
Castle Hill RSL Club Limited and its Controlled Entity

ABN 35 001 043 910

Concise Report 30 June 2010

The financial statements and other specific disclosures have been derived from Castle Hill RSL Club Limited and its Controlled Entity (the consolidated entity) full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report.

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

A copy of the consolidated entity's 2010 Annual Financial Report, including the independent audit report, is available to all members and will be sent to members without charge upon request.

Castle Hill RSL Club Limited and its Controlled Entity

Directors' Report

Your directors present their report together with the consolidated financial report of the consolidated entity, being the Company and its Controlled Entity, for the year ended 30 June 2010 and the auditor's report thereon.

Directors

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

| Name | Qualifications and period of directorship |
|-------------------------|--|
| Warren Edward Glenny | Director. Appointed 29 June 1994 |
| Rick Anthony Cumming | Director. Appointed 29 November 1995 |
| Donald Montague Tait | Director. Appointed 26 October 2004 |
| Robert Bruce Duncan | Director. Appointed 12 October 1993 |
| Robert Hudson | Director. Appointed 17 October 2000 |
| Mervyn William Cummings | Director. Appointed 23 November 1981 |
| Walter Hromow | Director. Appointed 28 February 2002 |
| Jules Paul Lippman | Director. Appointed 29 June 1976 |
| Noel Herbert Simmons | Director. Appointed 26 October 2004 |
| Ronald Mervyn Smith | Director. Appointed 13 August 1975 |
| David Bruce Wood | Director. Appointed 27 April 1994 |
| David Elliott | Director. Appointed 27 May 2009 |

Directors' meetings

The number of directors' meetings including meetings of committees of directors and number of meetings attended by each of the directors of the Company during the financial year are:

| Director | BOARD MEETINGS | | | SPECIAL MEETINGS | |
|-------------------------|------------------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------------|
| | Number of Meetings Attended | Number of Meetings Held * | Absent due to club business | Number of Meetings Attended | Number of Meetings Held * |
| Warren Edward Glenny | 23 | 23 | - | 7 | 7 |
| Rick Anthony Cumming | 20 | 23 | 1 | 7 | 7 |
| Donald Montague Tait | 22 | 23 | - | 6 | 7 |
| Robert Bruce Duncan | 20 | 23 | 1 | 7 | 7 |
| Robert Hudson | 22 | 23 | - | 7 | 7 |
| Mervyn William Cummings | 22 | 23 | - | 7 | 7 |
| Walter Hromow | 21 | 23 | 1 | 7 | 7 |
| Jules Paul Lippman | 18 | 23 | - | 3 | 7 |
| Noel Herbert Simmons | 23 | 23 | - | 7 | 7 |
| Ronald Mervyn Smith | 21 | 23 | 1 | 7 | 7 |
| David Bruce Wood | 21 | 23 | - | 7 | 7 |
| David Elliott | 21 | 23 | - | 2 | 7 |

* Number of meetings held during the time the director held office during the year.

Castle Hill RSL Club Limited and its Controlled Entity

Directors' Report (continued)

Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 30 June 2010 and the comparison with last year is as follows:

| | 2010 | 2009 |
|---------------------------------|--------|--------|
| Castle Hill RSL | | |
| Financial Members: | | |
| Category 1 | 641 | 706 |
| Category 2 | 32,434 | 29,176 |
| Junior Members | 1,334 | 1,521 |
| | 34,409 | 31,403 |
| Parramatta RSL | | |
| Service, Association and Social | 8,650 | 9,770 |
| Sub-Branch Members | 1,192 | 878 |
| | 9,842 | 10,648 |
| Total | 44,251 | 42,051 |

Operating result

The net profit for the year amounted to \$2,565,884 compared with \$2,022,977 for the prior year. This resulted after charging \$5,448,793 (2009: \$4,361,077) for depreciation/amortisation.

