

Annual Report 2010

Liverpool Catholic Club Limited

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Liverpool West NSW 2170

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Incorporating Thurgoona Country Club Resort



**Liverpool Catholic Club Limited
incorporating
Thurgoona Country Club Resort**

**ACN 00 874 073
ABN 78 000 874 073**

Annual Report 2010

Patron

Most Reverend Bishop David Cremin D.D.
Emeritus Auxiliary Bishop of Sydney

Chaplain

Rev. Father Bill Wright P.P.

Board of Directors

President - Anthony Atkins

Vice-President - Silvio Marucci

Treasurer - Denis Williams

Assistant Treasurer - Michael Coffey

George Ajkay, Phillip Coleman, Valda Hood
Colin Purcell, Gregory Richardson

Chief Executive Officer - John Turnbull

Bankers: Commonwealth Bank of Australia

Solicitors: Pigott Stinson Lawyers

Auditors: KPMG Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fortieth Annual General Meeting of the Liverpool Catholic Club Limited will be held at the Club premises Hoxton Park Road, Liverpool on Sunday 15th May 2011 at 12 noon.

Notice is also given that nominations for the office of Director close with the Chief Executive Officer on 24th April 2011.

BUSINESS

- 1: Apologies
- 2: To confirm the minutes of the thirty-ninth Annual General Meeting held on the 18th April 2010.
- 3: To receive and consider the Statement of Comprehensive Income, Statement of Financial Position and Cash Flow Statement for the year ended 31st December 2010, together with the Reports of Directors and Auditors thereon.
- 4: Ordinary Resolutions
 - FIRST: Sponsorship of intra-clubs
 - SECOND: Directors' expenses
 - THIRD: Directors' professional development
 - FOURTH: Functions to honour deceased members
 - FIFTH: Meals for honorary members
- 5: Life Membership Resolutions
- 6: To appoint three Directors
- 7: To transact any other business which may be raised by members

John Turnbull
Chief Executive Officer

18th April 2011

NOTICE OF RESOLUTIONS FOR ANNUAL GENERAL MEETING

NOTICE is hereby given that at the Annual General Meeting of **LIVERPOOL CATHOLIC CLUB LIMITED** to be held on **Sunday 15th May 2011** commencing at the hour of **12 noon** at the premises of the Club, Hoxton Park Road, Liverpool West, New South Wales the members will be asked to consider and if thought fit pass the following resolutions:

FIRST ORDINARY RESOLUTION

That the members hereby approve and agree to expenditure by the Club in a sum not exceeding \$100,000 until the next Annual General Meeting of the Club for sponsorship of Intra Clubs.

SECOND ORDINARY RESOLUTION

- (a) That the members hereby approve and agree to expenditure by the Club in a sum not exceeding \$55,000 until the next Annual General Meeting of the Club for Directors' Expenses as follows:
- (i) The reasonable cost of a meal and beverage for each Director immediately before or immediately after a Board or Committee meeting on the day of that meeting when that meeting corresponds with a normal meal time.
 - (ii) Reasonable expenses incurred by Directors in travelling to and from Directors' meetings or other duly constituted committee meetings as approved by the Board from time to time on production of invoices, receipts or other proper documentary evidence of such expenditure.
 - (iii) Reasonable expenses incurred by Directors in relation to such other duties including entertainment of special guests to the Club and other promotional activities performed by Directors which activities and the expenses therefrom are approved by the Board before payment is made on production of receipts, invoices or other proper documentary evidence of such expenditure.
 - (iv) The reasonable cost of Directors and their spouses/partners (if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
 - (v) The reasonable cost of Club uniforms being provided to Directors as required.
 - (vi) The provision of a designated car parking space for the exclusive use of each Director.
 - (vii) The reasonable documented expenses incurred by Directors for club related telephone calls.
 - (viii) The provision of a bouquet of flowers or similar gift to the value of \$100 for the spouse or partner of a Director in appreciation of their support of the Director throughout the year.
- (b) That the members acknowledge that benefits in paragraph (a) above are not available to members generally but only for those who are Directors of the Club.

THIRD ORDINARY RESOLUTION

- (a) That the members hereby approve and agree to expenditure by the Club in a sum not exceeding \$60,000 for the professional development and education of Directors until the next Annual General Meeting and being:
- (i) The reasonable cost of Directors attending conferences, seminars, lectures, trade displays and other similar events as may be determined by the Board from time to time;
 - (ii) The reasonable cost of Directors attending other registered clubs for the purpose of viewing and assessing their facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club;
 - (iii) The reasonable cost of Directors and their spouses (if required) attending the ClubsNSW Annual General Meeting and Conference in 2011 provided however that the expenses in relation to Directors' spouses or partners will be limited to:
 - Economy airfares or other reasonable travel expenses;
 - Accommodation for the duration of the conference only;
 - The cost of tickets to the conference dinner.
- (b) The members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors of the Club.

