

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007



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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 2007.

DIRECTORS

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

Allan L Backhouse – term expired 30 March 2007	Diane Scobie
Malcolm Cochrane	Glenn L Stewart – term expired 30 March 2007
Mark A Coyne	Arlene Tansey
Ian K Ellis	Errol Whiteley
Christopher Evans – resigned May 2007	Brent Thomas
Nicholas W Moore	James Crethar – appointed 30 March 2007
Garry Dobson – appointed June 2007	Janis Harvey – appointed 30 March 2007

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 Accounts.

PRINCIPAL ACTIVITIES

The Company has implemented a range of programs and activities designed to ensure the objectives, as outlined in its Constitution, are being attained.

Community based policing programs and crime prevention initiatives to impact on young people are being implemented.

No significant change in the nature of these activities occurred during the year.

The Company is limited by guarantee and has no share capital.

RESULTS

The net loss of the Company for the year ended 31 December 2007 after income tax was \$4,187,287 (2006: (\$3,650,591)).

REVIEW OF OPERATIONS

PCYC's club and activity based membership increased in 2007 to approximately 61,000, an increase of approximately 8,000 on the previous year, and reflecting a strong focus by management on community engagement and activity and membership growth. Membership numbers have grown over a five year period by approximately 26,000.

The Iemma Government in NSW took office in March 2007 with a commitment to continue funding for civilian managers in clubs. The funding had been provided under a pilot scheme in 2002, and then for a three year period in 2004. The NSW Government has committed to provide this funding for its full term of office. The funding allows Police Officers who were once responsible for club administration to work directly with youth and youth crime programs.

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DIRECTORS' REPORT

REVIEW OF OPERATIONS - Continued

A more intensive case management approach led to a slight decline in overall participant numbers in Police Programs in 2007. Nevertheless, over 800 young persons were supported in direct youth crime programs, and the impact of these programs on youth crime was maintained, with the average drop in offences achieved remaining at approximately 70%. The PCYC 'hot-spot' 2006 initiative at Walgett utilising a Mobile PCYC continued through the year with significant impact on crime and anti-social behaviour in the town during visits. Funding was provided by the Commonwealth Government and Walgett Shire Council to allow PCYC to appoint a Manager to develop PCYC programs in Walgett to supplement the work of the Mobile unit. 130 youth 'hot-spot' programs were supported across the club network.

PCYC's club upgrade program continued throughout the year with over \$2.6 million spent on building and major maintenance projects. Major expenditures occurred at the Bourke, Lake Illawarra, and Eastern Suburbs clubs. The Bourke facility development project will be completed in the first half of 2008, allowing the new Club to be commissioned and fully operational by June 2008.

PCYC achieved registration in 2007 as a training organisation under the Australian Quality Training Framework and through the NSW Vocational Educational and Training Accreditation Board. Operating as the PCYC Institute, PCYC will be able to provide its young members, participants in Police programs, volunteers and staff recognised statements of attainment in first aid and certificate level qualifications in volunteering and community recreation.

The State Office operations of PCYC were relocated from Belmore to Whalan in Western Sydney, after the provision of former high school facilities by the NSW Minister for Education. The new facilities provide significant meeting and training capacity, and allow for considerable expansion of office and training space as required. The facilities are provided by the NSW Government at no charge for a ten year period.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends in accordance with the restrictions referred to in paragraph 4 of the Company's Constitution.

AFTER BALANCE DATE EVENTS

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.

FUTURE DEVELOPMENTS

PCYC is continuing to develop partnerships with local Government and other Government and Corporate bodies to provide services and benefits to young people.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of the State of New South Wales.

DIRECTORS BENEFITS

No Director has received or become entitled to receive, since the end of the previous financial year, a benefit by reason of a contract made by the Company or a controlled entity with the Director, a firm of which they are a member, or a company in which a Director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by key management personnel shown in Note 19 to this Annual report.

DIRECTORS INTERESTS

Apart from the transactions disclosed in note 21 to these accounts no director has declared any interest under Section 231(1) of the Corporations Act 2001 in a contract or proposed contract with the Company.