Objectives

Short term

The short term organisational strategy is to consolidate and to reduce current debt levels within a reasonable time frame whilst maintaining state of the art facilities and amenities that service the needs of our diverse membership and community. The club will continue to promote and develop sporting and social activities ensuring we continue to maximise the clubs exposure and involvement within our shire.

Long term

The long term strategic objective of the Castle Hill RSL Club Group is to conduct its business affairs in a sound and responsible manner ensuring relevance to the membership and community providing the facilities and amenities that improve the financial and future viability of the group. This commitment is not limited to physical premises but also to our broader community activities and the development of sport and sporting activities within our Shire.

Castle Hill RSL Club Limited and its Controlled Entity

Directors' Report (continued)

Strategy for achieving the objectives

The primary strategies to achieve the clubs objectives is through sound financial management and the use of financial ratios and key performance indicators (KPIs) to ensure that organisational Business Plans, Budgets and Cash Flows are current and relevant. Business activities are managed in a pro-active manner to ensure that the goals, objectives and business strategies are achieved.

The current departmental / management reporting strategies support this objective and the organisational checks and control measures ensure all ratios and KPIs provide relevant and true information to be utilised in the decision making processes of the club.

Recent building, refurbishment and R&M strategies have placed the club in a very sound position for the future with the premises being completely rejuvenated over the past few years without the need for large future expenditure on plant, equipment or capital development. The club is modern and well appointed and well positioned for the next decade to ensure consistent growth and long term scope for sustainability and efficiency.

Performance measurement and key performance indicator

The club has departmental and organisational business plans and corporate strategic plans and the documented KPIs are reviewed by executive management and the Board of Directors at monthly meetings.

These KPIs are reviewed on a regular basis to ensure relevance at any particular point in time. Business activities are reviewed and altered to adhere to these documents.

Principal activities

The principal activities of the consolidated entity during the year were to provide sporting, social and entertainment activities and amenities to the members of the Company and guests from conducting the business of a licensed social club. The clubs' activities enhance, support and continue to develop and promote a range of sporting and social activities that have assisted the general club membership and broader community. These activities have not been limited to the provision of sporting infrastructure but also to the development and promotion of a wide range of activities including all forms of sport from a novice to an elite level.

There have been no significant changes in the nature of these activities during the year.

Liability of members on winding up

The Company is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$22 per member for all Castle Hill RSL members and \$5.50 for all Parramatta RSL Club members in the event of the winding up of the Company during the time that he is a member or within one year thereafter. At 30 June 2010 there were 44,251 members.

Castle Hill RSL Club Limited and its Controlled Entity
Directors' Report (continued)

Proceedings on behalf of the consolidated entity

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


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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 370C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Castle Hill this 25th day of August 2010.


W E Glenny
Director


R B Duncan
Director

Castle Hill RSL Club Limited and its Controlled Entity
Auditor's Independence Declaration



Chartered Accountants
& Business Advisers

As lead auditor for the audit of Castle Hill RSL Club Limited and its Controlled Entity for the year ended 30 June 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.

This declaration is in respect to Castle Hill RSL Club Limited and its Controlled Entity during the year.

PKF

Paul Cheeseman
Partner

25 August 2010

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Liability limited by a scheme approved under Professional Standards Legislation.

