Youth Command officers

**POLICE CITIZENS YOUTH CLUBS NSW LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
<b>3. Loss - Continued</b>		
<b>Other</b>		
Bad debt	344,000	191,640
<b>4. Cash and cash equivalents</b>		
Cash at bank and in hand	1,004,079	2,137,821
Cash on deposit	<u>7,149,772</u>	<u>7,069,138</u>
	<b><u>8,153,851</u></b>	<b><u>9,206,959</u></b>
<b>5. Trade and other receivables</b>		
<b>Current</b>		
Trade debtors	2,670,800	985,374
Less: Provision for doubtful debt	<u>(539,501)</u>	<u>(137,721)</u>
	2,131,299	847,653
Sundry debtors	<u>158,049</u>	<u>125,636</u>
	<b><u>2,289,348</u></b>	<b><u>973,289</u></b>

At 31 December, the ageing analysis of trade receivables is as follows:

	TOTAL	0-30 DAYS	31-60 DAYS	61-90 DAYS	+91 DAYS
<b>2015</b>	2,670,800	196,324	1,899,893	78,851	495,732
<b>2014</b>	985,374	353,412	512,127	67,771	52,064

**a) Allowance for Impairment Loss**

Trade debtors are non-interest bearing, and generally do not have set trading terms due to the nature of the operations. These debtors relate to venue hire and grant funding. A provision for impairment has been made where the recovery of the debtor has been deemed doubtful.

Sundry debtors do not contain impaired assets, are not past due and do not have set trading terms. It is expected that these sundry debtors will be received when due.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
<b>5. Trade and other receivables - Continued</b>		
<b>b) Fair Value and Credit Risk</b>		
Due to the short-term nature of these debtors, their carrying value is assumed to approximate their fair value.		
The maximum exposure to credit risk is the fair value of the trade debtors. No collateral is held as security.		
<b>6. Inventories</b>		
Finished goods at cost	72,019	59,194
	<u>72,019</u>	<u>59,194</u>
<b>7. Other current assets</b>		
Prepaid expenses	362,098	321,933
	<u>362,098</u>	<u>321,933</u>
<b>8. Asset held for sale</b>		
<b>Freehold land</b>		
At cost	4,775,000	1,100,000
<b>Buildings on freehold land</b>		
At amortised cost	1,390,665	909,500
<b>Buildings held in trust</b>		
At cost	47,311	47,311
Total Asset held for sale	<u>6,212,976</u>	<u>2,056,811</u>

On 3 June 2015, the company signed a contract for the sale of 94 George St Hornsby premises for an amount of \$12,500,000. As at balance date the company has recognized the major classes of assets as being current with settlement on 30 June 2016 (previously to be settled on 3 December 2015).

In addition, the Burwood and Parramatta premises were sold and settled post year end for \$15.5m and \$31.5m respectively.



# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
<b>9. Property, Plant and Equipment</b>		
<b>Freehold land</b>		
At deemed cost	15,449,000	19,124,000
	<u>15,449,000</u>	<u>19,124,000</u>
<b>Buildings on freehold land</b>		
At deemed cost	36,596,991	33,751,906
Less: accumulated depreciation	<u>(14,388,392)</u>	<u>(12,909,675)</u>
	<u>22,208,599</u>	<u>20,842,231</u>
<b>Buildings on leasehold land</b>		
At cost	14,824,559	14,812,525
Less: accumulated amortisation	<u>(6,325,185)</u>	<u>(5,814,687)</u>
	<u>8,499,374</u>	<u>8,997,838</u>
<b>Buildings held in trust</b>		
At cost	21,070,644	21,065,456
Less: accumulated depreciation	<u>(11,408,612)</u>	<u>(10,511,466)</u>
	<u>9,662,031</u>	<u>10,553,990</u>
Total properties	<u>55,819,004</u>	<u>59,518,059</u>
<b>Plant, equipment and motor vehicles</b>		
At cost	18,771,395	17,879,469
Less: accumulated depreciation	<u>(15,054,865)</u>	<u>(13,911,156)</u>
	<u>3,716,529</u>	<u>3,968,313</u>
Capital Projects – work in progress	<u>4,426,587</u>	<u>1,652,671</u>
Total property, plant and equipment	<u>63,962,120</u>	<u>65,139,043</u>