MEETINGS OF DIRECTORS

During the financial year, 8 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 L Backhouse	1	1	-	-
G Dobson	5	4	-	-
M Cochrane	8	4	-	-
M Coyne	8	5	-	-
I K Ellis	8	7	5	5
B Thomas	8	7	-	-
C Evans	4	3	-	-
N Moore	8	7	5	5
D Scobie	8	7	-	-
G Stewart	1	0	-	-
J Crethar	8	7	-	-
J Harvey	7	7	-	-
A Tansey	8	7	-	-
E Whiteley	8	7	-	-

DIRECTORS AND OFFICERS INDEMNIFICATION

During the financial year the Company has paid premiums in respect of directors and officers insurance, details of the nature of the cover and premium paid are prohibited from disclosure in accordance with the terms and conditions of the policy.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

DIRECTORS' REPORT



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 7.

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

A handwritten signature in black ink, appearing to read 'Nicholas Moore', written in a cursive style.

NICHOLAS MOORE

Chairman

Sydney, 29 April 2008



Grant Thornton

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF POLICE AND COMMUNITY YOUTH CLUBS NSW
LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Police and Community Youth Clubs Limited for the year ended 31 December 2007, 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 NSW
GRANT THORNTON NSW
Chartered Accountants


A G RIGELE
Partner

Sydney

29 April 2008



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLICE AND COMMUNITY YOUTH CLUBS NSW LIMITED

Report on the financial report

We have audited the accompanying financial report of Police and Community Youth Clubs NSW Limited ("the company"), which comprises the balance sheet as at 31 December 2007, and the income statement, the statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial report

The Directors of the Police and Community Youth Clubs NSW Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Act 2001, and the Charitable Fundraising Act 1991. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, may not comply with International Financial Reporting Standards.

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 as to whether the financial report is free of material misstatement.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLICE AND COMMUNITY YOUTH CLUBS NSW LIMITED (cont)

Auditor's responsibility (cont)

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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 complied with applicable independence requirements of the Corporations Act 2001.

Qualification

Cash from donations, memberships, fees and other fund raising activities are a significant source of revenue for Police and Community Youth Clubs NSW Limited. Although the directors of Police and Community Youth Clubs NSW Limited 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 audit opinion

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

- (a) the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Police and Community Youth Clubs NSW Limited's financial position as at 31 December 2007 and of its performance for the year ended on that date.
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLICE AND COMMUNITY YOUTH CLUBS NSW
LIMITED (cont)**

Qualified audit opinion (cont)

- (b) there are reasonable grounds to believe Police and Community Youth Clubs NSW Limited will be able to pay its debts as and when they fall due.

Report on other legal and regulatory requirements

In our opinion, except for the matter referred to in the proceeding paragraph, the financial report of Police and Community Youth Clubs NSW Limited 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;
- (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; and


GRANT THORNTON NSW
Chartered Accountants


A G RIGELE
Partner

Sydney

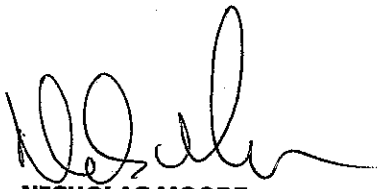
29 April 2008

DIRECTORS' DECLARATION

The directors declare that

1. the financial statements and notes set out on pages 13 to 33 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 2007 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, 29 April 2008

POLICE & COMMUNITY 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 & 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 accounts give 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 balance sheet gives a true and fair view of the state of affairs with respect to fund raising appeals; 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 income received.

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, 29 April 2008

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007	2006
		\$	\$
Revenue	2	24,755,525	25,130,288
Contributions from police officer services	1	7,998,455	8,910,621
Other income	2	264,864	36,191
Total Income		33,018,844	33,077,100
Fundraising expenditure	3	(3,985,017)	(4,262,404)
Cost of goods sold		(605,533)	(507,979)
Activity expenses	3	(4,434,304)	(4,596,020)
Occupancy costs		(6,005,347)	(5,820,366)
Employment costs		(8,291,829)	(7,752,152)
Transport and communication expenses	3	(2,832,531)	(2,309,038)
Administration expenses		(2,788,549)	(3,249,350)
Finance costs – other persons		(127,020)	(103,252)
Costs of police officer services	1	(7,998,455)	(8,910,621)
Other expenses		(137,546)	(216,509)
Loss from ordinary activities before income tax expense	*	(4,187,287)	(3,650,591)
Income tax expense - exempt	1	-	-
Loss from ordinary activities after income tax expense		(4,187,287)	(3,650,591)
* Includes depreciation expense	3	5,047,084	4,229,552

