

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010



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POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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DIRECTORS' REPORT

The Directors present their report on the Company for the year ended 31 December 2010.

DIRECTORS

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

Malcolm Cochrane
Mark A Coyne
Ian K Ellis
Nicholas W Moore
Janis Harvey
Diane Scobie

Arlene Tansey
Errol Whiteley
Brent Thomas
James Crethar
Catherine Burn

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:

- Improved financial performance
- Increased support in 2011 from the incoming State Government for expansion of PCYC into communities not currently served and for targeted programs
- Increased activity participation and revenues at Club level
- Strong Government and Community profile to celebrate the company's 75th Anniversary in 2012

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 better support club level performance, including through ongoing development of activity programs and support to clubs to establish such programs
- 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 and equipment and capital expenditure

IMPORTANT ACTIONS OF THE DIRECTORS DURING 2010:

- A request from the NSW Police Force for PCYC to take control of Blue Light activities in NSW was accepted, with the transfer of those activities in over 20 communities and funds amounting to approximately \$750,000 occurring on 1 July

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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DIRECTORS' REPORT

IMPORTANT ACTIONS OF THE DIRECTORS DURING 2010 (continued):

- Activities, fundraising and cost control were managed to achieve significant improvement in financial performance, from an EBITDA of -\$303,127 (loss) in 2009 to \$3,573,457 in 2010, with activity and related revenues growing by approximately 7%
- Organisational development work saw a 20% improvement in the level of active staff engagement in the Mission of the company as measured by an independent cultural assessment instrument
- Support was provided to the Youth Command for case management of approximately 400 young offenders and to undertake 45 youth crime programs across NSW

MEETINGS OF DIRECTORS

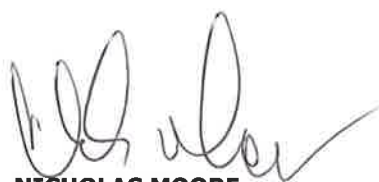
During the financial year, 7 meetings of directors (including committees) were held. Attendances were as follows:

	Directors' Meetings		Risk & Finance Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
M Cochrane	7	5	-	-
M Coyne	7	4	-	-
I K Ellis	7	5	3	3
B Thomas	5	3	-	-
N Moore	7	7	3	3
D Scobie	7	5	-	-
J Crethar	7	5	-	-
J Harvey	7	7	-	-
A Tansey	7	7	-	-
E Whiteley	7	7	-	-
C Burn	7	4	-	-

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:



NICHOLAS MOORE
Chairman

Sydney, 20 April 2011



Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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**Auditor's Independence Declaration
To the Directors of Police & Community Youth Clubs Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Police & Community Youth Clubs Ltd for the year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of 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
Director – Audit & Assurance

Sydney, 20 April 2011



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Independent Auditor's Report To the Members of Police & Community Youth Clubs NSW Ltd

We have audited the accompanying financial report of Police & Community Youth Clubs NSW Ltd (the "Company"), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the company.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are 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 which 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.

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 and fair presentation of the financial report 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 independence requirements of 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 and Community Youth Clubs NSW Ltd. Although the directors of Police and Community 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.

Qualified Auditor's opinion

In our opinion, except for the matter referred to in the preceding paragraph:

- a. the financial report of Police & Community Youth Clubs NSW Ltd is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards; and

Report on other legal and regulatory requirements

In our opinion, except for the matter referred to in the preceding paragraph, the financial report of Police and Community Youth Clubs NSW Ltd is in accordance with:

- a. other mandatory financial reporting requirements in Australia;
- b. the financial report shows a true and fair view of the financial result of fundraising appeals for the year to which they relate;



- c. the financial report and associated records have been properly kept during the year in accordance with the Act and the regulations; and
- d. monies received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Act and the regulations.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Director – Audit & Assurance

Sydney, 20 April 2011

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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DIRECTORS' DECLARATION