Castle Hill RSL Club Limited and its Controlled Entity

Statement of Comprehensive Income
For the Year Ended 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--|------|--------------|--------------|
| Revenue and income from continuing operations | | | |
| Sale of goods revenue | | 13,026,569 | 11,372,299 |
| Rendering of services revenue | | 35,382,255 | 34,282,711 |
| Other revenue | | 634,807 | 623,357 |
| Other income | | 155,448 | 32,108 |
| | | <hr/> | <hr/> |
| Total revenue and income from continuing operations | | 49,199,079 | 46,310,475 |
| | | <hr/> | <hr/> |
| Expenses | | | |
| Cost of goods sold | | (4,675,406) | (4,345,148) |
| Employee benefits expense | | (15,222,272) | (14,389,951) |
| Poker machine licences & taxes and donations | | (7,761,218) | (7,494,038) |
| Entertainment, marketing and promotional costs | | (3,723,441) | (3,776,853) |
| Occupancy and property expenses | | (6,346,232) | (6,188,985) |
| Leases and rental expenses | | (431,792) | (635,282) |
| Other expenses from ordinary activities | | (2,908,359) | (2,640,894) |
| | | <hr/> | <hr/> |
| | | (41,068,720) | (39,471,151) |
| | | <hr/> | <hr/> |
| Earnings before depreciation/ amortisation, finance costs and impairment loss/write back | | 8,130,359 | 6,839,324 |
| | | <hr/> | <hr/> |
| Depreciation/amortisation | | (5,448,793) | (4,361,077) |
| Finance costs | | (115,682) | (786,099) |
| Reversal of impairment loss | | - | 330,829 |
| | | <hr/> | <hr/> |
| Profit before income tax expense | 2 | 2,565,884 | 2,022,977 |
| Income tax expense | | - | - |
| | | <hr/> | <hr/> |
| Net profit from continuing operations after income tax expense | | 2,565,884 | 2,022,977 |
| | | <hr/> | <hr/> |
| Other Comprehensive Income | | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year attributable to members | | 2,565,884 | 2,022,977 |
| | | <hr/> | <hr/> |

The Statement of Comprehensive Income is to be read in conjunction with the discussion and analysis on page 10 and the notes to the financial statements set out on page 11.

Castle Hill RSL Club Limited and its Controlled Entity
Statement of Financial Position
As at 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 4,689,754 | 4,434,245 |
| Trade and other receivables | | 350,906 | 541,321 |
| Inventories | | 478,431 | 422,226 |
| Other current assets | | 828,245 | 602,287 |
| TOTAL CURRENT ASSETS | | <u>6,347,336</u> | <u>6,000,079</u> |
| Non-Current Assets | | | |
| Financial assets | | 2,516 | 2,516 |
| Property, plant and equipment | | 86,248,943 | 82,864,949 |
| Intangible assets | | 2,601,258 | 2,600,183 |
| TOTAL NON-CURRENT ASSETS | | <u>88,852,717</u> | <u>85,467,648</u> |
| TOTAL ASSETS | | <u>95,200,053</u> | <u>91,467,727</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 2,889,205 | 2,752,270 |
| Financial liabilities | | 2,634,648 | 2,246,672 |
| Employee benefits | | 1,142,668 | 1,230,858 |
| Other current liabilities | | 764,911 | 594,300 |
| TOTAL CURRENT LIABILITIES | | <u>7,431,432</u> | <u>6,824,100</u> |
| Non-Current Liabilities | | | |
| Financial liabilities | | 15,634,132 | 15,116,918 |
| Employee benefits | | 349,582 | 348,010 |
| Other non-current liabilities | | 170,314 | 129,990 |
| TOTAL NON-CURRENT LIABILITIES | | <u>16,154,028</u> | <u>15,594,918</u> |
| TOTAL LIABILITIES | | <u>23,585,460</u> | <u>22,419,018</u> |
| NET ASSETS | | <u>71,614,593</u> | <u>69,048,709</u> |
| Members' Funds | | | |
| Reserves | | 19,127,467 | 19,127,467 |
| Retained profits | 2 | <u>52,487,126</u> | <u>49,921,242</u> |
| TOTAL MEMBERS' FUNDS | | <u>71,614,593</u> | <u>69,048,709</u> |

The Statement of Financial Position is to be read in conjunction with the discussion and analysis on page 10 and the notes to the financial statements set out on page 11.

