
Riverwood Legion and Community Club Limited
ABN 80 000 411 923

Annual Financial Report
31 December 2010

Riverwood Legion and Community Club Limited

Directors' Report

Your directors present their report together with the financial report of Riverwood Legion and Community Club Limited (the company) for the year ended 31 December 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, Experience, Special Responsibilities and Period of Directorship
Michael Free Aged 51	President, appointed April 2006 Acting President from March 2006 – April 2006 Senior Vice President, appointed March 2004 Director since 1998 (12 years) General Manager
William Ross Aged 54	Senior Vice President, appointed March 2004 Director since 2002 (8 years) Public Servant
Keiron Smith Aged 41	Vice President, appointed April 2006 Director since March 2003 (7 years) Recruitment Consultant
Craig Wilson Aged 45	Director since March 2003 (7 years) Assistant Storekeeper
Nicholas Marshall Aged 68	Director since March 2004 (6 years) Retired Bank Manager
Alexander Stuart Aged 73 (Resigned 11 April 2010)	Director since April 2006 (4 years) Retired
Paul Reeves Aged 68	Director since April 2006 (4 years) Club Supervisor
David Schuler Aged 50	Director since April 2009 (1 year, 8 months) School Teacher
Geoffrey Gerrard Aged 58	Director since April 2009 (1 year, 8 months) Sign Writer
Bruce Egenton Aged 59 Appointed 11 April 2010	Director since April 2010 (8 months) Public Servant

Riverwood Legion and Community Club Limited

Directors' Report (continued)

Directors' meetings

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

Director	BOARD MEETINGS		OTHER MEETINGS	
	Number of meetings attended	Number of meetings held *	Number of meetings attended	Number of meetings held *
Mr Michael Free	12	12	5	5
Mr William Ross	11	12	8	8
Mr Keiron Smith	11	12	9	10
Mr Craig Wilson	12	12	6	6
Mr Nicholas Marshall	11	12	5	5
Mr Alexander Stuart	3	3	-	-
Mr Paul Reeves	10	12	3	3
Mr David Schuler	11	12	4	4
Mr Geoffrey Gerrard	10	12	4	4
Mr Bruce Egerton	8	9	3	3

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

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2010 and the comparison with last year is as follows:

	2010	2009
Ex-Service	152	165
Ordinary	8,874	7,804
	<hr/>	<hr/>
	9,026	7,969
	<hr/> <hr/>	<hr/> <hr/>

Operating Result

The net profit from ordinary activities before tax for the year amounted to \$2,128,930 compared with \$1,529,399 for the prior year. This resulted after charging \$1,066,468 (2009: \$927,434) for depreciation and before charging \$105,002 (2009: \$59,870) for income tax.

Riverwood Legion and Community Club Limited

Directors' Report (continued)

Objectives

Short term

The Club's objectives emanates from its stated purpose which is to assist generally in the promotion, conduct and propagation of a Community based organisation that was founded for the care compensation and commemoration.

Further short term objectives in conjunction with the above is to provide for the use of members and their guests a great Community Club with a commitment to ensuring the club is community focused with service orientated employees continuously seeking to continuously improve the clubs services, facilities and amenities for all to enjoy.

Long term

To continuously seek to improve our clubs services, facilities and amenities for all to enjoy ensuring that the company's pursuit of its mission/vision can be achieved via existing and future business segments maintaining sustained growth and sound financial management such as good cash flow, creditworthiness, earnings growth and an acceptable return on investment in an ever changing environment.

Strategy for achieving the objectives

The Club conducts a Strategic Review of its operation annually and undertakes a number of strategic pillars to achieve these objectives such as providing:

- Customer Focused Organisation.
- Developing our people.
- Improving Efficiencies.
- Growing our Business.
- Caring for the Community.
- Providing Great Facilities.
- Continuously improving and developing the clubs facilities to suit the ever changing market

Significant Changes in the State of Affairs

There were no significant changes in the company's state of affairs that occurred during the financial year.

Principal activities

The principal activity of the company during the year has continued to be that of an ex-service and community club consisting of the conduct and promotion of a licensed social club for members of the company.

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

How these activities assist in achieving the objectives

The principal activities of the Club outlined above are consistent with the Club achieving the objectives with each stated strategy designed to enhance and improve the Club's facility and ensure delivery of quality facilities of ex-service and community club.