The directors declare that

1. the financial statements and notes set out on pages 11 to 36 are in accordance with the Corporations Act 2001; and
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2010 and performance for the year ended on that date of the company;
2. In the director's opinion 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:



NICHOLAS MOORE
Chairman

Sydney, 20 April 2011

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

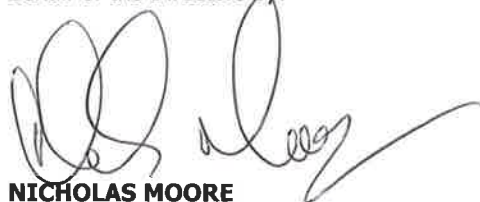
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STATEMENT BY THE BOARD IN RESPECT OF FUNDRAISING APPEALS

We the Board of Directors of Police & Community 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 comprehensive income gives a true and fair view of income and expenditure of Police & Community 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 & Community 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 & Community 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:



NICHOLAS MOORE
Chairman

Sydney, 20 April 2011

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
Revenue	2	28,590,292	27,956,373
Other income	2	-	128,422
Total income		28,590,292	28,084,795
Fundraising expenditure	3	(2,668,881)	(4,425,100)
Cost of goods sold		(585,331)	(725,259)
Activity expenses	3	(4,422,188)	(5,092,059)
Occupancy costs		(5,676,028)	(6,274,163)
Employment costs		(10,510,279)	(10,659,306)
Transport and communication expenses	3	(2,323,071)	(2,858,569)
Administration expenses		(2,478,401)	(2,941,995)
Finance costs – other persons		(78,416)	(123,261)
Other expenses		(203,227)	(287,378)
Loss before income tax expense		(355,530)	(5,302,295)
Income tax expense – exempt	1	-	-
Loss after income tax expense		(355,530)	(5,302,295)
Other comprehensive income		-	-
Total comprehensive income		(355,530)	(5,302,295)

The accompanying notes form part of these financial statements.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	2010	2009
		\$	\$
Current Assets			
Cash and cash equivalents	4	6,148,313	3,343,778
Trade and other receivables	5	599,630	1,835,832
Inventories	6	47,021	61,681
Other current assets	7	378,534	448,051
Total Current Assets		7,173,498	5,689,342
Non-Current Assets			
Property, plant and equipment	8	63,779,948	66,606,710
Intangibles	9	493,918	668,277
Total Non-Current Assets		64,273,866	67,274,987
Total Assets		71,447,364	72,964,329
Current Liabilities			
Trade and other payables	10	1,673,403	2,757,686
Deferred income	11	4,354,886	4,247,648
Short-term provisions	12	1,072,890	1,331,470
Total Current Liabilities		7,101,179	8,336,804
Non-Current Liabilities			
Trade and other payables	10	117,923	156,732
Long-term provisions	12	221,187	108,188
Total Non-Current Liabilities		339,110	264,920
Total Liabilities		7,440,289	8,601,724
Net Assets		64,007,075	64,362,605
Equity			
Reserves	13	67,192,045	66,045,092
Accumulated funds		(3,184,970)	(1,682,487)
Total Equity		64,007,075	64,362,605

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2009	2,522,808	67,142,092	69,664,900
Total comprehensive income for the year	(5,302,295)	-	(5,302,295)
Transfer to and from reserve	1,097,000	(1,097,000)	-
Balance at 31 December 2009	(1,682,487)	66,045,092	64,362,605
Balance at 1 January 2010	(1,682,487)	66,045,092	64,362,605
Total comprehensive income for the year	(355,530)	-	(355,530)
Transfer to and from reserve	(1,146,953)	1,146,953	-
Balance at 31 December 2010	(3,184,970)	67,192,145	64,007,075