FOURTH ORDINARY RESOLUTION

That the members hereby approve and agree to expenditure by the Club in a sum not exceeding \$12,000 until the next annual general meeting of the Club for the reasonable costs of functions (such as wakes) to be held at the Club to honour the memory and work of members of the Club who have served the Club in a voluntary capacity over many years and who die during the course of the year. The holding of such functions and the extent of the expenditure paid or borne by the Club for such functions shall in each case be entirely at the discretion of the Board of Directors.

FIFTH ORDINARY RESOLUTION

- (a) That the members hereby approve the Club providing a complimentary meal to each Honorary member when they attend the Club at a time which coincides with a normal meal time.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are Honorary members of the Club.

LIFE MEMBERSHIP RESOLUTION

That the following members be elected to Life membership of the Club in recognition of their outstanding service to the Club over many years:

- Anthony Michael Atkins: Member since 1985. Elected to Board of Directors 1989.
Vice President 1998-2003. President since 2003
- Valda Marion Hood: Member since 1980. Elected to Board 1989.
Chairperson Catering committee
- Shelley Ann Moretti: Member since 1991. Member LCC Judo club over 20 years,
competing at state and international levels, coaching
members up to receiving their black belts and playing at
Australian Titles. Highly regarded player/coach.
- Colin Aloysius Purcell: Member since 1974. Director 1984-1989 and again since
1994. Vice President 1996. Editor of the Club 'Journal'.

Dated: 23rd February 2011 By direction of the Board

David Vidler
Acting Chief Executive Officer

NOTES TO MEMBERS

First Ordinary Resolution

The First Ordinary Resolution is to have the members in General Meeting approve an amount no greater than \$100,000 for sponsorship of the intra-clubs. This amount is the same as that approved by members at the Annual General Meeting in 2010.

Second Ordinary Resolution

The Second Ordinary Resolution is to have the members in General Meeting approve an amount no greater than \$55,000 for expenses incurred by Directors in the performance of their duties. Included in the resolution is the cost of Directors attending functions as representatives of the Club and the costs of their spouses/partners also attending those functions. This is \$5,000 more than the amount approved by members at the Annual General Meeting in 2010. The extra amount is required to meet expected increases in costs generally.

Third Ordinary Resolution

The Third Ordinary Resolution is to have the members in General Meeting approve an amount no greater than \$60,000 for the expenditure by the Club for Directors to attend conferences, seminars, lectures trade displays and other similar events and to visit other clubs to enable the Club's governing body to be kept abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business. Also included will be expenditure for Directors and their spouses (if required) to attend the ClubsNSW Annual Meeting and Conference in 2011.

The amount to be provided by this resolution is the same as that approved by members at the Annual General Meeting in 2010 for the professional development of Directors.

Fourth Ordinary Resolution

The Fourth Ordinary Resolution is intended to provide funding over the next twelve months for functions to honour distinguished members of the Club on their death. Without such a resolution it is arguable that the Club is not entitled to provide such functions without someone (normally members of the family of the deceased) being responsible for the cost.

Fifth Ordinary Resolution

The Fifth Ordinary Resolution is to have the members in General Meeting approve the Club providing a meal to each Honorary member when they are attending the Club at a time which coincides with a normal meal time. In practice this will happen only by the Honorary member producing his or her Gold Honorary membership card.

Life Membership Resolutions

Clause 14 of the Club Constitution provides that any voting member who has rendered outstanding service to the Club may be elected to Life membership of the Club.

Procedural matters

1. To be passed, Ordinary Resolutions must receive votes from not less than a majority of members who, being eligible to do so, vote in person at the meeting.
2. To be passed, each Life Membership Resolution must receive votes in its favour from not less than two thirds of those members who being eligible to do so vote in person at the meeting.
3. Proxy voting is prohibited by the Registered Clubs Act.
4. Any member who is an employee of the Club is prohibited from voting by the Registered Clubs Act.
5. The Board of the Club recommends each of the resolutions to members.

Dated: 23rd February 2011 By direction of the Board

David Vidler
Acting Chief Executive Officer

PRESIDENT'S REPORT

Welcome to the 40th Annual General Meeting of the Club and the presentation of the Annual Report for the year ended 31st December 2010.

I have to report that after making donations totalling \$659,000 to local schools and charities the club made a profit of \$2.85 million for the year 2010. I am pleased to report that the reduction in the Club's profit from the previous financial year is equal to the additional depreciation attributable to the Hotel and is within the range predicted.

As usual, many good and exciting things happened at the club during the year but there were two in particular that I think deserve special mention:

"Drive to Survive" Road Safety Programme

In the interests of road safety we arranged for about 1,000 Year 11 students from seven local high schools to participate in the Ian Luff "Drive to Survive" road safety forum at Eastern Creek. Students who attended learned how inappropriate speed, drinking and driving, fatigue and foolish behavior, like street racing, were dumb choices.

The programme culminated in a gala night at the Club where each school competed in giving a visual presentation of their interpretation of the drive-to-survive philosophy.

Alan Jones of Radio 2GB was guest judge and the winning team was All Saints Senior College who received a cheque for \$10,000 donated by the club.

Feedback from school Principals has been very positive and the Board will repeat the programme during 2011. If this programme saves just one life then it will be worthwhile.