Riverwood Legion and Community Club Limited

Directors' Report (continued)

Performance measurement and key performance indicators

The Clubs Strategic Plans are reviewed on a regular basis to ensure relevance to the community. A number of KPI's are employed by the club in order to measure, monitor and hence improve the club's performance and to achieve the clubs objectives through sound financial management. Business activities are managed in a pro-active manner to ensure that the goals, objectives and business strategies are achieved.

- Adapt to an ever changing & challenging business environment
- Business trends analysis
- Market analysis
- Competitive analysis
- SWOT analysis
- Continual Analysis of KPI's using the SMART criteria (This means the measure has a Specific purpose for the business, it is Measurable to really get a value of the KPI, the defined norms have to be Achievable, the improvement of a KPI has to be Relevant to the success of the organisation, and finally it must be Time phased, which means the value or outcomes are shown for a predefined and relevant period)

Members' limited liability

In accordance with the Constitution of the company every member of the company undertakes to contribute an amount limited to \$20 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter.

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors.

Dated at Riverwood this 7th day of February 2011.

Michael Free
Director

Riverwood Legion and Community Club Limited

Auditor's Independence Declaration



Chartered Accountants
& Business Advisers

As lead auditor for the audit of Riverwood Legion and Community Club Limited for the year ended 31 December 2010, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to Riverwood Legion and Community Club Limited during the year.

PKF

Paul Cheeseman
Partner

7 February 2011

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Riverwood Legion and Community Club Limited

Independent Audit Report



Chartered Accountants
& Business Advisers

To the members of Riverwood Legion and Community Club Limited

Report on the Financial Report

We have audited the accompanying financial report of Riverwood Legion and Community Club Limited, which comprises the Statement of Financial Position as at 31 December 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent Audit Report (continued)

Auditor's Opinion

In our opinion the financial report of Riverwood Legion and Community Club Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the entity'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 – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

PKF

Paul Cheeseman
Partner

7 February 2011

Riverwood Legion and Community Club Limited

Directors' Declaration

The directors of Riverwood Legion and Community Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 33, 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 – Reduced Disclosure Requirements and Corporations Regulations 2001.
- (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 the directors.

Dated at Riverwood this 7th day of February 2011.

Michael Free
Director

Riverwood Legion and Community Club Limited
Statement of Comprehensive Income
For the Year Ended 31 December 2010

	Note	2010 \$	2009 \$
Revenue from continuing operations			
Sale of goods		1,336,329	1,203,613
Rendering of services		10,163,609	9,081,181
Other revenue		70,699	30,516
		<hr/>	<hr/>
Total revenue from continuing operations	2	11,570,637	10,315,310
		<hr/>	<hr/>
Expenses			
Cost of sales		(577,391)	(555,645)
Employee benefits expense		(2,226,572)	(2,159,024)
Entertainment, marketing and promotional costs		(1,620,386)	(1,427,691)
Poker machine duties and fees		(2,392,676)	(2,071,993)
Occupancy expenses		(1,000,327)	(898,997)
Other expenses from ordinary activities		(601,378)	(665,902)
		<hr/>	<hr/>
		(8,418,730)	(7,779,252)
		<hr/>	<hr/>
Earnings before depreciation expense, finance costs and reversal of impairment losses		3,151,907	2,536,058
Depreciation expense	3(a)	(1,066,468)	(927,434)
Finance costs	3(a)	(69,890)	(94,418)
Reversal of impairment losses	3(a)	113,381	15,193
		<hr/>	<hr/>
Profit before income tax expense		2,128,930	1,529,399
Income tax expense	4(a)	(105,002)	(59,870)
		<hr/>	<hr/>
Net profit from continuing operations after income tax expense attributable to members	16	2,023,928	1,469,529
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		2,023,928	1,469,529
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 13 to 33.

Riverwood Legion and Community Club Limited
Statement of Financial Position
As at 31 December 2010