The accompanying notes form part of these financial statements.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	2007	2006
		\$	\$
Current Assets			
Cash and cash equivalents	4	7,681,262	10,533,559
Trade and other receivables	5	771,925	779,541
Inventories	6	60,160	51,780
Other current assets	7	400,513	313,598
Total Current Assets		8,913,860	11,678,478
Non-Current Assets			
Trade and other receivables	5	329,789	304,425
Property, plant and equipment	8	69,151,197	70,182,220
Intangibles	9	329,943	187,245
Total Non-Current Assets		69,810,929	70,673,890
Total Assets		78,724,789	82,352,368
Current Liabilities			
Trade and other payables	10	3,390,336	2,634,509
Short-term borrowings	11	639,171	833,891
Short-term provisions	12	802,438	829,505
Total Current Liabilities		4,831,945	4,297,905
Non-Current Liabilities			
Long-term provisions	12	188,115	162,447
Total Non-Current Liabilities		188,115	162,447
Total Liabilities		5,020,060	4,460,352
Net Assets		73,704,729	77,892,016
Equity			
Reserves	13	68,284,349	68,284,349
Accumulated funds		5,420,380	9,607,667
Total Equity		73,704,729	77,892,016

The accompanying notes form part of these financial statements.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2006	13,258,256	68,284,349	81,542,605
Revaluation of land and buildings	-	-	-
Realisation of revaluation	-	-	-
Net income recognised directly in equity	-	-	-
Loss for the period	(3,650,591)	-	(3,650,591)
Total recognised income and expense for the period	(3,650,591)	-	(3,650,591)
Balance at 31 December 2006	9,607,667	68,284,349	77,892,016
Balance at 1 January 2007	9,607,667	68,284,349	77,892,016
Revaluation of land and buildings	-	-	-
Realisation of revaluation	-	-	-
Net income recognised directly in equity	-	-	-
Loss for the period	(4,187,287)	-	(4,187,287)
Total recognised income and expense for the period	(4,187,287)	-	(4,187,287)
Balance at 31 December 2007	5,420,380	68,284,349	73,704,729

The accompanying notes form part of these financial statements.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007	2006
		\$	\$
Cash flows from operating activities			
Receipts from customers – inclusive of GST		26,382,524	26,661,683
Payments to suppliers and employees - inclusive of GST		(25,553,565)	(26,189,427)
Interest received		673,957	809,296
Finance costs		(127,020)	(103,252)
Net cash inflow from operating activities	16	<u>1,375,895</u>	<u>1,178,302</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,887,733)	(8,424,896)
Proceeds from sale of property, plant and equipment		1,043,770	2,105,119
Purchase of software		(189,511)	(104,310)
Net cash outflow from investing activities		<u>(4,033,474)</u>	<u>(6,424,087)</u>
Cash flows from financing activities			
Repayment of borrowings		-	-
Net outflow from financing activities		<u>-</u>	<u>-</u>
Net decrease in cash held		(2,657,579)	(5,245,785)
Cash at the beginning of the year		9,699,668	14,945,453
Cash at the end of the year	17	<u>7,042,091</u>	<u>9,699,668</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. Statement of Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations 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.

The company has adopted AASB 7 Financial Instruments; Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no effect on profit and loss or the financial position of the entity.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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 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.

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.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Statement of Accounting Policies - Continued

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 income statement 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 measured at their fair value. Because of the special nature and limited alternative uses of club buildings the market buying price 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 every three years.

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 income statement. Each year the difference between the depreciation based on the revalued carrying amount of the asset charged to the income statement 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 at rentals substantially below market. 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 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 depreciation is based on deemed cost as at that date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007****Statement of Accounting Policies – Continued**

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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 capitalised 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.

Assumption of Police Service Support

The Financial Report has been prepared on the basis there is no substantial change by the New South Wales Government or Police Service regarding the provision of police personnel or resources to assist the organisation with achieving its operational objectives of implementing community based policing programs.

In the event policy changes occur which substantially reduce the level of police personnel and resources, this would reduce the Company's capacity to raise funds and continue to provide services at their current level. In turn this might impact on the carrying amounts of certain property assets, to the extent that withdrawal of support could result in club closures.