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
Cash flows from operating activities			
Receipts from customers – inclusive of GST		29,166,866	27,707,338
Payments to suppliers and employees - inclusive of GST		(25,593,088)	(25,510,138)
Cash received on acquisition		761,621	-
Interest received		74,762	118,001
Finance costs		(78,416)	(12,381)
Net cash inflow from operating activities	16	4,331,745	2,302,820
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,527,210)	(3,874,612)
Proceeds from sale of property, plant and equipment		-	1,881,383
Purchase of software		-	(377,793)
Net cash outflow from investing activities		(1,527,210)	(2,371,022)
Cash flows from financing activities			
Repayment of borrowings		-	-
Net outflow from financing activities		-	-
Net decrease in cash held		2,804,535	(68,202)
Cash at the beginning of the year		3,343,778	3,411,980
Cash at the end of the year	17	6,148,313	3,343,778

The accompanying notes form part of these financial statements.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Statement of Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the NSW Charitable Fundraising Act and Regulations and the Corporations Act 2001.

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

The financial report of Police & Community Youth Clubs NSW Ltd complies with all Australian equivalents to International Financial Reporting Standards (AIFRS). A statement of compliance with International Financial Reporting standards cannot be made due to the company applying for the not-for-profit sector specific requirements contained in AIFRS.

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.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Statement of Accounting Policies - Continued

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. Statement of Accounting Policies - Continued

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 15 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 15 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 15.

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.

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Statement of Accounting Policies - Continued

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 measured at their fair value. Because of the special nature and limited alternative uses of club buildings the market buying price less accumulated depreciation on buildings and less any impairment losses recognized after the date of revaluation has been used in determining fair value. With a few exceptions the market buying price would exceed the market selling price. Buildings on leasehold land and buildings held in trust have no market selling price.

Valuations are made with sufficient regularity to ensure the carrying amount of property does not differ materially from its fair value at balance date. Annual internal assessments are made, supplemented by independent assessments which are obtained with sufficient regularity.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves, all other decrements are charged to the statement of comprehensive income. Each year the difference between the depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and the depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

Buildings on Leasehold Land

These assets comprise buildings erected on land where there is no legal right to ownership of the land; however there is an operating lease to occupy the premises. The Company has elected to adopt the exemption made available under AASB 1 in relation to AASB 116 Property, Plant and Equipment and elected to use the fair value of buildings on leasehold land at the date of transition to AIFRS as deemed cost. Subsequent additions are made at cost. Subsequent depreciation is based on deemed cost as at that date.

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 has elected to adopt the exemption made available under AASB 1 in relation to AASB 116 Property, Plant and Equipment and elected to use the fair value of buildings held in trust at the date of transition to AIFRS as deemed cost. Subsequent additions are made at cost. Subsequent depreciation is based on deemed cost as at that date.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010****1. Statement of Accounting Policies – Continued**

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.

Plant and Equipment

Plant and equipment 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. The recoverable amount is assessed on the basis 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.

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 and equipment	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 comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Statement of Accounting Policies – Continued

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.

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

Revenue from fundraising and donations is recognised upon receipt. 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.

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.

Members' Guarantees

Police & Community 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Statement of Accounting Policies – Continued

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.

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. A discussion of those future requirements and their impact on the Company is as follows:

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues (applicable for annual reporting periods ending on or after 31 January 2011)

This standard makes amendments which clarify that rights, options or warrants to acquire a fixed number of an company's own equity instruments for a fixed amount in any currency are equity instruments if the company offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.

This Standard is not expected to impact the Company.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (applicable for annual reporting periods ending on or after 31 December 2013)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.

In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is a accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss.

This Standard is not expected to impact the Company.

AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124 (applicable for annual reporting periods ending on or after 31 December 2011)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Statement of Accounting Policies – Continued

This revision amends the disclosure requirements for government related entities and the definition of a related party.

This Standard is not expected to impact the Company.

AASB 2009-13 Amendments to AASB 1 arising from Interpretation 19 (applicable for annual reporting periods ending on or after 30 June 2011)

This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19 as identified in AASB 1048.

This Standard is not expected to impact the Company.

AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14) (applicable for annual reporting periods ending on or after 31 December 2011)

This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Company.