ASSETS	Note	2010 \$	2009 \$
Current Assets			
Cash and cash equivalents		1,671,471	1,386,078
Trade and other receivables	6	9,724	9,826
Inventories	7	72,605	69,375
Other current assets	8	115,443	138,939
Financial assets	9	750	750
Current tax assets	4(b)	-	45,480
		<hr/>	<hr/>
Total Current Assets		1,869,993	1,650,448
Non-Current Assets			
Property, plant and equipment	10	10,764,399	10,635,920
Deferred tax assets	4(c)	33,845	31,276
Intangible assets	11	727,247	224,000
		<hr/>	<hr/>
Total Non-Current Assets		11,525,491	10,891,196
		<hr/>	<hr/>
Total Assets		13,395,484	12,541,644
LIABILITIES			
Current Liabilities			
Trade and other payables	12	796,910	575,770
Financial liabilities	13	-	1,486,096
Employee benefits	14	492,900	386,010
Other current liabilities	15	64,281	48,024
Current tax liabilities	4(b)	33,205	-
		<hr/>	<hr/>
Total Current Liabilities		1,387,296	2,495,900
Non-Current Liabilities			
Financial liabilities	13	-	31,523
Deferred tax liability	4(d)	-	434
Employee benefits	14	39,558	76,922
Other non-current liabilities	15	27,777	19,940
		<hr/>	<hr/>
Total Non-Current Liabilities		67,335	128,819
		<hr/>	<hr/>
Total Liabilities		1,454,631	2,624,719
		<hr/>	<hr/>
Net Assets		11,940,853	9,916,925
Members' Funds			
Retained profits	16	11,940,853	9,916,925
		<hr/>	<hr/>
Total Members' Funds		11,940,853	9,916,925
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 13 to 33.

Riverwood Legion and Community Club Limited
Statement of Changes in Equity
For the Year Ended 31 December 2010

	Retained Earnings \$	Total Equity \$
Balance at 1 January 2009	8,447,396	8,447,396
Net profit for the year	1,469,529	1,469,529
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	1,469,529	1,469,529
	<hr/>	<hr/>
Balance at 31 December 2009	9,916,925	9,916,925
	<hr/>	<hr/>
Net profit for the year	2,023,928	2,023,918
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	2,023,928	2,023,918
	<hr/>	<hr/>
Balance at 31 December 2010	<u>11,940,853</u>	<u>11,940,843</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 13 to 33.

Riverwood Legion and Community Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2010

	Note	2010 \$	2009 \$
Cash Flows From Operating Activities			
Receipts from customers		12,727,700	11,376,478
Payments to suppliers and employees		(9,381,254)	(8,762,539)
Interest received		32,631	30,516
Income taxes paid	4(b)	(103,260)	(147,454)
Income tax refunds received	4(b)	73,940	47,903
		<hr/>	<hr/>
Net cash inflow from operating activities		3,349,757	2,544,904
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		85,500	25,248
Payment for property, plant and equipment		(1,242,379)	(1,970,324)
Payment for intangible assets		(389,866)	(98,807)
		<hr/>	<hr/>
Net cash outflow from investing activities		(1,546,745)	(2,043,883)
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Repayment of financial liabilities		(1,517,619)	(294,258)
		<hr/>	<hr/>
Net cash outflow from financing activities		(1,517,619)	(294,258)
		<hr/>	<hr/>
Net increase in cash held and cash equivalents		285,393	206,763
Cash and cash equivalents at the beginning of the financial year		1,386,078	1,179,315
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		1,671,471	1,386,078
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 13 to 33.

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2010

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

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

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the Riverwood Legion and Community Club Limited comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Revenue Recognition – Note 2

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Sale of Property, Plant and Equipment

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of the asset passes to the buyer.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(c) Goods and Services Tax

Revenues, 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 Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Finance Costs

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

(e) Income Tax – Note 4

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the comprehensive Statement of Financial Position liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

(h) Trade and Other Receivables – Note 6

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(i) Inventories – Note 7

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average basis.

(j) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(k) Property, Plant and Equipment – Note 10

All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings and improvements	40 years
Poker machines	3 years
Furniture, fittings and equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(l) Intangible Assets – Note 11

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(m) Trade and Other Payables – Note 12

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Financial Liabilities – Note 13

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

(o) Employee Benefits – Note 14

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to a defined contribution superannuation plan. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(p) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(r) New Accounting Standards and Interpretations

Adoption of New Accounting Standards

Early adoption of standards

The entity has elected to apply the following pronouncements to the annual reporting period beginning 1 November 2009:

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The early adoption of AASB 1053 enables the entity to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The entity is eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements and has adopted the requirements of the standard effective from the financial year ended 30 June 2010.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010	2009
	\$	\$
2 Revenue from Continuing Operations		
Sale of Goods Revenue		
Bar sales	1,115,024	1,013,267
Coffee Shop sales	221,305	190,346
	<hr/>	<hr/>
	1,336,329	1,203,613
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines – net clearances	9,943,425	8,868,418
Members' subscriptions	28,469	29,688
Keno sales	95,954	87,918
Commission received	58,657	50,224
Sundry income	37,104	44,933
	<hr/>	<hr/>
	10,163,609	9,081,181
	<hr/>	<hr/>
Other Revenue		
Interest received	32,631	30,516
Net gain on disposal of non-current assets	38,068	-
	<hr/>	<hr/>
Total Other Revenue	70,699	30,516
	<hr/>	<hr/>
Total revenue from continuing operations	11,570,637	10,315,310
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010	2009
	\$	\$
3 Expenses		
(a) Profit before income tax includes the following specific expenses:		
Finance costs		
Interest paid/payable		
Bank loans	69,890	91,998
Debentures	-	2,420
	<hr/>	<hr/>
	69,890	94,418
	<hr/>	<hr/>
Depreciation		
Buildings and improvements	258,175	193,427
Plant and equipment	298,248	212,012
Poker machines	475,145	485,840
Leased assets	34,900	36,155
	<hr/>	<hr/>
Total depreciation	1,066,468	927,434
	<hr/>	<hr/>
Net expense from movements in provision for		
Employee benefits	69,525	74,604
	<hr/>	<hr/>
Impairment of assets (intangible assets)		
Reversal of impairment losses recognised in profit and loss	113,381	15,193
	<hr/>	<hr/>
Net loss on disposal of non-current assets	-	10,552
	<hr/>	<hr/>
Defined contribution superannuation expense	157,161	147,212
	<hr/>	<hr/>
	%	%
(b) Key Performance Indicators		
Bar		
Gross profit percentage	56.8%	56.5%
Wages to sales percentage	39.0%	46.1%
Wages and salaries – percentage of total revenue	18.9%	17.7%
EBITDA percentage	27.6%	24.5%

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

4 Income Tax

(a) Income Tax Expense

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.

	2010	2009
	\$	\$
The amount set aside for income tax in the Statement of Comprehensive Income has been calculated as follows:		
Proportion of net income attributable to non-members	503,297	503,091
Add: Other taxable income	220,312	198,121
	<hr/>	<hr/>
	723,609	701,212
Less: Other deductible expenses	(361,598)	(492,809)
	<hr/>	<hr/>
Net income subject to tax	362,011	208,403
	<hr/>	<hr/>
Current income tax applicable to above at rate of 30%	108,603	62,521
(Over)/under provided in prior years	(598)	333
Increase in deferred tax assets	2,172	(2,710)
Decrease in deferred tax liability	(5,175)	(274)
	<hr/>	<hr/>
Income tax expense	105,002	59,870
	<hr/>	<hr/>

(b) Current Tax (Assets)/Liabilities

Movements during the year:

Balance at beginning of year	(45,480)	(8,783)
Income tax paid	(103,260)	(147,454)
Refunds received	73,940	47,903
Current year's income tax expense on profit	108,603	62,521
(Over)/under provided in prior years	(598)	333
	<hr/>	<hr/>
Current tax assets	33,205	(45,480)
	<hr/>	<hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010 \$	2009 \$
4 Income Tax (continued)		
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	29,104	31,276
Property, Plant and Equipment	4,741	-
	<hr/>	<hr/>
Net deferred tax assets	33,845	31,276
	<hr/> <hr/>	<hr/> <hr/>
Movements:		
Opening balance	31,276	28,566
Credited/(Debited) to the Statement of Comprehensive Income	2,569	2,710
	<hr/>	<hr/>
Closing balance at 31 December	33,845	31,276
	<hr/> <hr/>	<hr/> <hr/>
(d) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Depreciation	-	434
	<hr/>	<hr/>
Net deferred tax liabilities	-	434
	<hr/> <hr/>	<hr/> <hr/>
Movements		
Opening balance	434	708
Charged/(credited) to Statement of Comprehensive Incomes	(434)	(274)
	<hr/>	<hr/>
Closing balance	-	434
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

5 Cash and Cash Equivalents

Reconciliation of Cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2010	2009
	\$	\$
Cash and cash equivalents	1,671,471	1,386,078
<hr/>		
6 Trade and Other Receivables		
Current		
Sundry Debtors	9,724	9,826
<hr/>		
7 Inventories		
Finished goods – at cost	72,605	69,375
<hr/>		
8 Other Current Assets		
Prepayments	115,443	138,939
<hr/>		
9 Financial Assets		
Current		
Investments – at cost	750	750
<hr/>		