Castle Hill RSL Club Limited and its Controlled Entity
Statement of Changes in Equity
For the Year Ended 30 June 2010

| | Reserves \$ | Retained Earnings \$ | Total Equity \$ |
|---|------------------------|-------------------------------------|--------------------------------|
| Balance at 1 July 2008 | 19,127,467 | 47,898,265 | 67,025,732 |
| Total comprehensive income for the year | - | 2,022,977 | 2,022,977 |
| Balance at 30 June 2009 | 19,127,467 | 49,921,242 | 69,048,709 |
| Total comprehensive income for the year | - | 2,565,884 | 2,565,884 |
| Balance at 30 June 2010 | 19,127,467 | 52,487,126 | 71,614,593 |

The Statement of Changes in Equity is to be read in conjunction with the discussion and analysis on page 10 and the notes to the financial statements set out on page 11.

Castle Hill RSL Club Limited and its Controlled Entity
Statement of Cash Flows
For the Year Ended 30 June 2010

| | 2010 | 2009 |
|---|--------------------|---------------------|
| | \$ | \$ |
| Cash Flow From Operating Activities | | |
| Receipts from customers | 53,440,121 | 50,413,365 |
| Payments to suppliers and employees | (45,707,504) | (44,743,869) |
| Interest received | 55,455 | 59,182 |
| Finance costs | (1,075,529) | (558,790) |
| Rent received | 579,352 | 564,175 |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 7,291,895 | 5,734,063 |
| | <hr/> | <hr/> |
| Cash Flow from Investing Activities | | |
| Proceeds from sale of property, plant and equipment | 167,703 | 32,108 |
| Payment for property, plant and equipment | (7,120,106) | (13,825,632) |
| Payment for intangibles | (1,075) | (269,354) |
| | <hr/> | <hr/> |
| Net cash outflow from investing activities | (6,953,478) | (14,062,878) |
| | <hr/> | <hr/> |
| Cash Flow from Financing Activities | | |
| Finance lease and hire purchase repayments | (1,210,130) | (1,162,742) |
| Proceeds from borrowings | 3,731,895 | 11,644,501 |
| Repayment of borrowings | (2,604,673) | - |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) from financing activities | (82,908) | 10,481,759 |
| | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | 255,509 | 2,152,944 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the beginning of the financial year | 4,434,245 | 2,281,301 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 4,689,754 | 4,434,245 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Statement of Cash Flows is to be read in conjunction with the discussion and analysis on page 10 and the notes to the financial statements set out on page 11.

Castle Hill RSL Club Limited and its Controlled Entity

Discussion and Analysis

Statement of Comprehensive Income

The total revenue has increased by \$2,888,604 (6.2%) since the prior year whilst expenses including depreciation/amortisation, employee expenses, finance costs and other operating expenses have increased by \$2,345,697 (5.3%) resulting in a net profit of \$2,565,884, compared to a profit of \$2,022,977 for the previous year, an increase of \$542,907.

Individual items that impacted the consolidated entity's 2010 result were:

- Revenue from sale of goods increased by \$1,654,270 (14.5%) being increases in catering and beverage sales.
- Revenue from rendering of services increased by \$1,099,544 (3.2%) mainly due to an increase in poker machine revenues of \$509,606 (2.0%) increases in fitness centre revenues of \$500,830 (8.2%), function centre income of \$77,098 (10.3%) and increase in commissions of \$276,401 (40.0%).
- Other income increased by \$123,340 and pertains to gain on disposal of certain plant and equipment.
- Cost of goods sold increased by \$330,258 (7.6%) primarily due to increase in the sale of goods revenue.
- Increases in employee benefits expense of \$832,321 (5.8%) poker machine licenses & taxes of \$267,180 (3.5%), and occupancy and property expenses of \$157,247(2.5%).
- Depreciation and amortisation costs increased by \$1,087,716 primarily due to capitalisation of major refurbishments and acquisition of additional plant and equipment items.
- Finance costs decreased by \$670,417 primarily due to capitalisation of finance costs relating to the construction and major refurbishments in the club.
- Other expenses increased by \$267,465 (10.1%) during the year.
- In the prior year, impairment losses on intangible assets amounting to \$330,829 were reversed.

