
Riverwood Legion and Community Club Limited

ABN 80 000 411 923

**Annual Financial Report
31 December 2019**

Riverwood Legion and Community Club Limited

Directors' Report

The Directors present their report together with the financial statements of Riverwood Legion and Community Club Limited (the Company) for the year ended 31 December 2019.

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 60	President, appointed April 2006 Acting President from March 2006 - April 2006 Senior Vice President, appointed March 2004 Vice President, appointed March 2002 Director since March 1998 (21 years) General Manager
William Ross Aged 63	Senior Vice President, appointed April 2006 Vice President, appointed March 2004 Chairman of Audit Committee Member of Car Park Development Committee Director since March 2002 (17 years) Former Public Servant
Keiron Smith Aged 50	Vice President, appointed April 2006 Chairman of Risk Committee Director since March 2003 (16 years) Recruitment Consultant
Craig Wilson Aged 54	Director since March 2003 (16 years) Member of Audit Committee Leading Hand Purchasing & Stores
Nicholas Marshall Aged 77	Director since March 2004 (15 years) Member of Audit Committee Member of Car Park Development Committee Member of ClubGrants Committee Retired Bank Manager
Paul Reeves Aged 77	Director since April 2006 (13 years) Member of Risk Committee Member of ClubGrants Committee Retired Club Supervisor
David Schuler Aged 59	Director since April 2009 (10 years) Member of Risk Committee Member of ClubGrants Committee School Teacher
Bruce Egenton Aged 68	Director since April 2010 (9 years) Member of Risk Committee Member of Car Park Development Committee Retired Public Servant
Kate Pulford Aged 39	Director since April 2016 (3 years) Member of Audit Committee Chartered Accountant

Riverwood Legion and Community Club Limited

Directors' Report

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) and of each board committee held during the year ended 31 December 2019, and the number of meetings attended by each director were:

Director	Board Meetings		Executive Meetings		Car Park Development Committee Meetings		Risk Committee Meetings		ClubGrants Committee Meetings		Audit Committee Meetings	
	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Held*	Meetings Attended	Meetings Held*	Meetings Attended
Mr Michael Free	14	14	9	9	-	-	-	-	-	-	-	-
Mr William Ross	14	14	9	9	-	-	-	-	-	-	1	1
Mr Keiron Smith	10	14	9	9	-	-	-	-	-	-	-	-
Mr Craig Wilson	11	14	-	-	-	-	-	-	-	-	-	-
Mr Nicholas Marshall	11	14	-	-	-	-	-	-	1	1	1	1
Mr Paul Reeves	13	14	-	-	-	-	-	-	1	1	-	-
Mr David Schuler	14	14	-	-	-	-	-	-	1	1	-	-
Mr Bruce Egerton	12	14	-	-	-	-	-	-	-	-	-	-
Ms Kate Pulford	12	14	-	-	-	-	-	-	-	-	1	1

* 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 2019 and the comparison with last year is as follows:

	2019	2018
Ex-Service	56	62
Ordinary Member	17,073	17,441
	<hr/>	<hr/>
	17,129	17,503
	<hr/>	<hr/>

Members' limited liability

In accordance with the Constitution of the company every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter.

Riverwood Legion and Community Club Limited

Directors' Report

Operating result

The net profit before tax for the year amounted to \$3,811,689 compared with \$3,146,740 for the prior year. This resulted after charging \$2,490,631 (2018: \$2,542,624) for depreciation and before charging \$235,007 (2018: \$236,942) for income tax.

The table below shows a reconciliation of the Club's earnings before interest, income tax, depreciation, amortisation and the share of losses from investments.

	2019	2018
	\$	\$
Net profit after income tax attributable to members	3,576,682	2,909,796
Add back:		
Finance costs	4,775	14
Income tax	235,007	236,942
Depreciation & amortisation	2,490,631	2,542,624
Impairment of investment	-	365,117
	<hr/>	<hr/>
EBITDA	6,307,095	6,054,493
	<hr/> <hr/>	<hr/> <hr/>
Total Revenue and other income	22,227,779	21,039,405
EBITDA % of total revenue and other income	28.37%	28.78%

Objectives

Short term

The club's objectives emanate 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 of ex-service members and their families.