AASB 2010-01 Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7) (applicable for annual reporting periods ending on or after 30 June 2011)

These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.

This Standard is not expected to impact the Company.

AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements (applicable for annual reporting periods ending on or after 30 June 2014)

This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

This Standard is not expected to impact the Company.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139] (applicable for annual reporting periods ending on or after 30 June 2011)

This Standard limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e. split between consideration and post combination expenses. It clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.

This Standard is not expected to impact the Company.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] (applicable for annual reporting periods ending on or after 31 December 2011)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Statement of Accounting Policies – Continued

This Standard emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.

It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions that clarifies when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken in account.

This Standard is not expected to impact the Company.

AASB 1053 Application of Tiers of Australian Accounting Standards (applicable for annual reporting periods ending on or after 30 June 2014)

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

Tier 1: Australian Accounting Standards; and

Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements: for-profit entities in the private sector that have public accountability (as defined in this Standard); and the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- all not-for-profit private sector entities; and
- public sector entities other than the Australian Government and State,

This Standard is not expected to impact the Company.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods ending on or after 30 June 2011)

This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are 'consideration paid' in accordance with AASB 139. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.

This Standard is not expected to impact the Company.

AASB 2010-05 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods ending on or after 31 December 2011)

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

This Standard is not expected to impact the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. Statement of Accounting Policies – Continued

AASB 7 Financial Instruments: Disclosures (Transfers of Financial Assets) (applicable for annual reporting periods ending on or after 30 June 2012)

The Standard amends the disclosures required, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets (eg. securitisations) and the effect of those risks on an entity's financial position.

This Standard is not expected to impact the Company.

Comparative Figures

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

The Financial report has previously recognized police labour as a contribution to assist the organization with achieving its operational objectives of implementing community based policing programs and as such income and corresponding expenses has been recognized into the statement of comprehensive income. The organization is in fact a platform to achieve its objectives and therefore these amounts are no longer reflected within the income statement in accordance with AASB 1004.

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.

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, as set out in the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
2. Revenue		
Operating activities		
Proceeds from fundraising		
- Housie	716,005	821,517
- Donations	2,917,128	2,788,638
- Raffles and Art Unions	2,216,329	4,213,611
- Other fundraising projects	3,060,084	2,531,323
Sale of goods	1,233,037	1,049,621
Fees	9,507,010	8,972,363
Government grants	7,276,511	6,865,573
Interest received – other persons	139,110	118,001
Other	1,241,030	420,279
Rent received	183,057	152,770
Insurance proceeds	100,991	22,677
Total revenue	28,590,292	27,956,373
Other income		
Gain on disposal of property, plant and equipment	-	128,422
Total other income	-	128,422
3. Loss		
Loss before income tax has been determined after:		
Expenses		
Depreciation		
- Buildings on freehold land	1,453,252	1,434,278
- Buildings on leasehold land	464,007	472,799
- Buildings held in trust	912,809	913,153
- Plant, equipment and motor vehicles	1,003,909	1,986,726
	3,833,977	4,806,956
Provisions - employee entitlements	145,581	424,694
Amortisation of software	155,704	186,952
Finance costs	78,416	123,261

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
3. Loss (continued)		
Significant expenses		
The following expense items are relevant in explaining the financial performance		
Fundraising expenditure		
Housie	619,358	706,088
Activity Expenses		
Grant costs	637,678	556,179
Activity costs	909,467	1,209,860
Transport and communication expenses		
Motor vehicles depreciation	511,078	1,016,692
4. Cash and cash equivalents		
Cash at bank and in hand	747,823	473,805
Cash on deposit	5,400,490	2,869,973
	<u>6,148,313</u>	<u>3,343,778</u>
Represented By:		
Club and State Office funds:		
- Funds for general working expenses	586,041	(1,650,832)
Special purpose funds:		
- Advancement Fund	5,562,272	4,994,610
	<u>6,148,313</u>	<u>3,343,778</u>
5. Trade and other receivables		
Current		
Trade debtors	607,950	471,608
Less: Provision for doubtful debt	(169,958)	-
	<u>437,992</u>	<u>471,608</u>
Sundry debtors	161,638	1,364,224
	<u>599,630</u>	<u>1,835,832</u>