All depreciation charges (or reversals if any) are included within the respective functions of the company. Refer to Note 3 for further detail.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	<b>2015</b>		<b>2014</b>
	\$		\$
<b>9. Property, Plant and Equipment - Continued</b>			
<b>Reconciliations – 2015</b>			
Reconciliation of the carrying amount of each class of property, plant and equipment are set out below:			
	<b>Freehold Properties</b>		<b>Leasehold</b>
	<b>Land</b>	<b>Buildings</b>	<b>Buildings</b>
	\$	\$	\$
Carrying amount at the start of the year	19,124,000	20,842,231	8,997,838
Additions	-	4,099,239	12,035
Disposals	-	-	-
Asset transfer to held for sale	(3,675,000)	(476,189)	-
Depreciation expense	-	(2,256,682)	(510,499)
Carrying amount at the end of the year	<b>15,449,000</b>	<b>22,208,599</b>	<b>8,499,374</b>
	<b>Buildings</b>	<b>Plant, Equipment and Motor Vehicles</b>	<b>Capital Projects - work in progress</b>
	In trust	\$	\$
	\$	\$	\$
Carrying amount at the start of the year	10,553,990	3,968,313	1,652,671
Additions	5,187	1,236,938	2,773,916
Disposals	-	(188,809)	-
Asset transfer to held for sale	-	-	-
Depreciation expense	(897,146)	(1,299,913)	-
Carrying amount at the end of the year	<b>9,662,031</b>	<b>3,716,529</b>	<b>4,426,587</b>
	<b>Total</b>		
	\$		
Carrying amount at the start of the year	65,139,043		
Additions	8,127,315		
Disposals	(188,809)		
Asset transfer to held for sale	(4,151,189)		
Depreciation expense	(4,964,240)		
Carrying amount at the end of the year	<b>63,962,120</b>		

Depreciation applied to all other property, plant and equipment is based on the appropriate level as disclosed in Note 1; therefore the company believes these assets are not impaired.

**POLICE CITIZENS YOUTH CLUBS NSW LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>10. Intangibles</b>		
<b>Software</b>		
At cost	1,834,367	1,769,043
Less: accumulated amortisation	<u>(1,292,302)</u>	<u>(1,083,018)</u>
	<b><u>542,065</u></b>	<b><u>686,025</u></b>
Carrying amount at the start of the year	686,025	621,850
Additions	65,325	210,316
Disposals	-	-
Amortisation expense	<u>(209,285)</u>	<u>(146,141)</u>
Carrying amount at the end of the year	<b><u>542,065</u></b>	<b><u>686,025</u></b>
<b>11. Trade and other payables</b>		
<b>Current</b>		
Trade creditors and accruals	<u>4,815,393</u>	<u>2,904,919</u>
	<b><u>4,815,393</u></b>	<b><u>2,904,919</u></b>
<b>12. Borrowings</b>		
<b>Current</b>		
Interest bearing liabilities	<u>-</u>	<u>10,798</u>
	<u>-</u>	<u>10,798</u>
<b>Non-Current</b>		
Interest bearing liabilities	<u>28,793</u>	<u>28,793</u>
Aggregate amount of interest bearing liabilities	<b><u>28,793</u></b>	<b><u>28,793</u></b>
<b>13. Deferred income</b>		
<b>Current</b>		
Grants in advance	7,588,304	10,080,999
Hubworks Income	-	53,792
Tied Donations	<u>429,424</u>	<u>249,903</u>
	<b><u>8,017,728</u></b>	<b><u>10,384,694</u></b>
<b>Non-Current</b>		
Grants in advance	<u>3,525,000</u>	<u>3,525,000</u>
	<b><u>3,525,000</u></b>	<b><u>3,525,000</u></b>

# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
<b>14. Provisions</b>		
<b>Current</b>		
Provision for employee entitlements	1,978,952	1,850,242
<b>Non-Current</b>		
Provision for employee entitlements	182,697	116,567
Aggregate amount of employee entitlements	2,161,649	1,966,809
Employee numbers	464	443
	<b>Total</b>	
	<b>\$</b>	
Carrying amount at the start of the year	1,966,809	
Additional provisions raised	322,568	
Leave taken	(137,728)	
Carrying amount at the end of the year	<b>2,161,649</b>	

### 15. Contingent Liabilities

In the course of its normal business the company receives claims arising from its operating activities. In the opinion of the directors, all such matters are covered by insurance.

### 16. Fundraising Appeals

Fundraising appeals conducted during the financial period included mail and telephone appeals, payroll giving, raffles, active challenges, merchandise sales, applications to trusts, foundations and registered clubs, donations provided by corporate, community group and club fundraising events and the general receiving of directly and indirectly solicited donations and bequests.

All income received is applied towards charitable purposes, comprising costs of conducting sporting and cultural activities, administration, staff costs and the purchase of capital items in connection with these operations.

The cost of raising these funds was 34.22% (2014: 37.46%) of the gross revenue received. This included the costs of events, all promotional activity and the payment for all administrative services including salaries for Aspect Fundraising staff.