Mercure Hotel

Following its first full year of operation I am pleased to report that the Hotel has far exceeded our original expectations. Its popularity with corporate, leisure and conference guests has been demonstrated with occupancy of the Hotel steadily increasing.

Its location adjacent to the club and proximity to the M5 and M7 motorways, together with its stylish rooms and the personalized service offered by Manager Chris and his staff have all contributed to the Hotel's success. Members can therefore feel very proud of the latest addition to our fine facilities.

In conclusion, I thank my fellow Directors for their efforts during the past year, the General Manager, John Turnbull, and his staff for their diligence, the committee members of all our intra-clubs for their work and club members generally for their support and loyalty to our club.

Tony Atkins
President

Liverpool Catholic Club Limited
ABN 78 000 874 073

Annual Report

31 December 2010

Directors' report

For the year ended 31 December 2010

The directors present their report together with the financial report of Liverpool Catholic Club Limited (the Company) for the financial year ended 31 December 2010 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are as follows. All directors held office for the entire financial year and up to the date of this report, unless otherwise stated:

Surname	Christian name
Ajkay	George Zoltan
Atkins	Anthony Michael
Coffey	Michael Francis
Coleman	Phillip Vincent
Hood	Valda Marion
Marucci	Silvio
Purcell	Colin Aloysius
Richardson	Gregory Peter
Williams	Denis Robert

Information on directors

AJKAY, GEORGE ZOLTAN B.Bus (NSWIT) Dip.Tech.Management.

Managing Director Beta Trading Co Pty Ltd. Joined Club 1997. Elected to Board April 2004.

ATKINS, ANTHONY MICHAEL B.Surv (UNSW)

Registered Surveyor. R.P.S. Group. (Consulting Surveyors). Director Rose Atkins Rimmer (Water Infrastructure) Club Director since March 1989. Member Building and Site Development Committee. Vice-President 1998-2003, President 2003-Current.

COFFEY, MICHAEL FRANCIS JP, B.Sc (UNSW)

Company Director. Joined Club June 1998. Appointed Director February 2004. Assistant Treasurer since April 2004.

COLEMAN, PHILLIP VINCENT

Retired. Formerly Technical Officer, Australian Atomic Energy Commission. Foundation Member, Elected to Board June 1982. Vice-President May 1994. Member Finance & Membership Committees. President 1996-2003. Chairman Intra-Clubs Committee.

HOOD, VALDA MARION

Retired Secretary. Member since 1980. Elected to Board May 1989, Chairperson Catering Committee.

MARUCCI, SILVIO

Company Director. Foundation Member. Director since May 1989. Chairman Building Committee. Chairman Site Development Committee. Vice-President 2003-Current.

PURCELL, COLIN ALOYSIUS

Retired, formerly a Manager with South Sydney Council. Joined the Club in 1974. Director 1984 -1989. Selected to fill Board vacancy in March 1994. Vice-President 1996. Editor of the Club "Journal".

RICHARDSON, GREGORY PETER

Executive Director, Ernst & Young. Member since 1981. Appointed Director September 2003. Member of Intra-Clubs Committee.

WILLIAMS, DENIS ROBERT B.Bus (NSWIT)

Retired Accountant. Formerly Deputy Chief Accountant Department of Main Roads. Joined Club in 1978. Director since March 1989. Vice-President June 1989 to May 1994. Treasurer since May 1994.

2 Directors' meetings

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

Director	Board Meetings		Committee Meetings	
	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held
G Ajkay	11	12	3	3
A Atkins	12	12	3	3
M Coffey	11	12	3	3
P Coleman	10	12	3	3
V Hood	12	12	3	3
S Marucci	11	12	3	3
C Purcell	12	12	3	3
G Richardson	9	12	3	3
D Williams	11	12	3	3

3 Objectives and strategies

The short and long term objectives of the Company are to provide members and guests with high quality social, cultural and sporting facilities whilst maintaining a focus on Catholic education, community needs and sporting activities. These objectives are ongoing and have been in place for many years as shown in the Company's Constitution.

The objectives are achieved by maintaining the Company's operations in a profitable and viable manner, which then assists the Company meet the objectives outlined in the Company's Constitution. In addition, existing Club facilities provide the venue for these objectives to be achieved.

4 Principal activities

The principal activities of the Company during the course of the financial year were licensed social clubs and hotel operations.

There were no significant changes in the nature of the activities of the Company during the year.

5 Operating and financial review

The profit after tax of the Company for the year ended 31 December 2010 was \$2,855,224 (2009: \$4,391,051).

6 Performance indicators

Financial performance is measured by:

- Comparison of actual results against budget;
- Monitoring key performance indicators (KPI) in various areas including wage costs and gross profit margins
- Monitoring cashflows; and
- Calculating and comparing EBITDA performance.