A further short term objective 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 improve the club's services, facilities and amenities for all members to enjoy.

Long term

To continuously seek to improve our club's 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.

Riverwood Legion and Community Club Limited

Directors' Report

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 club's facilities to suit the ever changing market

Principal activity

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 this activity assists in achieving the objectives

The principal activity of the club outlined above is 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 the ex-service and community club.

Performance measurement and key performance indicators

The club's Strategic Plans are reviewed on a regular basis to ensure relevance to the community. A number of KPIs are employed by the club in order to measure, monitor and hence improve the club's performance and to achieve the club's 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 KPIs 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).

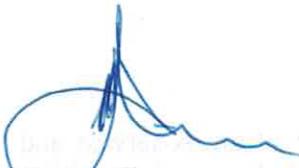
Riverwood Legion and Community Club Limited Directors' Report

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 6.

Signed in accordance with a resolution of the directors.

Dated at Riverwood this 26th day of February 2020.



Michael Free
Director

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF RIVERWOOD LEGION AND COMMUNITY CLUB LIMITED

As lead auditor of Riverwood Legion and Community Club Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cheeseman
Partner

BDO East Coast Partnership

Riverwood, 26th February 2020

To the members of Riverwood Legion and Community Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Riverwood Legion and Community Club Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying 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 Company's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar1.pdf.

This description forms part of our auditor's report.

BDO East Coast Partnership

A handwritten signature in black ink that reads 'Paul Cheeseman'. Above the signature, the letters 'BDO' are written in a stylized, cursive script.

Paul Cheeseman
Partner

26th February 2020

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 10 to 32, are in accordance with the *Corporations Regulations 2001*, including:
 - (i) Giving a true and fair view of the company's financial position as at 31 December 2019 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 26th day of February 2020.



Michael Free
Director

Riverwood Legion and Community Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue			
Sale of goods		2,111,819	1,939,836
Rendering of services		19,887,425	18,836,005
Other revenue		228,535	263,564
		<hr/>	<hr/>
Total revenue	1	22,227,779	21,039,405
		<hr/>	<hr/>
Other income	1	92,613	216,766
		<hr/>	<hr/>
Expenses			
Raw materials and consumables used		(888,078)	(858,306)
Employee benefits expense		(3,832,347)	(3,853,677)
Entertainment, marketing and promotional costs		(3,041,837)	(2,795,541)
Poker machine duties and fees		(4,912,876)	(4,563,467)
Occupancy expenses		(1,733,616)	(1,677,097)
Donations expenses		(532,329)	(435,435)
Impairment of investment in associates	2	-	(365,117)
Depreciation expense	2	(2,490,631)	(2,542,624)
Finance costs	2	(4,775)	(14)
Other expenses		(1,072,214)	(1,018,155)
		<hr/>	<hr/>
Total expenses		(18,508,703)	(18,109,433)
		<hr/>	<hr/>
Profit before income tax		3,811,689	3,146,738
Income tax expense	3(a)	(235,007)	(236,942)
		<hr/>	<hr/>
Net profit after income tax expense		3,576,682	2,909,796
Other comprehensive income for the year net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		3,576,682	2,909,796
		<hr/>	<hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 14 to 32.

Riverwood Legion and Community Club Limited
Statement of Financial Position
As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,603,392	5,749,433
Trade and other receivables		4,966	251,629
Inventories		80,131	76,287
Financial assets		750	750
Other current assets		215,118	149,271
Total Current Assets		4,904,357	6,227,370
Non-Current Assets			
Property, plant and equipment	4	38,781,461	26,447,666
Deferred tax assets	3(c)	32,426	37,227
Intangible assets	5	2,165,479	2,165,479
Bond deposit		303,557	303,556
Total Non-Current Assets		41,282,923	28,953,928
Total Assets		46,187,280	35,181,298
LIABILITIES			
Current Liabilities			
Trade and other payables	7	1,634,962	2,499,581
Current tax liability	3(b)	59,226	65,734
Employee benefits	9	545,419	641,953
Other provisions	11	3,200	3,200
Income received in advance	10	62,005	53,025
Total Current Liabilities		2,304,812	3,263,493
Non-Current Liabilities			
Borrowings	8	8,371,121	-
Employee benefits	9	72,706	58,851
Other provisions	11	40,377	40,377
Deferred tax Liability	3(d)	9,211	-
Income received in advance	10	41,349	47,555
Total Non-Current Liabilities		8,534,764	146,783
Total Liabilities		10,839,576	3,410,276
Net Assets		35,347,704	31,771,022
Members' Funds			
Retained profits		35,347,704	31,771,022
Total Members' Funds		35,347,704	31,771,022