#### Fundraising income and expenses

Details of aggregate gross income and total expenses in fundraising appeals

Gross proceeds from fundraising appeals	10,088,347	10,703,436
Less: total costs of fundraising	(3,452,618)	(4,009,927)
Net surplus from fundraising	<b>6,635,729</b>	<b>6,693,509</b>

# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
<b>17. Cash flow information</b>		
Reconciliation of cash flow from operations with total comprehensive income.		
Total comprehensive income	(1,576,327)	(802,365)
Non-cash flows in loss after income tax:		
Depreciation and amortisation expense	5,173,525	4,500,081
Net loss/(gain) on disposal of property, plant and equipment and intangibles	193,177	-
Changes in assets and liabilities:		
(Increase) / Decrease in other assets	(40,165)	241,560
(Increase) / Decrease in trade and other receivables	(1,316,058)	223,739
(Increase) / Decrease in inventories	(12,824)	15,684
Increase in trade and other payables	774,110	80,268
(Decrease) / Increase in deferred income	(2,366,966)	2,909,911
Increase / (Decrease) in provision for employee entitlement	194,840	(148,605)
Cash flows from operations	<u>1,023,312</u>	<u>7,020,273</u>
<b>18. Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash at bank	1,004,079	2,137,821
Cash on deposit	<u>7,149,772</u>	<u>7,069,138</u>
	<u>8,153,851</u>	<u>9,206,959</u>
<b>19. Auditors Remuneration</b>		
Received or due and receivable by the auditor for:		
- Auditing the accounts	81,000	77,250
- Other services	<u>3,500</u>	<u>9,500</u>
	<u>84,500</u>	<u>86,750</u>

# POLICE CITIZENS YOUTH CLUBS NSW LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$

### 20. Key Management Personnel Compensation

#### Directors

All directors are non-executive and details are included in Note 20 below. No director has received emoluments during the year.

#### Other Key Management Personnel

Darren Black (Chief Executive officer)  
Ian Bangs (Chief Financial Officer), Appointed 9 March 2015  
Tina Brown (Chief Financial Officer), Resigned 8 January 2015  
Peter Gallagher (General Manager, Club Operations)

	Salary & Fees \$	Super annuation Contributions \$	Short-term Benefits Bonus \$	Non-Cash Benefits \$	Total \$
2015 Total compensation	583,857	52,306	34,325	12,100	682,588
2014 Total compensation	650,318	49,104	-	18,150	717,473

### 21. Directors and Secretary Qualifications, Special responsibilities and Experience

A Harvey - Chairperson	Chairman Macquarie – Asia at Macquarie Group Limited
J Dack	Director of Sunshine Group Investments
S Deane	Member of Sutherland PCYC Committee
N Kaldas	Deputy commissioner of NSW Police Force (Alternate for NSW Police Commissioner)
J Park	Student and PCYC Youth representative
K Schaefer	Former NSW Police Officer and President, North West Sydney Women's Football
S Davis	Consultant at IBM Global Business Services
I K Ellis	Retired Police Officer
P MacMillan	Retired police officer
D Scobie	Teacher, Vice President Port Stephens PCYC
E Whiteley	Financial Planner, member of the Financial Planning Association of Australia
I Bangs	Secretary, Chief Financial Officer for PCYCNSW

### 22. Related Party Information

Transactions between Police Citizens Youth Clubs NSW Ltd and directors or director related entities were on terms and conditions that were no more favorable to the director related entity than those available, or which might reasonably be expected to be available, on similar transactions with non-director-related entities and were on an arm's length basis.

### 23. Reporting in Segments

The Company's activities comprise provision of services to youth in New South Wales. AASB 8: Operating Segments does not apply to this entity.

# POLICE CITIZENS YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$

### 24. Events after the Balance Date

No matter or circumstance has arisen since the end of the financial year to the date of this Report that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### 25. Commitments and contingencies

#### a. Finance lease:

The company currently leases fitness equipment under hire purchase agreements as detailed in note 9. The leased equipment secures the obligations under the leases.

Future minimum lease payment and the present value of the minimum lease payment are:

Payable		
- within one year	10,798	10,798
- after one year but no more than five years	17,995	28,793
- more than five years	-	-
<b>Present value of minimum lease payments</b>	<b>28,793</b>	<b>39,591</b>

#### b. Operating leases

The company has previously entered into operating leases of office equipment. These leases have an average life of 2 to 5 years. There are no restrictions placed upon the lessee upon entering into these leases. Future minimum rentals payable under the non-cancellable operating leases as at the reporting date are:

Payable		
- within one year	170,570	170,570
- after one year but no more than five years	479,053	649,623
<b>Present value of minimum lease payments</b>	<b>649,623</b>	<b>821,193</b>

### 26. Company Details

The registered office of the company is:  
1C Mimika Avenue  
Whalan NSW 2770