Directors' report (continued)

For the year ended 31 December 2010

6 Performance indicators (continued)

The key performance indicators used are:

	2010	2009
	%	%
<i>Bar</i>		
Gross profit percentage	61.24	60.21
Wages to sales percentage	25.06	22.88
<i>Catering</i>		
Gross profit percentage	62.76	62.86
Wages to sales percentage	34.63	33.54
Wages and salaries - percentage of total revenue	19.66	18.51
EBITDA percentage (before profit/loss on disposal of property, plant and equipment)	24.29	23.81
Interest cover ratio	2.55:1	7.38:1

7 Membership

The Company is a company limited by guarantee and without share capital. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the Company during the time that he or she is a member or within one year thereafter. The total amount that the members of the Company are liable to contribute if the Company is wound up is \$113,330 (2009: \$111,368).

The number of members as at 31 December 2010 and the comparison with last year is as follows:

	2010	2009
Ordinary	29,652	31,073
Associate/ Social	24,090	22,016
Life	13	13
Honorary	155	148
LCC Sports - Juniors	2,755	2,434
	<u>56,665</u>	<u>55,684</u>

8 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended 31 December 2010.

This report is made in accordance with a resolution of the directors:

A Atkins
Director

Dated at Sydney this 24th day of March 2011.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Liverpool Catholic Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2010, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Cameron Roan
Partner

Sydney

24th March 2011

Statement of comprehensive income

For the year ended 31 December 2010

<i>In AUD</i>	Note	2010	2009
Revenue	4	47,035,422	43,004,669
Other income	5	10,504	3,279
Raw materials and consumables used		(4,499,177)	(4,277,290)
Changes in inventories of finished goods		(20,540)	2,647
Donations		(659,017)	(468,781)
Personnel expenses	6	(13,141,042)	(11,832,257)
Entertainment, marketing and promotional costs		(2,548,926)	(2,778,800)
Poker machine licences and taxes		(8,209,521)	(8,031,706)
Occupancy expenses		(3,157,229)	(2,650,521)
Repairs and maintenance		(1,399,967)	(1,376,686)
Other expenses		(2,011,712)	(1,368,385)
Earnings before interest, depreciation and impairment		<u>11,398,795</u>	<u>10,226,169</u>
Depreciation expense		(6,738,443)	(5,087,107)
Results from operating activities		<u>4,660,352</u>	<u>5,139,062</u>
Interest income		33,328	20,034
Interest expense		(1,838,456)	(698,636)
Net interest expense		<u>(1,805,128)</u>	<u>(678,602)</u>
Profit before income tax		2,855,224	4,460,460
Income tax expense	7	-	(69,409)
Profit for the year		<u>2,855,224</u>	<u>4,391,051</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,855,224</u>	<u>4,391,051</u>

The notes on pages 18 to 36 are an integral part of these financial statements.

Statement of financial position

As at 31 December 2010

In AUD

	<i>Note</i>	2010	2009
Assets			
Cash and cash equivalents	8	759,948	920,511
Trade and other receivables	9	320,069	343,722
Inventories	10	529,189	549,729
Prepayments		592,114	549,976
Total current assets		<u>2,201,320</u>	<u>2,363,938</u>
Property, plant and equipment	13	109,359,102	110,299,757
Intangible assets	14	1,324,718	871,538
Total non-current assets		<u>110,683,820</u>	<u>111,171,295</u>
Total assets		<u>112,885,140</u>	<u>113,535,233</u>
Liabilities			
Trade and other payables	15	1,586,267	2,029,094
Loans and borrowings	16	4,075,780	4,075,780
Employee benefits	17	1,944,821	1,749,481
Provisions	18	25,544	19,495
Deferred income		208,230	260,598
Total current liabilities		<u>7,840,642</u>	<u>8,134,448</u>
Loans and borrowings	16	27,119,465	30,328,975
Employee benefits	17	110,697	163,384
Deferred income		140,285	89,599
Total non-current liabilities		<u>27,370,447</u>	<u>30,581,958</u>
Total liabilities		<u>35,211,089</u>	<u>38,716,406</u>
Net assets		<u>77,674,051</u>	<u>74,818,827</u>
Members' funds			
General funds		77,674,051	74,818,827
Total members' funds		<u>77,674,051</u>	<u>74,818,827</u>

The notes on pages 18 to 36 are an integral part of these financial statements.

Statement of changes in members' funds
For the year ended 31 December 2010

In AUD

	General funds
Balance at 1 January 2009	<u>70,427,776</u>
Total comprehensive income for the year	
Profit for the year	4,391,051
Other comprehensive income	-
Balance at 31 December 2009	<u><u>74,818,827</u></u>
Balance at 1 January 2010	<u>74,818,827</u>
Total comprehensive income for the year	
Profit for the year	2,855,224
Other comprehensive income	-
Balance at 31 December 2010	<u><u>77,674,051</u></u>

The notes on pages 18 to 36 are an integral part of these financial statements.