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 14 to 32.

Riverwood Legion and Community Club Limited
Statement of Changes in Members' Funds
For the Year Ended 31 December 2019

	Retained Earnings \$	Total Equity \$
Balance at 31 December 2017	28,861,226	28,861,226
Net profit for the year	2,909,796	2,909,796
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,909,796	2,909,796
Balance at 31 December 2018	31,771,022	31,771,022
Net profit for the year	3,576,682	3,576,682
Other comprehensive income for the year	-	-
Total comprehensive income for the year	3,576,682	3,576,682
Balance at 31 December 2019	35,347,704	35,347,704

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 14 to 32.

Riverwood Legion and Community Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		24,445,831	22,614,949
Payments to suppliers and employees (inclusive of GST)		(19,248,339)	(16,471,404)
Interest received		19,539	143,198
Rent received (inclusive of GST)		229,896	130,478
Interest paid		(4,775)	(14)
Income taxes paid	3(b)	(227,502)	(218,884)
		<hr/>	<hr/>
Net cash inflow from operating activities		5,214,650	6,198,323
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		-	277,507
Payment for investment in associates		-	(365,117)
Payment for property, plant and equipment		(14,646,803)	(10,483,855)
		<hr/>	<hr/>
Net cash outflow from investing activities		(14,646,803)	(10,571,465)
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Proceeds from borrowings		8,371,121	-
Repayment of Borrowings		-	(1,000)
Payment of Interest and fees on borrowings		(85,009)	-
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities		8,286,112	(1,000)
		<hr/>	<hr/>
Net (decrease) in cash held and cash equivalents		(1,146,041)	(4,374,142)
Cash and cash equivalents at the beginning of the financial year		5,749,433	10,123,575
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		4,603,392	5,749,433
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 32.

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2019

About This Report

Riverwood Legion and Community Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Riverwood Legion and Community Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 26 February 2020.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australia Accounting Standards - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board ('AASB');
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 January 2019; and
- Have been prepared on a going concern basis.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

New or amended Accounting Standards and Interpretations adopted

The Club has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Club:

AASB 16 Leases

Riverwood Legion and Community Club Limited

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact from the adoption of both AASB 16 *Leases* on opening retained profits as at 1 January 2019.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 4
Estimation of useful lives of assets	Note 4
Long service leave liability	Note 9
Mortality fund provision	Note 11

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	1,563,050	1,434,447
Coffee Shop sales	548,769	505,389
	<hr/>	<hr/>
	2,111,819	1,939,836
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	19,581,435	18,511,586
Members' subscriptions	51,582	49,831
Keno sales	78,671	99,181
Commission received	157,824	158,293
Sundry income	17,913	17,114
	<hr/>	<hr/>
	19,887,425	18,836,005
	<hr/>	<hr/>
Other Revenues		
Interest received	19,539	143,198
Rent received	208,996	120,366
	<hr/>	<hr/>
Total Other Revenue	228,535	263,564
	<hr/>	<hr/>
Total revenue	22,227,779	21,039,405
	<hr/>	<hr/>
Other Income		
Net gain on disposal of non-current assets	92,613	216,766
	<hr/>	<hr/>
Total Other Income	92,613	216,766
	<hr/>	<hr/>
Total Revenue and Other Income	<u>22,320,392</u>	<u>21,256,171</u>

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Revenue and Other Income (continued)

Revenue Recognition

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.