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010	2009
	\$	\$
10 Property, Plant and Equipment		
Freehold Land, Buildings and Improvements		
<i>At cost</i>	10,591,814	10,495,967
<i>Accumulated depreciation</i>	(2,836,556)	(2,578,383)
	<hr/>	<hr/>
	7,755,257	7,917,584
	<hr/>	<hr/>
Plant and Equipment		
<i>At cost</i>	3,078,297	2,658,751
<i>Accumulated depreciation</i>	(1,339,808)	(1,140,234)
	<hr/>	<hr/>
	1,738,489	1,518,517
	<hr/>	<hr/>
Poker Machines		
<i>At cost</i>	3,594,771	3,011,446
<i>Accumulated depreciation</i>	(2,679,180)	(2,245,443)
	<hr/>	<hr/>
	915,591	766,003
	<hr/>	<hr/>
Leased Assets		
<i>At cost</i>	1,329,514	1,329,514
<i>Accumulated depreciation</i>	(990,599)	(955,699)
	<hr/>	<hr/>
	338,915	373,815
	<hr/>	<hr/>
Work in progress – at cost	16,147	60,000
	<hr/>	<hr/>
Total property, plant and equipment net book value	<hr/> 10,764,399	<hr/> 10,635,920

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

10 Property, Plant and Equipment (continued)

Valuation

The independent valuation of the company's land and buildings was carried out as at 27 January 2010 on the basis of open market value for existing use resulted in a valuation of buildings and improvements of \$8,189,000 and a valuation of land at \$3,286,000. As land and buildings are recorded at cost the valuation has not been brought to account.

	2010	2009
	\$	\$
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Land, Buildings and Improvements		
Carrying amount at beginning of year	7,917,584	6,891,630
Additions	35,848	401,128
Depreciation expense	(258,175)	(193,427)
Transfers from WIP	60,000	818,253
	<hr/>	<hr/>
Carrying amount at end of year	7,755,257	7,917,584
	<hr/>	<hr/>
Plant and Equipment		
Carrying amount at beginning of year	1,518,517	1,072,134
Additions	532,259	660,418
Disposals	(14,041)	(33,459)
Depreciation expense	(298,248)	(211,874)
Transfers from WIP	-	31,298
	<hr/>	<hr/>
Carrying amount at end of year	1,738,487	1,518,517
	<hr/>	<hr/>
Poker Machines		
Carrying amount at beginning of year	766,003	766,761
Additions	673,109	486,912
Disposals	(48,376)	(1,829)
Depreciation expense	(475,145)	(485,840)
Transfers from WIP	-	-
	<hr/>	<hr/>
Carrying amount at end of year	915,591	766,003
	<hr/>	<hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

10 Property, Plant and Equipment (continued)

Leased Assets

Carrying amount at beginning of year	373,815	409,970
Additions	-	-
Disposals	-	-
Depreciation	(34,900)	(36,155)
	<hr/>	<hr/>
Carrying amount at end of year	338,915	373,815
	<hr/>	<hr/>

Work in Progress

Carrying amount at beginning of year	60,000	487,685
Additions	16,147	421,866
Transfers to Buildings and Improvements and Plant and Equipment	(60,000)	(849,551)
	<hr/>	<hr/>
Carrying amount at end of year	16,147	60,000
	<hr/>	<hr/>

Core properties

The following are core properties:

2 Littleton Street LOT 101 DP 786150
RIVERWOOD NSW 2210

5 Littleton Street LOTS 19 – 23 DP 21049
RIVERWOOD NSW 2210

The following are non-core properties:

7 Littleton Street 24 DP 21049
RIVERWOOD NSW 2210

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010	2009
	\$	\$
11 Intangible Assets		
Poker machine entitlements		
At cost	727,247	337,381
Accumulated impairment	-	(113,381)
	<hr/>	<hr/>
Net carrying value	727,247	224,000
	<hr/>	<hr/>
Reconciliation		
Balance at the beginning of the year	224,000	110,000
Additions	389,866	98,807
Reversal of impairment losses	113,381	15,193
	<hr/>	<hr/>
Closing value	727,247	224,000
	<hr/>	<hr/>

Impairment tests for poker machine entitlement

At the end of the reporting period the entity assessed the recoverable amount of poker machine entitlement based on the value in use methodology. The consolidated entity uses the daily net income earned (excluding GST) per machine per day and multiplies by the number of poker machine entitlements it has paid for. The value in use recoverable amount for each entitlement is calculated by dividing the total value of the entitlements with the actual number of entitlements. The value thus arrived, was in excess of the carrying value and accordingly no impairment losses were recognised.