Police labour is considered to be a contribution by the Police as defined by AASB 1004 and as such income and a corresponding expense has been recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

Statement of Accounting Policies – Continued

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.

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 directors have considered all pending Australian Accounting Standards issued between the previous financial report and current report date and believe they will have no significant impact to 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.

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.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

A.B.N. 89 401 152 271

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
2. Revenue		
Operating activities		
Proceeds from fundraising		
- Housie	984,220	1,338,564
- Donations	2,700,873	2,744,673
- Raffles and Art Unions	5,190,450	5,412,391
- Other fundraising projects	884,625	907,989
Sale of goods	912,079	680,227
Fees	7,170,207	6,492,670
Government grants	5,824,219	6,258,421
Interest received – other persons	699,322	833,776
Other	243,717	180,024
Rent received	81,803	142,641
Insurance proceeds	64,009	138,912
Total revenue	<u>24,755,525</u>	<u>25,130,288</u>
Other Income		
Gain on disposal of property, plant and equipment	264,864	36,191
Other Income	<u>264,864</u>	<u>36,191</u>
3. Loss		
Loss before income tax has been determined after:		
Expenses		
Depreciation		
- Buildings on freehold land	1,326,952	1,327,163
- Buildings on leasehold land	269,456	345,853
- Buildings held in trust	877,812	937,181
- Plant, equipment and motor vehicles	2,572,864	1,619,355
	<u>5,047,084</u>	<u>4,229,552</u>
Provisions - Employee entitlements	138,478	169,466
Amortisation of Software	46,811	46,812
Impairment of Goodwill	-	47,010
Finance costs	127,020	103,252

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
3. Loss (continued)		
Significant expenses		
The following expense items are relevant in explaining the financial performance		
Fundraising expenditure		
Reduction in cost in:		
Housie	841,354	1,158,687
Activity Expenses		
Overall increase/decrease and reclassify of Grant costs:		
Grant costs	534,213	724,688
Activity costs	1,112,904	1,040,652
Transport and Communication Expenses		
Increase in Depreciation:		
Motor vehicles	1,203,357	896,133
4. Cash and cash equivalents		
Cash at bank and in hand	29,515	34,519
Cash on deposit	7,651,747	10,499,040
	<u>7,681,262</u>	<u>10,533,559</u>
Represented By:		
Club and State Office funds:		
- Funds for general working expenses	88,037	854,728
Special purpose funds:		
- Advancement Fund	7,593,225	9,678,831
	<u>7,681,262</u>	<u>10,533,559</u>
5. Trade and other receivables		
Current		
Trade debtors	461,717	508,583
Sundry debtors	310,208	270,958
	<u>771,925</u>	<u>779,541</u>
Non-Current		
Loans – Other	<u>329,789</u>	<u>304,425</u>

All loans are secured by mortgage on property.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$

Trade and other receivables (continued)

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

	TOTAL	0-30 DAYS	31-60 DAYS	61-90 DAYS	+91 DAYS
2007	461,717	310,811	53,795	23,638	73,472
2006	508,583	323,710	120,145	40,834	43,894

a) Allowance for Impairment Loss

Trade debtors are non-interest bearing, and generally do not have set trading terms due to the nature of our business. These debtors relate to venue hire and grant funding. No provision of impairment loss has been recognised in the year as we are satisfied that payment will be received in full.

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

The company has an interest bearing loan that is past due, this loan is secured by an asset and therefore it will not be impaired.

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 is disclosed in note 23.

6. Inventories

Finished goods at cost	60,160	51,780
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7. Other current assets

Prepaid expenses	400,513	313,598
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POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$
8. Property, Plant and Equipment		
Freehold land		
At valuation	19,404,000	19,404,000
	<u>19,404,000</u>	<u>19,404,000</u>
Buildings on freehold land		
At cost	27,456,100	26,271,285
Less: accumulated depreciation	2,653,843	1,327,163
	<u>24,802,257</u>	<u>24,944,122</u>
Buildings on leasehold land		
At cost	8,971,536	8,414,901
Less: accumulated amortisation	2,560,873	2,291,624
	<u>6,410,663</u>	<u>6,123,277</u>
Buildings held in trust		
At cost	17,650,418	16,802,970
Less: Accumulated depreciation	4,752,676	3,874,860
	<u>12,897,742</u>	<u>12,928,110</u>
Total properties	<u>63,514,662</u>	<u>63,399,509</u>
Plant, equipment and motor vehicles – at cost	15,593,479	15,329,439
Less: Accumulated depreciation	9,956,944	8,546,728
	<u>5,636,535</u>	<u>6,782,711</u>
Total property, plant and equipment	<u>69,151,197</u>	<u>70,182,220</u>