Rent Revenue

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Other Income

The gain or loss on disposal of property, plant and equipment 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 cost) and is recognised as other income at the date control of the asset passes to the buyer.

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.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Bank interest	4,775	14
	<hr/>	<hr/>
Depreciation		
Buildings and improvements	427,535	398,522
Investment properties	-	26,541
Plant and equipment	540,222	621,965
Poker machines	1,442,368	1,417,411
Air conditioning	80,506	78,185
	<hr/>	<hr/>
Total depreciation	2,490,631	2,542,624
	<hr/>	<hr/>
(Gain)/expense from movements in provision for:		
Employee benefits	(82,680)	81,632
	<hr/>	<hr/>
Defined contribution superannuation expense	347,375	343,495
	<hr/>	<hr/>
Impairment of investments in associates	-	365,117
	<hr/>	<hr/>

Recognition and Measurement

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.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

3 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.

	2019 \$	2018 \$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of net income attributable to non-members	914,617	871,856
Add: Other taxable income	486,992	543,397
	<hr/> 1,401,609	<hr/> 1,415,253
Less: Other deductible expenses	(585,541)	(639,779)
	<hr/> 816,068	<hr/> 775,474
	<hr/> <hr/>	<hr/> <hr/>
Current income tax applicable to above at rate of 27.5%	224,419	213,256
(Over) provision in prior year	(3,424)	(4,791)
Decrease in deferred tax assets	4,801	28,477
Increase in deferred tax liabilities	9,211	-
	<hr/> 235,007	<hr/> 236,942
Income tax expense	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

3 Income Tax (continued)

	2019 \$	2018 \$
(b) Current Tax Liabilities		
Movements during the year:		
Balance at beginning of year	65,734	76,152
Income tax paid	(227,502)	(218,884)
Current year's income tax expense on profit	224,419	213,256
(Over) provision in prior year	(3,424)	(4,790)
	<hr/>	<hr/>
Current tax liabilities	59,227	65,734
	<hr/> <hr/>	<hr/> <hr/>
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	30,937	32,782
Depreciation	1,488	4,445
	<hr/>	<hr/>
Net deferred tax assets	32,426	37,227
	<hr/> <hr/>	<hr/> <hr/>
Movements:		
Opening balance	37,277	65,704
(Debited) to the Statement of Profit or Loss and Other Comprehensive Income	(4,801)	(28,477)
	<hr/>	<hr/>
Closing balance	32,426	37,227
	<hr/> <hr/>	<hr/> <hr/>
(d) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Interest expense incurred for commercial leasing purpose	7,792	-
Interest expense incurred for club	1,418	-
	<hr/>	<hr/>
Net deferred tax liabilities	9,211	-
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited

3 Income Tax (continued)

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

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.

Amendments to the Income Tax Assessment Act 1997 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 2019

	2019 \$	2018 \$
4 Property, Plant and Equipment		
Freehold Land, Buildings and Improvements		
At cost	22,318,006	22,773,026
Accumulated depreciation	(5,695,109)	(5,627,306)
	<hr/> 16,622,897	<hr/> 17,145,720
Plant and Equipment		
At cost	6,535,435	6,416,877
Accumulated depreciation	(5,463,095)	(4,922,623)
	<hr/> 1,072,340	<hr/> 1,494,254
Poker Machines		
At cost	10,250,908	9,480,483
Accumulated depreciation	(7,474,024)	(6,653,542)
	<hr/> 2,776,884	<hr/> 2,826,941
Air Conditioning		
At cost	2,094,524	2,016,008
Accumulated depreciation	(1,584,392)	(1,503,887)
	<hr/> 510,132	<hr/> 512,121
Carpark		
At cost	17,663,861	-
	<hr/> 17,663,861	<hr/> -
Work in progress - at cost	135,347	4,468,632
Total property, plant and equipment net book value	<hr/> <hr/> 38,781,461	<hr/> <hr/> 26,447,666

Notes to the Financial Statements
For the Year Ended 31 December 2019

4 Property, Plant and Equipment (continued)

Valuation

An independent valuation by Andrew Nock Valuers of the company's freehold land and buildings was carried out at 31 January 2019 and 5 February 2020 for the construction of the carpark on the basis of open market value for existing use resulted in a valuation of land and buildings of \$40,370,000. The directors are of the opinion the amount reflects the value at 31 December 2019. As land and buildings are recorded at cost the valuation has not been brought to account.