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

5. Trade and other receivables (continued)

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

		0-30	31-60	61-90	+91
	TOTAL	DAYS	DAYS	DAYS	DAYS
2010	607,950	155,259	148,347	90,303	214,040
	(169,958)	-	-	-	(169,958)
	437,992	155,259	148,347	90,303	44,082
2009	471,608	178,118	95,275	101,227	96,988

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.

b) Fair Value and Credit Risk

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.

c) Interest Rate Risk

Details regarding interest rate risk exposure are disclosed in note 23.

6. Inventories

Finished goods at cost	47,021	61,681
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7. Other current assets

Current		
Prepaid expenses	378,534	448,051

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$
8. Property, Plant and Equipment		
Freehold land		
At valuation	19,444,000	19,507,637
	<u>19,444,000</u>	<u>19,507,637</u>
Buildings on freehold land		
At cost	24,408,229	24,359,528
Less: accumulated depreciation	(6,800,012)	(5,346,760)
	<u>17,608,217</u>	<u>19,012,768</u>
Buildings on leasehold land		
At cost	13,961,176	13,708,380
Less: accumulated amortisation	(4,143,910)	(3,679,903)
	<u>9,817,266</u>	<u>10,028,477</u>
Buildings held in trust		
At cost	20,351,829	20,337,151
Less: accumulated depreciation	(7,291,347)	(6,378,539)
	<u>13,060,482</u>	<u>13,958,612</u>
Total properties	<u>59,929,964</u>	<u>62,507,494</u>
Plant, equipment and motor vehicles – at cost	17,164,471	16,500,358
Less: Accumulated depreciation	(13,435,268)	(12,401,142)
	<u>3,729,203</u>	<u>4,099,216</u>
Capital Projects – work in progress	<u>120,780</u>	<u>-</u>
Total property, plant and equipment	<u>63,779,948</u>	<u>66,606,710</u>

The latest assessments of fair value were conducted by the Department of Lands at 31 December 2008. The directors believe that there has been no material change to the valuations that were based upon independent valuations carried out by Mr I McFarlane AAPI from the NSW Department of Commerce at 31 December 2005.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

8. Property, Plant and Equipment (continued)

Reconciliations – 2010

Reconciliation of the carrying amount of each class of property, plant and equipment are set out below:

	Freehold Properties		Leasehold
	Land	Buildings	Buildings
	\$	\$	\$
Carrying amount at the start of the year	19,507,637	19,012,768	10,028,477
Additions	-	263,033	252,796
Disposals	(63,637)	(214,331)	-
Asset Transfer	-	-	-
Depreciation expense	-	(1,453,252)	(464,007)
Carrying amount at the end of the year	19,444,000	17,608,218	9,817,266
	Buildings	Plant and	Work in
	In trust	equipment	progress
	\$	\$	\$
Carrying amount at the start of the year	13,958,612	4,099,216	-
Additions	14,678	875,923	120,780
Disposals	-	(242,026)	-
Asset Transfer	-	-	-
Depreciation expense	(912,808)	(1,003,910)	-
Carrying amount at the end of the year	13,060,482	3,729,203	120,780
	Total		
	\$		
Carrying amount at the start of the year	66,606,710		
Additions	1,527,210		
Disposals	(519,995)		
Asset Transfer	-		
Depreciation expense	(3,833,977)		
Carrying amount at the end of the year	63,779,948		

Market valuation was conducted in 2008 on the buildings and land, the directors have reviewed these figures and believe there is no impairment.