The latest assessments of fair value are 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 2007

	2007	2006
	\$	\$

8. Property, Plant and Equipment (cont)

Reconciliations – 2007

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	19,404,000	24,944,122	6,123,277
Additions	-	1,184,815	556,635
Disposals	-	-	-
Revaluations	-	-	-
Depreciation expense	-	(1,326,680)	(269,249)
Carrying amount at the end of the year	19,404,000	24,802,257	6,410,663

	Buildings In trust	Plant and equipment	Total
	\$	\$	\$
Carrying amount at the start of the year	12,928,110	6,782,711	70,182,220
Additions	847,444	2,298,839	4,887,733
Disposals	-	(871,672)	(871,672)
Revaluations	-	-	-
Depreciation expense	(877,812)	(2,573,343)	(5,047,084)
Carrying amount at the end of the year	12,897,742	5,636,535	69,151,197

Market valuation was conducted in 2005 on the buildings and land, the directors have reviewed this 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.

9. Intangibles

Software

At cost	423,565	234,057
Less: Accumulated amortisation	93,622	46,812
	<u>329,943</u>	<u>187,245</u>

Goodwill

At cost	47,010	47,010
Less: Accumulated amortisation	47,010	47,010
	<u>-</u>	<u>-</u>
Total intangibles	<u>329,943</u>	<u>187,245</u>

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
10. Trade and other payables		
Current		
Trade creditors and accruals	3,390,336	2,634,509
11. Short-term borrowings		
Current		
Bank overdraft – secured	639,171	833,891
	639,171	833,891
The variable rate bank overdraft is secured by a charge over certain cash investments.		
The company has a bank overdraft facility amounting to \$2,000,000 (2006: \$2,000,000). At 31 December 2007 \$639,171 (2006: \$833,891) of this facility was used. Interest rates are variable.		
12. Provisions		
Current		
Provision for employee entitlements	802,438	829,505
Non Current		
Provision for employee entitlements	188,115	162,447
Aggregate amount of employee entitlements liability	990,553	991,952
Employee numbers	493	432
13. Reserves		
(a) Asset Revaluation Reserve		
The asset revaluation reserve records revaluations of non-current assets.		
(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	3,390,336	2,634,509
Total borrowings	639,171	833,891
Less cash and cash equivalents	(7,681,262)	(10,533,559)
Net debt	(3,651,755)	(7,065,159)
Total equity	73,704,729	77,892,016
Total capital	70,052,974	70,826,857

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

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$

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	9,760,168	10,403,617
Less: total costs of fundraising	(3,985,017)	(4,262,404)
Net surplus from fundraising	<u>5,775,151</u>	<u>6,141,213</u>

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.

Fundraising Comparisons by percentage	%	%
Cost of fundraising to total income from fundraising	41	41
Surplus from fundraising to gross income from fundraising	59	59
Cost of fundraising services to total expenditure	14	15
Cost of fundraising services to total income received	16	17

Gross comparisons

	Gross proceeds \$	Fundraising costs \$	2007 Surplus \$	2006 Surplus \$
Housie	984,220	841,354	142,866	179,877
Donations and bequests	2,700,873	-	2,700,873	2,744,673
Raffles & Art unions	5,190,450	2,644,652	2,545,798	2,673,847
Fundraising projects	884,625	499,011	385,614	542,816
Total	<u>9,760,168</u>	<u>3,985,017</u>	<u>5,775,151</u>	<u>6,141,213</u>

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007	2006
	\$	\$
16. Cash flow Information		
Reconciliation of Cash Flow with Loss after income tax.		
Loss after income tax	(4,187,287)	(3,650,591)
Non-cash flows in loss after income tax:		
Depreciation and amortisation expense	5,093,905	4,323,374
Net loss/(gain) on disposal of property, plant and equipment	(172,107)	128,231
Interest Receivable	(25,364)	-
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	(86,915)	113,955
(Increase)/decrease in receivables	7,616	(202,914)
(Increase)/decrease in inventories	(8,380)	17,481
Increase/(decrease) in trade creditors and accruals	755,826	279,841
Increase in provision for employee entitlements	(1,399)	168,925
Cash Flows from operations	<u>1,375,895</u>	<u>1,178,302</u>