	2019 \$	2018 \$
<i>Reconciliations</i>		
<i>Movements in Carrying Amounts</i>		
<i>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:</i>		
Land, Buildings and Improvements		
<i>Carrying amount at beginning of year</i>	17,145,720	9,797,752
<i>Additions</i>	28,584	92,750
<i>Depreciation expense</i>	(427,535)	(398,522)
<i>Transfers from Investment Properties</i>	-	7,653,740
<i>Disposals</i>	(123,872)	-
	<hr/>	<hr/>
<i>Carrying amount at end of year</i>	16,622,897	17,145,720
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
<i>Carrying amount at beginning of year</i>	1,494,254	1,932,177
<i>Additions</i>	118,308	184,042
<i>Depreciation expense</i>	(540,222)	(621,965)
	<hr/>	<hr/>
<i>Carrying amount at end of year</i>	1,072,340	1,494,254
	<hr/> <hr/>	<hr/> <hr/>
Poker Machines		
<i>Carrying amount at beginning of year</i>	2,826,941	2,039,352
<i>Additions</i>	1,462,795	2,265,741
<i>Disposals</i>	(70,484)	(60,741)
<i>Depreciation expense</i>	(1,442,368)	(1,417,411)
	<hr/>	<hr/>
<i>Carrying amount at end of year</i>	2,776,884	2,826,941
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

4 Property, Plant and Equipment (continued)

	2019 \$	2018 \$
Reconciliations (continued)		
Air Conditioning		
Carrying amount at beginning of year	512,121	581,681
Additions	78,517	8,622
Depreciation expense	(80,506)	(78,182)
	<hr/>	<hr/>
Carrying amount at end of year	510,132	512,121
	<hr/> <hr/>	<hr/> <hr/>
Carpark		
Carrying amount at beginning of year	-	-
Additions	230,285	-
Transfer from WIP	17,433,576	-
	<hr/>	<hr/>
Carrying amount at end of year	17,663,861	-
	<hr/> <hr/>	<hr/> <hr/>
Work in Progress		
Carrying amount at beginning of year	4,468,632	581,239
Additions	13,100,291	3,887,393
Transfer to carpark	(17,433,576)	-
	<hr/>	<hr/>
Carrying amount at end of year	135,347	4,468,632
	<hr/> <hr/>	<hr/> <hr/>

Core properties held by the club are:

2 Littleton Street LOT 101 DP 786150
RIVERWOOD NSW 2210

Non-core properties held by the club are:

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

7 Littleton Street LOT 24 DP 21049
RIVERWOOD NSW 2210

48 Thurlow Street LOT 100 DP 786150
RIVERWOOD NSW 2210

50 - 52 Thurlow Street LOTS 6 & 7 DP 20020
RIVERWOOD NSW 2210

54 Thurlow Street LOTS 4-5, DP 20020
RIVERWOOD NSW 2210

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Property, Plant and Equipment (continued)

Recognition and Measurement

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.

Work in progress is stated at historical cost. No depreciation is applied until the asset is brought into use and is transferred from work in progress to the other plant, property and equipment categories.

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 profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings, 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	5 to 40 years
Poker machines	3 years
Plant and equipment	2 to 25 years
Air conditioning	5 to 22 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 Profit or Loss and Other Comprehensive Income.

(i) Impairment of Assets

Non-financial assets 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 asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Significant judgements

(ii) Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
5 Intangible Assets		
Poker machine entitlements		
At cost	2,163,159	2,163,159
Accumulated impairment	-	-
	<hr/>	<hr/>
Net carrying value	2,163,159	2,163,159
	<hr/>	<hr/>
Trademark		
At cost	2,320	2,320
Accumulated impairment	-	-
	<hr/>	<hr/>
Net carrying value	2,320	2,320
	<hr/>	<hr/>
Total Intangible Assets	2,165,479	2,165,479
	<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 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.