Statement of cash flows
 For the year ended 31 December 2010

In AUD

	Note	2010	2009
Cash flows from operating activities			
Cash receipts from customers		51,760,935	47,210,536
Cash paid to suppliers and employees		(40,666,396)	(37,229,702)
Cash generated from operations		<u>11,094,539</u>	<u>9,980,834</u>
Interest received		33,328	20,034
Interest paid		(1,838,456)	(698,636)
Net cash from operating activities	8	<u>9,289,411</u>	<u>9,302,232</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		40,101	77,050
Acquisition of property, plant and equipment		(5,827,385)	(27,846,608)
Acquisition of intangible assets		(453,180)	(347,836)
Net cash used in investing activities		<u>(6,240,464)</u>	<u>(28,117,394)</u>
Cash flows from financing activities			
Repayment of bank bills		(3,133,730)	(5,000,000)
Proceeds from bank bills		-	22,905,267
Payment of finance lease liabilities		(75,780)	(6,316)
Proceeds from finance lease liabilities		-	227,340
Net cash used in financing activities		<u>(3,209,510)</u>	<u>18,126,291</u>
Net decrease in cash and cash equivalents		(160,563)	(688,871)
Cash and cash equivalents at beginning of year		920,511	1,609,382
Cash and cash equivalents at end of year	8	<u>759,948</u>	<u>920,511</u>

The notes on pages 18 to 36 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2010

1 Reporting entity

Liverpool Catholic Club Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office is 446 Hoxton Park Road, Liverpool, NSW 2170. The financial statements are as at and for the year ended 31 December 2010.

The Company is primarily involved in licensed social clubs and hotel operations.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001, the Registered Clubs Amendment Act 2006 and the Gaming Machines Tax Act 2001. The financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Company has adopted the exemptions allowed for not-for-profit organisations under AASB 101 Presentation of financial statements.

The financial statements were authorised for issue by the Board of Directors on 24th March 2011.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

Notes to the financial statements (continued)

For the year ended 31 December 2010

2 Basis of preparation (continued)

(e) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Financial instruments

(i) *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Notes to the financial statements (continued)

For the year ended 31 December 2010

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(iii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the financial statements (continued)

For the year ended 31 December 2010

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

• Buildings and improvements	40 years
• Leasehold improvements	40 years
• Holiday units	40 years
• Motel - Thurgoona	40 years
• Furniture, plant and equipment	4.5 - 14.3 years
• Poker machines and accessories	3.7 years
• Assets under lease	7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Intangible assets - poker machine entitlements

Poker machine entitlements have indefinite useful lives as they have no expiry date. Accordingly, such intangible assets are not amortised but are systematically tested for impairment.

(d) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the financial statements (continued)

For the year ended 31 December 2010

3 Significant accounting policies (continued)

(f) Impairment

(i) *Non-derivative financial assets*

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Notes to the financial statements (continued)

For the year ended 31 December 2010

3 Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Revenue

Goods sold and services rendered

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. It is measured at the fair value of the consideration received or receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered comprises revenue from gaming facilities together with other services to members and patrons of the Company. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as the services are provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is risk of return of goods or there is continuing management involvement with the goods.

Notes to the financial statements (continued)

For the year ended 31 December 2010

3 Significant accounting policies (continued)

(j) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(k) Interest income and interest expense

Interest income on funds invested is recognised as it accrues in profit or loss, using the effective interest method.

Interest expense on loans and borrowings is recognised in profit or loss using the effective interest method.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, clubs are only liable for income tax on income derived from non-members and from outside entities.

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the financial statements (continued)
For the year ended 31 December 2010

3 Significant accounting policies (continued)

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which becomes mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets; and AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements, which becomes mandatory for the Company's 2014 financial statements, the amendments only affect presentation aspects of the financial statements. The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

Notes to the financial statements (continued)

For the year ended 31 December 2010

4 Revenue

<i>In AUD</i>	2010	2009
Revenue from sale of goods	10,533,698	9,597,101
Revenue from rendering of services	36,501,724	33,407,568
	<u>47,035,422</u>	<u>43,004,669</u>

5 Other income

<i>In AUD</i>	2010	2009
Net gain on sale of property, plant and equipment	10,504	3,279
	<u>10,504</u>	<u>3,279</u>

6 Personnel expenses

<i>In AUD</i>	2010	2009
Wages and salaries	9,521,327	8,258,251
Contributions to defined contribution plans	849,622	783,193
Increase in liabilities for employee benefits	142,653	306,353
Other associated expenses	2,627,440	2,484,460
	<u>13,141,042</u>	<u>11,832,257</u>

7 Income tax expense

<i>In AUD</i>	2010	2009
The amount set aside for income tax in profit or loss has been calculated as follows:		
Proportion of net taxable income attributable to non-members	6,196,333	3,307,073
Less: Proportion of expenses attributable to non-members	(7,695,969)	(2,798,022)
	<u>(1,499,636)</u>	<u>509,051</u>
Add: Other taxable income	687,691	1,407,881
	<u>(811,945)</u>	<u>1,916,932</u>
Less: Other deductible expenses	(1,583,519)	(2,006,879)
Net loss subject to tax	<u>(2,395,464)</u>	<u>(89,947)</u>
Income tax using the Company's statutory income tax rate of 30% (2009: 30%)	(718,639)	(26,984)
Adjustment for prior periods	-	69,409
Current year losses for which no deferred tax asset was recognised	718,639	26,984
Income tax expense on pre-tax net profit	<u>-</u>	<u>69,409</u>

Notes to the financial statements (continued)

For the year ended 31 December 2010

8 Cash and cash equivalents

<i>In AUD</i>	2010	2009
Cash at bank	224,319	491,959
Cash on hand	535,629	428,552
Cash and cash equivalents	<u>759,948</u>	<u>920,511</u>

The Company's exposure to credit and interest rate risks and a sensitivity analysis for financial assets are disclosed in note 19.