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	29,515	34,519
Cash on deposit	7,651,747	10,499,040
Bank overdraft	(639,171)	(833,891)
	<u>7,042,091</u>	<u>9,699,668</u>

18. Auditors Remuneration

Received or due and receivable by the auditor for:

- Auditing the accounts	63,000	60,000
- Other services	15,000	7,620
	<u>78,000</u>	<u>67,620</u>

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	\$	\$

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)

Reg Woodleigh (General Manager, Marketing and Fundraising)

	Salary & Fees	Super annuation Contributions	Bonus	Non-Cash Benefits	Total
	\$	\$	\$	\$	\$
2007					
Total compensation	384,050	37,444	24,038	35,348	480,880
2006					
Total compensation	380,921	27,688	0	16,350	424,959

20. Directors and Secretary Qualifications, Special responsibilities and Experience

N W Moore - Chairperson	Executive Director and head of investment banking group, Macquarie Bank Limited and a Chartered Accountant, appointed March 2002.
A L Backhouse	Retired rural worker, President Dubbo PCYC term expired 30 March 2007.
G Dobson	Police Officer, appointed 29 June 2007
M Cochrane	Industrial officer, Director ING, appointed June 2004.
M A Coyne	Business consultant and member of Australian Institute of Company Directors and the Australian Marketing Institute. Appointed March 2002.
I K Ellis	Retired Police Officer (Alternate for NSW Police Commissioner) Appointed March 1998.
B Thomas	Executive, Commonwealth Bank of Australia and a Solicitor, appointed 23 November 2006.
C Evans	Police Officer, appointed 15 June 2005.
J Crethar	Retired company director, appointed 30 March 2007
J Harvey	Principal, President Parramatta PCYC, appointed 30 March 2007
D Scobie	Teacher, Vice President Port Stephens PCYC, appointed December 2004.
G L Stewart	IT Analyst, Treasurer South Sydney PCYC, term expired 30 March 2007.
A Tansey	Banker, Former Director of Sydney Ports Corporation & Snowy Hydro Limited, Director of Retirement Village Group appointed June 2004.
E Whiteley	Financial Planner, member of the Financial Planning Association of Australia, appointed July 2000.
K Narsey	Secretary, General Manager – Financial and Corporate Services for PCYC and member of Certified Practising Accountants Australia.

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 favourable 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.

N W Moore	Nature of terms and conditions: Macquarie Property, a director-related entity, is retained by the Company to provide advice on the Company's property assets. Transactions totaled \$0 (2006: \$0)
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22. Segment Reporting

The Company's activities comprise provision of services to youth in New South Wales.

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 \$7,042,091 (2006: \$9,699,668) as disclosed in these notes. The cash in banks is earning interest at market rates, interest payable on bank overdrafts are at market rates.

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.

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	
	2007 %	2006 %	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets:								
Cash and cash equivalents	7.55	7.9	7,681,261	10,533,559	-	-	7,681,261	10,533,559
Trade and other Receivables	9.05	8.55	327,354	304,425	771,925	1,013,647	1,099,279	1,318,072
Total Financial Assets			8,008,615	10,837,984	771,925	1,013,647	8,780,540	11,851,631
Financial Liabilities:								
Trade and other payables	-	-	-	-	3,390,336	2,818,214	3,390,336	2,818,214
Bank overdraft secured	8.95	8.3	639,171	833,891	-	-	639,171	833,891
Total Financial Liabilities			639,171	833,891	3,390,336	2,818,214	4,029,507	3,652,105

POLICE & COMMUNITY YOUTH CLUBS NSW LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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:

	2007 \$	2006 \$
Capital expenditure projects	<u>3,460,000</u>	<u>1,873,000</u>
Payable		
- not later than 12 months	3,460,000	1,873,000
- between 12 months and five years	-	-
- greater than five years	-	-
	<u>3,460,000</u>	<u>1,873,000</u>

26. Company Details

The registered office of the company is:

1C Mimika Avenue
Whalan NSW 2770