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 & COMMUNITY YOUTH CLUBS NSW LTD

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**NOTES TO THE FINANCIAL STATEMENTS
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	2010	2009
	\$	\$
9. Intangibles		
Software		
At cost	977,007	995,662
Less: accumulated amortisation	(483,089)	(327,385)
Total intangibles	493,918	668,277
10. Trade and other payables		
Current		
Trade creditors and accruals	1,641,075	2,725,358
Hire purchase liability	32,328	32,328
	1,673,403	2,757,686
Non-Current		
Hire purchase liability	117,923	156,732
Aggregate amount of trade creditors and accruals	1,791,326	2,914,418
11. Deferred income		
Current		
Grants in advance	4,354,886	4,247,648
	4,354,886	4,247,648
12. Provisions		
Current		
Provision for employee entitlements	1,072,890	1,331,470
Non Current		
Provision for employee entitlements	221,187	108,188
Aggregate amount of employee entitlements liability	1,294,077	1,439,658
Employee numbers	584	635

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

13. Reserves

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. An amount reflecting the depreciation on the revalued amounts is transferred to retained earnings on an annual basis.

(b) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns and benefits for stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the company.

Total payables	6,146,212	7,162,066
Total borrowings	-	-
Less cash and cash equivalents	(6,148,313)	(3,343,778)
Net debt	(2,101)	3,818,288
Total equity	64,007,075	64,362,605
Total capital	64,004,974	68,180,893

The company is not subject to any externally imposed capital requirements.

14. 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.

15. Fundraising Appeals

Fundraising income and expenses

Details of aggregate gross income and total expenses in fundraising appeals

Gross proceeds from fundraising appeals	8,909,546	10,355,089
Less: total costs of fundraising	(2,668,881)	(4,425,100)
Net surplus from fundraising	6,240,665	5,929,989

Application of funds for charitable purposes

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010	2009
	\$	\$

15. Fundraising Appeals (continued)

Fundraising Comparisons by percentage	%	%
Cost of fundraising to total income from fundraising	30	43
Surplus from fundraising to gross income from fundraising	70	57
Cost of fundraising services to total expenditure	10	13
Cost of fundraising services to total income received	10	16

Gross comparisons

	Gross proceeds \$	Fundraising costs \$	2010 Surplus \$	2009 Surplus \$
Housie	716,005	619,358	96,647	115,429
Donations and bequests	2,917,128	-	2,917,128	2,788,638
Raffles & Art unions	2,216,329	1,548,034	668,295	927,183
Fundraising projects	3,060,084	501,489	2,558,595	2,098,739
Total	8,909,546	2,668,881	6,240,665	5,929,989

16. Cash flow information

Reconciliation of cash flow from operations with loss after income tax.

Loss after income tax	(355,530)	(5,302,295)
Non-cash flows in loss after income tax:		
Depreciation and amortisation expense	3,989,681	4,993,908
Net loss on disposal of property, plant and equipment and intangibles	538,650	117,289
Interest Receivable	-	118,001
Changes in assets and liabilities:		
(Increase)/decrease in other assets	69,517	(51,986)
(Increase)/decrease in receivables	1,236,202	(443,472)
(Increase)/decrease in inventories	14,660	(3,983)
Increase/(decrease) in trade creditors and accruals	(1,015,854)	2,634,499
Increase in provision for employee entitlements	(145,581)	240,859
Cash flows from operations	<u>4,331,745</u>	<u>2,302,820</u>

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

17. Reconciliation of cash

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 on hand	747,823	473,805
Cash on deposit	5,400,490	2,869,973
Bank overdraft	-	-
	<u>6,148,313</u>	<u>3,343,778</u>

18. Auditors Remuneration

Received or due and receivable by the auditor for:

- Auditing the accounts	83,000	65,000
- Other services	6,000	6,000
	<u>89,000</u>	<u>71,000</u>

19. 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

Chris Gardiner (Chief Executive Officer)

Kiran Narsey (General Manager, Financial & Corporate Services) (ceased: 3 August 2010)

Reg Woodleigh (General Manager, Marketing and Fundraising)