Reconciliation of cash flows from operating activities

<i>In AUD</i>	2010	2009
Cash flows from operating activities		
Profit for the year	2,855,224	4,391,051
Adjustments for:		
Depreciation	6,738,443	5,087,107
Net interest expense	1,805,128	678,602
Gain on sale of property, plant and equipment	(10,504)	(3,279)
	<u>11,388,291</u>	<u>10,153,481</u>
Change in trade and other receivables	23,653	(99,045)
Change in inventories	20,540	(2,647)
Change in trade and other payables	(442,827)	947,337
Change in prepayments	(42,138)	34,956
Change in provisions and employee benefits	148,702	306,353
Change in deferred income	(1,682)	40,399
Change in current tax payable	-	(1,400,000)
Cash generated from operating activities	<u>11,094,539</u>	<u>9,980,834</u>
Interest received	33,328	20,034
Interest paid	(1,838,456)	(698,636)
Net cash from operating activities	<u>9,289,411</u>	<u>9,302,232</u>

9 Trade and other receivables

<i>In AUD</i>	2010	2009
Current		
Trade receivables	105,234	146,822
Other receivables	214,835	196,900
	<u>320,069</u>	<u>343,722</u>

The Company's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in note 19.

Notes to the financial statements (continued)

For the year ended 31 December 2010

10 Inventories

<i>In AUD</i>	2010	2009
Finished goods	529,189	549,729

11 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

<i>In AUD</i>	2010	2009
Deductible temporary differences	45,468	42,925
Tax losses	941,868	223,229
	<u>987,336</u>	<u>266,154</u>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

12 Core and non-core properties

In AUD

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Club defines property as follows:

	2010	2009
Core property	93,661,124	93,782,767
Non-core property	15,697,978	16,516,990
	<u>109,359,102</u>	<u>110,299,757</u>

Core property includes the defined premises of the Club and any facilities provided for Club members.

13 Property, plant and equipment

In AUD

Cost	Freehold land	Buildings and improvements	Leasehold improvements	Holiday units	Motel - Thurgoona	Furniture, plant and equipment	Poker machines and accessories	Assets under lease	Capital work in progress	Total
Balance at 1 January 2009	10,237,180	49,769,815	210,408	509,200	1,718,386	18,754,036	9,073,762	-	22,046,889	112,319,676
Additions	-	549,773	10,923	-	2,506	1,641,721	868,211	227,340	24,546,134	27,846,608
Disposals	-	(1,235)	-	-	-	(2,870)	(69,665)	-	-	(73,770)
Transfers	-	39,852,439	-	-	-	5,126,185	-	-	(44,978,624)	-
Balance at 31 December 2009	10,237,180	90,170,792	221,331	509,200	1,720,892	25,519,072	9,872,308	227,340	1,614,399	140,092,514
Balance at 1 January 2010	10,237,180	90,170,792	221,331	509,200	1,720,892	25,519,072	9,872,308	227,340	1,614,399	140,092,514
Additions	1,116,760	798,489	-	-	-	2,720,379	1,143,250	-	48,507	5,827,386
Disposals	-	-	-	-	-	(114,245)	(622,688)	-	-	(736,933)
Transfers	-	-	-	-	-	1,614,399	-	-	(1,614,399)	-
Balance at 31 December 2010	11,353,940	90,969,281	221,331	509,200	1,720,892	29,739,605	10,392,870	227,340	48,507	145,182,966
Depreciation										
Balance at 1 January 2009	-	9,354,243	27,740	119,277	296,121	8,835,688	6,072,581	-	-	24,705,650
Depreciation for the year	-	1,625,276	22,910	12,730	48,610	2,217,187	1,160,394	-	-	5,087,107
Balance at 31 December 2009	-	10,979,519	50,650	132,007	344,731	11,052,875	7,232,975	-	-	29,792,757
Balance at 1 January 2010	-	10,979,519	50,650	132,007	344,731	11,052,875	7,232,975	-	-	29,792,757
Depreciation for the year	-	2,656,006	22,911	13,096	48,895	2,962,866	992,990	41,679	-	6,738,443
Disposals	-	(50,755)	-	-	-	(88,273)	(568,308)	-	-	(707,336)
Balance at 31 December 2010	-	13,584,770	73,561	145,103	393,626	13,927,468	7,657,657	41,679	-	35,823,864
Carrying amounts										
At 31 December 2009	10,237,180	79,191,273	170,681	377,193	1,376,161	14,466,197	2,639,333	227,340	1,614,399	110,299,757
At 31 December 2010	11,353,940	77,384,511	147,770	364,097	1,327,266	15,812,137	2,735,213	185,661	48,507	109,359,102

Independent valuation

The independent valuation of the Company's freehold land and buildings was carried out as at 2 February 2010 by Graham Scrymgeour of Global Valuation Services Pty Limited (registered valuer no.1578) for \$103,150,000 on the basis of open market value for existing use resulted in a valuation of buildings and improvements of \$78,150,000 and a valuation of land of \$25,000,000. As land and buildings and improvements are recorded at cost, the valuation has not been brought to account.