12 Trade and Other Payables

Trade creditors	127,131	142,318
Goods and Services Tax (GST) payable	207,858	110,702
Other creditors and accruals	461,921	322,750
	<hr/>	<hr/>
	796,910	575,770
	<hr/>	<hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	Note	2010 \$	2009 \$
13 Financial Liabilities			
Current			
Secured			
Loan – Perpetual Investments		-	1,360,000
Hire purchase liability	17	-	126,096
		-	1,486,096
Non-Current			
Secured			
Hire purchase liability	17	-	31,523
		-	31,523
Financing Arrangements			
The company has access to the following lines of credit:			
Total facilities available:			
Loan – Perpetual Investments		-	1,360,000
Facilities utilised at reporting date:			
Loan – Perpetual Investments		-	1,360,000

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010	2009
	\$	\$
14 Employee Benefits		
Current	492,900	386,010
	<hr/>	<hr/>
Non-current	39,558	76,922
	<hr/>	<hr/>
Aggregate liability for employee benefits including on-costs	532,458	462,932
	<hr/>	<hr/>

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate	3%	5%
Discount rate	5.9%	4.0%
Settlement term (years)	10 years	10 years

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 9% of each employee's base salary to a superannuation fund.

	2010	2009
	\$	\$
15 Other Liabilities		
Current		
Income received in advance	57,395	38,283
Subscriptions in advance	6,886	9,741
	<hr/>	<hr/>
	64,281	48,024
	<hr/>	<hr/>
Non-current		
Subscriptions in advance	27,777	19,940
	<hr/>	<hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

	2010	2009
	\$	\$
16 Retained Profits		
Retained profits at the beginning of the year	9,916,925	8,447,396
Net profit attributable to members of the company	2,023,928	1,469,529
	<hr/>	<hr/>
Retained profits at the end of the year	11,940,853	9,916,925
	<hr/>	<hr/>

17 Commitments

	2010	2009
	\$	\$
Capital Expenditure Commitments		
<i>Buildings</i>		
Contracted but not provided for and payable:		
Within one year	-	221,200
	<hr/>	<hr/>
Hire Purchase Commitments		
Hire purchase payments are payable as follows:		
Within one year	-	146,091
One year or later and no later than five years	-	36,524
	<hr/>	<hr/>
Minimum hire purchase payments	-	182,615
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

18 Contingent Liabilities

	2010	2009
	\$	\$
Bank Guarantees		
The company has given the following bank guarantees:		
Totalizator Agency Board	5,000	5,000
	<hr/>	<hr/>

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Following the Full Federal Court decision in Coleambally Irrigation Mutual Co-operative Limited v FCT [2004] FCAFC 250, Tax Laws Amendment (2005 Measures No. 6) Bill 2005 was tabled in Parliament on 7 December 2005 to amend the Income Tax Assessment Act 1997 to restore the long standing benefits of the mutuality principle to those non-profit organisations affected by the Coleambally decision.

These amendments will ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

19 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Michael Free
 William Ross
 Keiron Smith
 Craig Wilson
 Nicholas Marshall
 Alexander Stuart
 Paul Reeves
 David Schuler
 Geoffrey Gerrard
 Bruce Egenton

Mr Bruce Egenton was appointed on 11 April 2010.

Mr Alexander Stuart resigned on 11 April 2010.

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position	
Simon de Munck	General Manager	Appointed June 2006
Stuart Jamieson	Operations Manager	Appointed October 2006
Paul Millar	Gaming Manager	Appointed January 2008

(c) Key Management Personnel Compensation

	2010	2009
	\$	\$
Benefits and payments made to the Directors and Other Key Management Personnel named in (a) and (b) above	445,198	393,203
	<u>445,198</u>	<u>393,203</u>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010 (continued)

20 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 19.

Gaming manager, Mr P Millar, is the owner of PRM Holdings Pty Limited. During the year Riverwood Legion & Community Club Limited engaged PRM Holdings for the purchase of poker machines, poker machine equipment and repairs and services to machines. All dealings with this company were based on normal commercial terms and conditions. In 2010 purchases and repairs and services amounted to \$73,819 (2009: \$40,490). No balances were outstanding at year end.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-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 directors' interests existing at year end.

21 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2010 there were 9,026 members.

The registered office of the company is 32 Littleton Street, Riverwood NSW 2210.

22 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 company, the results of those operations or the state of affairs of the company in future financial years.