Recognition and Measurement

Intangible assets 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.

Key Estimate and Judgement

Impairment of poker machine entitlements is recognised based on a value in use calculations and is measured at the present value of the estimated future cash inflows available to the company from the use of these licenses. In determining the present value of the cash inflows, growth rates and appropriate discount factors have been considered.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
6 Investments Accounted for using the Equity Method		
Investment in associates	-	-
	<hr/>	<hr/>
Movements in carrying amounts		
Carrying amount at the beginning of the financial year	-	-
Investments in the year	-	365,117
Impairment loss	-	(365,117)
	<hr/>	<hr/>
Carrying amount at the end of the financial year	-	-
	<hr/>	<hr/>

Recognition and Measurement

These amounts represent investment in an associate and are recognised at cost. The carrying amount is decreased to recognise the share of the loss of the associate after the date of acquisition. The company's share of the associate's profit or loss is recognised in the company's Statement of Profit or Loss and Other Comprehensive Income.

	2019 \$	2018 \$
7 Trade and Other Payables		
Trade creditors	734,327	625,877
Goods and Services Tax (GST) payable	15,273	127,804
Other creditors and accruals	885,362	1,745,900
	<hr/>	<hr/>
	1,634,962	2,499,581
	<hr/>	<hr/>

Recognition and Measurement

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.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
8 Borrowings		
Non-Current		
<i>Secured</i>		
Bank Loan Facility	8,371,121	-
	<hr/>	<hr/>
Financing Arrangements		
The company has access to the following lines of credit:		
Total facilities available:		
Bank Loan Facility	10,075,000	-
	<hr/>	<hr/>
Facilities utilised at reporting date:		
Bank Loan Facility	8,371,121	-
	<hr/>	<hr/>

Business Loan Facility

The facility is secured by first mortgages over the commercial property at 2 Littleton Street, Riverwood NSW 2210, (mailing address 32 Littleton Street, Riverwood).

Recognition and Measurement

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 Profit or Loss and Other 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.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
9 Employee Benefits		
Current		
Annual leave	276,013	351,083
Long service leave	269,406	290,870
	545,419	641,953
Non-current		
Long service leave	72,706	58,851
	618,125	700,804

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	1.80%	1.80%
Discount rate	2.53%	3.72%

Superannuation Contributions

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

Recognition and Measurement

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 2019

9 Employee Benefits (continued)

Key Estimate and Judgement: Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2019 \$	2018 \$
10 Income received in advance		
Current		
Income received in advance	44,972	35,887
Subscriptions in advance	17,033	17,138
	<hr/>	<hr/>
	62,005	53,025
	<hr/>	<hr/>
Non-current		
Subscriptions in advance	41,349	47,555
	<hr/>	<hr/>
11 Other Provisions		
Current		
Mortality Fund	3,200	3,200
	<hr/>	<hr/>
Non-Current		
Mortality Fund	40,377	40,377
	<hr/>	<hr/>
Carrying amount at the beginning of the year	43,577	44,254
Re-estimation of provision	-	(677)
	<hr/>	<hr/>
Carrying amount at the end of the year	43,577	43,577
	<hr/>	<hr/>

Key Estimate and Judgement: Mortality Fund Provision

A mortality fund provision is recognised based on the estimated future cash outflows to members of the mortality fund. The provision is based on the maximum amount payable on the death of a member. The maximum amount payable is determined by the company's constitution.

Riverwood Legion and Community Club Limited
 Notes to the Financial Statements
 For the Year Ended 31 December 2019

12 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
 Paul Reeves
 David Schuler
 Bruce Egerton
 Kate Pulford

(b) Key Management Personnel Compensation

	2019 \$	2018 \$
Benefits and payments made to the Directors and Other Key Management Personnel	409,941	513,694
	<hr/> <hr/>	<hr/> <hr/>

13 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 12.

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.

14 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company every member of the company undertakes to contribute an amount limited to \$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. At 31 December 2019 there were 17,129 members.

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

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 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.

16 Summary of Other Significant Accounting Policies

(a) 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 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(b) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.