Notes to the financial statements (continued)

For the year ended 31 December 2010

14 Intangible assets

Poker machine entitlements - at cost

<i>In AUD</i>	2010	2009
Balance at 1 January	871,538	523,702
Additions	453,180	347,836
Balance at 31 December	<u>1,324,718</u>	<u>871,538</u>

15 Trade and other payables

Current

<i>In AUD</i>	2010	2009
Trade payables	369,394	917,446
Goods and services tax payable	315,457	128,515
Other payables	901,416	983,133
	<u>1,586,267</u>	<u>2,029,094</u>

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 19.

16 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are measured at amortised cost. For more information about the Company's exposure to interest rate and liquidity risk, see note 19.

<i>In AUD</i>	2010	2009
Current liabilities		
Finance lease - unsecured	75,780	75,780
Secured bank bills	4,000,000	4,000,000
	<u>4,075,780</u>	<u>4,075,780</u>
Non-current liabilities		
Finance lease - unsecured	69,465	145,245
Secured bank bills	27,050,000	30,183,730
	<u>27,119,465</u>	<u>30,328,975</u>

Notes to the financial statements (continued)
 For the year ended 31 December 2010

16 Loans and borrowings (continued)

Finance lease liabilities

Finance lease liabilities of the Company are payable as follows:

<i>In AUD</i>	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2010	2010	2010	2009	2009	2009
Less than one year	75,780	-	75,780	75,780	-	75,780
Between one and five years	69,645	-	69,645	145,245	-	145,245
	<u>145,425</u>	<u>-</u>	<u>145,245</u>	<u>221,025</u>	<u>-</u>	<u>221,025</u>

Financing facilities

The Company has the following financing facilities:

	2010	2009
Facilities available		
Bank overdraft	200,000	200,000
Bank guarantee	10,000	10,000
Commercial bill facility	32,050,000	38,050,000
	<u>32,260,000</u>	<u>38,260,000</u>
Facilities utilised at reporting date		
Commercial bill facility	31,050,000	34,183,730
	<u>31,050,000</u>	<u>34,183,730</u>
Facilities not utilised at reporting date		
Bank overdraft	200,000	200,000
Bank guarantee	10,000	10,000
Commercial bill facility	1,000,000	3,866,270
	<u>1,210,000</u>	<u>4,076,270</u>

Commercial bill facility

The commercial bill facility is available for the next 2 years. The facility bears interest at 4.86% (2009: 4.04%). There is also a facility fee of 0.70% (2009: 0.76%) on the entire Commercial Bill Facility.

Security

Registered Equitable Mortgage by Liverpool Catholic Club Limited over the Company of its assets and undertakings including uncalled capital.

Registered Mortgage by Liverpool Catholic Club over Non-residential real property located at 424-458 Hoxton Park Road, Liverpool West NSW.

Registered Mortgage by Liverpool Catholic Club Limited over Non-residential real property located at Thurgoona Golf Club situated at Thurgoona Road, Albury NSW.

Notes to the financial statements (continued)

For the year ended 31 December 2010

17 Employee benefits

In AUD

	2010	2009
Current		
Liability for annual leave	981,938	869,243
Liability for long-service leave	962,883	880,238
	<u>1,944,821</u>	<u>1,749,481</u>
Non-current		
Liability for long-service leave	110,697	163,384
	<u>110,697</u>	<u>163,384</u>

18 Provisions

In AUD

	Poker machine links
Current	
Balance at 1 January 2010	19,495
Provisions made during the	6,049
Balance at 31 December 2010	<u>25,544</u>

Poker machine links

The provision for poker machine links represent the Company's estimated present obligation to members and visitors in respect of poker machine link payouts promotions. The provisions are expected to be realised within 12 months of the reporting date.

19 Financial risk management and financial instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework

Although the Company does not have documented policies and procedures, the Company manages the different types of risk to which it is exposed by considering risk and monitoring levels of exposure to interest rate risk and by being aware of market forecast for interest rates. Ageing analyses and monitoring of specific allowances are undertaken to manage credit risk. Liquidity risk is monitored through general business budgets and forecasts.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and its cash and cash equivalents.