Statement of Financial Position

The net assets increased by \$2,565,884 (3.72%) since the previous year consisting of an increase in total assets of \$3,732,329 and a \$1,166,442 increase in total liabilities.

The increase in total assets for the year is mainly attributed to an increase in property, plant and equipment of \$3,383,994 particularly in relation to the refurbishment of Castle Hill RSL and Parramatta RSL and increase in cash and equivalents of \$255,509.

The increase in total liabilities for the year is mainly due to proceeds of borrowings to fund the club's refurbishment program and proceeds from finance leases to acquire plant & equipment, with other areas being consistent.

Statement of Cash Flows

Operating activities provided net cash of \$7,291,895, an increase of \$1,557,832 or 27.1% when compared to the previous year.

Cash used in investing activities of \$6,953,478 related to net payments for property, plant and equipment mainly in relation to the payment for the refurbishment of Castle Hill RSL and Parramatta RSL.

Cash outflow from financing activities was \$82,908 being proceeds from borrowings to fund club's refurbishment programs amounting to \$3,731,895 less finance lease repayments of \$1,210,130, and repayments of borrowings of \$2,604,673.

The above factors resulted in an overall increase of \$255,509 in cash and cash equivalents during the year.

Cash at year end for the consolidated entity was \$4,689,754 compared to \$4,434,245 for the prior year.

Castle Hill RSL Club Limited and its Controlled Entity
Notes to the Financial Statements
Concise Financial Report
For the Year Ended 30 June 2010

1 Basis of Preparation of the Concise Financial Report

The concise financial report is an extract for the full financial report for the year ended 30 June 2010. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the *Corporations Act 2001*.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of Castle Hill RSL Club Limited and its Controlled Entity. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Castle Hill RSL Club Limited and its Controlled Entity as the full financial report.

In preparing the financial report the consolidated entity has taken the exemptions available to non profit entities.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the Castle Hill RSL Club Limited and its Controlled Entity comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

2 Retained Profits

| | 2010 \$ | 2009 \$ |
|---|-------------|-------------|
| Retained profits at the beginning of the year | 49,921,242 | 47,898,265 |
| Total comprehensive income for the year | 2,565,884 | 2,022,977 |
| | <hr/> | <hr/> |
| Retained profits at the end of the year | 52,487,126 | 49,921,242 |
| | <hr/> <hr/> | <hr/> <hr/> |

3 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Castle Hill RSL Club Limited and its Controlled Entity Directors' Declaration

The directors of Castle Hill RSL Club Limited and its Controlled Entity declare that the concise financial report of the consolidated entity for the financial year ended 30 June 2010, as set out on pages 6 to 11:

- (a) complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- (b) is an extract from the full financial report for the year ended 30 June 2010 and has been derived from and is consistent with the full financial report of the consolidated entity.

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

Signed at Castle Hill this 25th day of August 2010.



W E Glenny
Director



R B Duncan
Director

Castle Hill RSL Club Limited and its Controlled Entity

Independent Audit Report on the Concise Financial Report To the Members of Castle Hill RSL Club Limited and its Controlled Entity

Report on the concise financial report

The accompanying concise financial report of Castle Hill RSL Club Limited and its Controlled Entity comprises the balance sheet as at 30 June 2010, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of the consolidated entity for the year ended 30 June 2010, and the discussion and analysis set out on pages 6 to 11. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: *Concise Financial Reports* (including the Australian Accounting Interpretations), statutory and other requirements. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying the appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the consolidated entity for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 25 August 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures with respect to the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039: *Concise Financial Reports*.

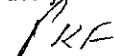
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors of the company on 25 August 2010.

Auditor's opinion

In our opinion, the concise financial report including the discussion and analysis of the consolidated entity for the year ended 30 June 2010 complies with Accounting Standard AASB 1039: *Concise Financial Reports*.



PKF



Paul Cheeseman

Partner

25 August 2010

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