Joseph Vitalone (General Manager, Financial & Corporate Services) (appointed: 3 August 2010; ceased: 8 April 2011)

Danny Kapustin (General Manager, Club Operations)

	Salary & Fees \$	Super annuation Contributi ons \$	Bonus \$	Non-Cash Benefits \$	Total \$
2010 Total compensation	568,424	51,120	-	80,250	699,794
2009 Total compensation	398,127	42,079	-	31,543	471,749

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

20. Directors and Secretary Qualifications, Special responsibilities and Experience

N W Moore - Chairperson	Chief Executive, Macquarie Group, appointed March 2002
M Cochrane	Industrial Officer, Public Service Association, and former Police Officer, appointed June 2004
C Burn	Deputy Commissioner of Police, NSW Police Force, appointed July 2009
M A Coyne	CEO & Managing Director of Coal Services Pty Limited, Chairman of the NRL & RLPA Education and Welfare Committee, appointed March 2002
I K Ellis	Retired Assistant Commissioner of Police, NSW Police Force, appointed March 1998
B Thomas	Executive, Commonwealth Bank of Australia and a Solicitor, appointed November 2006.
J Crethar	Retired company director, appointed March 2007
J Harvey	Retired Principal, Committee Member Parramatta PCYC, appointed March 2007
D Scobie	Retired Principal, Vice-President Port Stephens PCYC, appointed December 2004
A Tansey	Formerly a Banker, currently a consultant and a non-executive director of Pacific Brands Group, Lend Lease Real Estate Investments Limited & Lend Lease Funds Management Limited and Adelaide Brighton Ltd, appointed June 2004
E Whiteley	Financial Planner, member of the Financial Planning Association of Australia, appointed July 2000.
K Narsey	Secretary, General Manager – Finance and Corporate Services for PCYC and member of Certified Practicing Accountants Australia. (ceased: August 2010).
K Hope	Secretary, General Manager HR Corporate Services – HR and Corporate Services for PCYC. (appointed: August 2010).

21. Related Party Information

Transactions between Police & Community 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.

22. 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 & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

23. Financial Instruments

The company has not entered into any financial instruments on terms which are different to normal commercial practice that would expose it to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates.

Interest Rate Risk

The company has net cash in banks and on deposit of \$6,148,313 (2008: \$3,343,778) as disclosed in these notes. The cash in banks is earning interest at market rates, interest payable on bank overdrafts are at market rates. Any fluctuations in interest rates would affect the interest income earned/paid during the year.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages the risk through:

- Receiving grants in advance of certain expenditure
- Monitoring cash flow
- Monitoring capital expenditure

The only financed liabilities which exceed one year are in relation to hire purchase liabilities as detailed in note 10.

Net Fair Value

The net fair value of all financial assets and liabilities of the company is reflected in the carrying amounts of these assets and liabilities as shown in these accounts.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	2010 %	2009 %	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
Financial Assets:								
Cash and cash equivalents	4.3	3.40	6,148,313	3,343,778	-	-	6,148,313	3,343,778
Trade and other receivables	-	-	-	-	599,630	1,835,832	599,630	1,835,832
Total Financial Assets			6,148,313	3,343,778	599,630	1,835,832	6,747,943	5,179,610
Financial Liabilities:								
Trade and other payables	-	-	150,251	189,060	5,995,961	6,973,006	5,995,961	6,973,006
Bank overdraft secured	-	-	-	-	-	-	-	-
Total Financial Liabilities			-	-	5,995,961	6,973,006	5,995,961	6,973,006

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$

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. Capital Commitments

Capital commitments contracted for:

Capital expenditure projects	-	38,922
Hire Purchase Payable	<u>149,545</u>	<u>189,060</u>
Payable		
- not later than 12 months	32,328	71,250
- between 12 months and five years	117,217	156,732
- greater than five years	-	-
	<u>149,545</u>	<u>227,982</u>

26. Company Details

The registered office of the company is:

1C Mimika Avenue
Whalan NSW 2770