Notes to the financial statements (continued)

For the year ended 31 December 2010

19 Financial risk management and financial instruments (continued)

Management of credit risk

The Company minimises concentrations of credit risk by undertaking transactions with a large number of patrons. The Company manages credit risk by regularly reviewing accounts receivable with the intention of ensuring that all balances are settled within agreed terms and conditions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In AUD</i>	Note	2010	2009
Cash and cash equivalents	8	759,948	920,511
Trade and other receivables	9	320,069	343,722
		<u>1,080,017</u>	<u>1,264,233</u>

No amounts were past due or impaired as at 31 December 2010 or 31 December 2009.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2010

<i>In AUD</i>	Carrying amount	Contractual cash flows	12 mths or less	1-5 years	More than 5 years
Finance lease - unsecured	145,245	145,245	75,780	69,465	-
Secured bank bills	31,050,000	35,577,090	5,509,030	30,068,060	-
Trade and other payables	1,586,267	1,586,267	1,586,267	-	-
	<u>32,781,512</u>	<u>37,308,602</u>	<u>7,171,077</u>	<u>30,137,525</u>	-

31 December 2009

Finance lease - unsecured	221,025	221,025	75,780	145,245	-
Secured bank bills	34,183,730	39,699,098	5,838,456	33,860,642	-
Trade and other payables	2,029,094	2,029,094	2,029,094	-	-
	<u>36,433,849</u>	<u>41,949,217</u>	<u>7,943,330</u>	<u>34,005,887</u>	-

Notes to the financial statements (continued)

For the year ended 31 December 2010

19 Financial risk management and financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Management of interest rate risk

The Company's financial assets and liabilities are subject to interest rate risk. The Company does not use derivatives to minimise this risk and these will fluctuate in accordance with movements in the market interest rates.

Profile of interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

<i>In AUD</i>	Weighted average interest rate		Carrying amount	
	2010	2009	2010	2009
Fixed rate instruments				
Secured bank bills	4.86%	4.04%	(31,050,000)	(34,183,730)
			<u>(31,050,000)</u>	<u>(34,183,730)</u>
Variable rate instruments				
Cash and cash equivalents	1.30%	1.50%	759,948	920,511
Finance lease - unsecured	0.00%	0.00%	(145,245)	(221,025)
			<u>614,703</u>	<u>699,486</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

In AUD

	Profit or loss	
	100bp increase	100bp decrease
31 December 2010		
Variable rate instruments	61,470	(61,470)
	<u>61,470</u>	<u>(61,470)</u>
31 December 2009		
Variable rate instruments	69,949	(69,949)
	<u>69,949</u>	<u>(69,949)</u>

Fair values versus carrying amounts

As at the reporting date, the carrying value of financial assets and liabilities are considered to approximate their value.

Notes to the financial statements (continued)

For the year ended 31 December 2010

20 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	2010	2009
Less than one year	176,905	129,041
Between one and five years	170,574	211,753
	<u>347,479</u>	<u>340,794</u>

Operating leases relate to rental of plant and equipments. During the year ended 31 December 2010 \$213,350 was recognised as an expense in profit or loss in respect of operating lease (2009: \$194,063).

21 Capital commitments

In AUD

Plant and equipment

Contracted but not provided for and payable:

	2010	2009
Within one year	-	1,980,637
	<u>-</u>	<u>1,980,637</u>

22 Contingencies

Contingent liabilities considered remote

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Guarantees

In AUD

	2010	2009
TAB Limited	5,000	5,000
TAB Security Deposit	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

23 Related parties

The following were key management personnel of the Company at any time during the reporting year, and unless otherwise indicated were key management personnel for the entire year:

Non-executive directors

George Ajkay	Anthony Atkins	Michael Coffey
Phillip Coleman	Valda Hood	Silvio Marucci
Colin Purcell	Gregory Richardson	Denis Williams

Executives

John Turnbull	General Manager
David Vidler	Assistant General Manager
Joseph Caccamo	Operations Manager

Notes to the financial statements (continued)

For the year ended 31 December 2010

23 Related parties (continued)

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 6) are as follows:

<i>In AUD</i>	2010	2009
Short-term employee benefits	923,176	889,644
Other long term benefits	91,372	388,611
	<u>1,014,548</u>	<u>1,278,255</u>

No director has received any remuneration from the Company during the year, or in the prior year.

Key management personnel transactions with the Company

From time to time, directors of the Company, or their related entities, may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by other Company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving director's interests existing at year-end.

24 Subsequent events

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2010.

25 Auditors' remuneration

<i>In AUD</i>	2010	2009
Audit services		
Auditors of the Company		
<i>KPMG Australia:</i>		
Audit and review of financial reports	46,500	-
<i>Other auditors</i>		
Audit and review of financial reports	-	25,000
Other regulatory audit services	-	1,200
	<u>46,500</u>	<u>26,200</u>
Other services		
Auditors of the Company		
<i>KPMG Australia</i>		
Other assurance services	7,500	-
Taxation services	5,500	-
<i>Other auditors</i>		
Taxation services	-	5,005
Other assurance services	-	6,500
	<u>13,000</u>	<u>11,505</u>

Directors' declaration

In the opinion of the directors of Liverpool Catholic Club Limited (the Company):

- (a) the financial statements and notes, set out on pages 14 to 36, are 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 financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

A Atkins
Director

Dated at Sydney this 24th day of March 2011.



Independent audit report to the members of Liverpool Catholic Club Limited

We have audited the accompanying financial report of Liverpool Catholic Club Limited (the Company), which comprises the statement of financial position as at 31 December 2010, and statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is 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. These 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 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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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.



Auditor's opinion

In our opinion, the financial report of the Liverpool Catholic Club Limited 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 the Corporations Regulations 2001.

KPMG

Cameron Roan
Partner

Sydney

24th March 2011

Notes



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