
Riverwood Legion and Community Club Limited
ABN 80 000 411 923

Annual Financial Report
31 December 2020

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 2020.

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 61	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 (22 years) General Manager
William Ross Aged 64	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 (18 years) Former Public Servant
Keiron Smith Aged 51	Vice President, appointed April 2006 Chairman of Risk Committee Director since March 2003 (17 years) Recruitment Consultant
Craig Wilson Aged 55	Director since March 2003 (17 years) Member of Audit Committee Leading Hand Purchasing & Stores
Nicholas Marshall Aged 78	Director since March 2004, resigned 26 th July 2020 Member of Audit Committee Member of Car Park Development Committee Member of ClubGrants Committee Retired Bank Manager
Paul Reeves Aged 78	Director since April 2006 (14 years) Member of Risk Committee Member of ClubGrants Committee Retired Club Supervisor
David Schuler Aged 60	Director since April 2009 (11 years) Member of Risk Committee Member of ClubGrants Committee School Teacher
Bruce Egenton Aged 69	Director since April 2010 (10 years) Member of Risk Committee Member of Car Park Development Committee Retired Public Servant
Kate Pulford Aged 40	Director since April 2016, resigned 26 th July 2020 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 2020, 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	12	12	10	10	-	-	-	-	2	1	-	-
Mr William Ross	11	12	9	10	-	-	-	-	-	-	-	-
Mr Keiron Smith	10	12	10	10	-	-	-	-	-	-	-	-
Mr Craig Wilson	12	12	-	-	-	-	-	-	-	-	-	-
Mr Nicholas Marshall	6	12	-	-	-	-	-	-	-	-	-	-
Mr Paul Reeves	12	12	-	-	-	-	-	2	2	-	-	-
Mr David Schuler	12	12	-	-	-	-	-	2	2	-	-	-
Mr Bruce Egerton	12	12	-	-	-	-	-	-	-	-	-	-
Ms Kate Pulford	4	12	-	-	-	-	-	-	-	-	-	-

* 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 2020 and the comparison with last year is as follows:

	2020	2019
Ex-Service	48	56
Ordinary Member	19,767	17,073
	<hr/>	<hr/>
	19,815	17,129
	<hr/> <hr/>	<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 \$4,072,022 compared with \$3,811,689 for the prior year. This resulted after charging \$2,911,371 (2019: \$2,490,631) for depreciation and before charging \$24,958 (2019: \$235,007) 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.

	2020	2019
	\$	\$
Net profit after income tax attributable to members	4,047,065	3,576,682
Add back:		
Finance costs	132,133	4,775
Income tax	24,958	235,007
Depreciation & amortisation	2,911,371	2,490,631
	<hr/>	<hr/>
EBITDA	7,115,527	6,307,095
	<hr/> <hr/>	<hr/> <hr/>
Total Revenue	19,553,142	22,227,779
EBITDA % of total revenue and other income	36.39%	28.37%

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 facilities 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).

Coronavirus (COVID-19) pandemic

On 11 March 2020, the World Health Organisation (WHO) classified the COVID-19 outbreak as a pandemic. From 23 March 2020 to 1 June 2020, a nationwide lockdown was implemented. Since restrictions were lifted on 1 June 2020, the club has seen a positive increase in sales. Management are actively monitoring the global situation and its impacts on the club's financial condition, liquidity, operations, suppliers, industry and workforce.

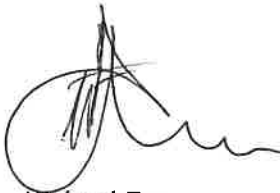
Riverwood Legion and Community Club Limited Directors' Report

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 24th day of February 2021.

A handwritten signature in black ink, appearing to read 'Michael Free', with a large circular flourish on the left side.

Michael Free
Director

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF RIVERWOOD LEGION AND COMMUNITY CLUB LTD

As lead auditor of Riverwood Legion and Community Club Ltd for the year ended 31 December 2020, 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.



John Bresolin
Director

BDO Audit Pty Ltd

Sydney

24 February 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Riverwood Legion and Community Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Riverwood Legion and Community Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity 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 Ltd, 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 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 (including Independence Standards)* (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 accordingly 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 - Reduced Disclosure Requirements 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_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



John Bresolin
Director

Sydney, 24 February 2021

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 30, 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 2020 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 24th 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 2020

	Note	2020 \$	2019 \$
Revenue			
Sale of goods		1,530,662	2,111,819
Rendering of services		17,830,440	19,887,425
Other revenue		192,040	228,535
		<hr/>	<hr/>
Total revenue	1	19,553,142	22,227,779
		<hr/>	<hr/>
Other income	1	276,058	92,613
		<hr/>	<hr/>
Expenses			
Raw materials and consumables used		(724,541)	(888,078)
Employee benefits expense		(2,555,303)	(3,832,347)
Entertainment, marketing and promotional costs		(2,158,828)	(3,041,837)
Poker machine duties and fees		(4,302,904)	(4,912,876)
Occupancy expenses		(1,627,664)	(1,733,616)
Donations expenses		(378,093)	(532,329)
Depreciation expense	2	(2,911,371)	(2,490,631)
Finance costs	2	(132,133)	(4,775)
Other expenses		(966,341)	(1,072,214)
		<hr/>	<hr/>
Total expenses		(15,757,178)	(18,508,703)
		<hr/>	<hr/>
Profit before income tax		4,072,022	3,811,689
Income tax expense	3(a)	(24,958)	(235,007)
		<hr/>	<hr/>
Net profit after income tax expense		4,047,064	3,576,682
Other comprehensive income for the year net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		4,047,064	3,576,682
		<hr/> <hr/>	<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 30.

Riverwood Legion and Community Club Limited
Statement of Financial Position
As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,799,929	4,603,392
Trade and other receivables		7,585	4,966
Inventories		76,738	80,131
Financial assets		750	750
Other current assets		292,932	215,118
Total Current Assets		7,177,934	4,904,357
Non-Current Assets			
Property, plant and equipment	4	38,254,408	38,781,461
Deferred tax assets	3(c)	10,522	32,426
Intangible assets	5	2,165,479	2,165,479
Bond deposit		-	303,557
Total Non-Current Assets		40,430,409	41,282,923
Total Assets		47,608,343	46,187,280
LIABILITIES			
Current Liabilities			
Trade and other payables	6	1,913,300	1,634,962
Current tax liability	3(b)	2,339	59,226
Borrowings	7	5,489,738	-
Employee benefits	8	508,183	545,419
Other provisions	10	3,200	3,200
Income received in advance	9	116,562	62,005
Total Current Liabilities		8,033,022	2,304,812
Non-Current Liabilities			
Borrowings	7	-	8,371,121
Employee benefits	8	72,764	72,706
Other provisions	10	40,377	40,377
Deferred tax Liability	3(d)	9,926	9,211
Income received in advance	9	57,186	41,349
Total Non-Current Liabilities		180,253	8,534,764
Total Liabilities		8,213,575	10,839,576
Net Assets		39,394,768	35,347,704
Members' Funds			
Retained profits		39,394,768	35,347,704
Total Members' Funds		39,394,768	35,347,704

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 14 to 30.

Riverwood Legion and Community Club Limited
Statement of Changes in Members' Funds
For the Year Ended 31 December 2020

	Retained Earnings \$	Total Equity \$
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
Net profit for the year	4,047,064	4,047,064
Other comprehensive income for the year	-	-
Total comprehensive income for the year	4,047,064	4,047,064
Balance at 31 December 2020	39,394,768	39,394,768

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 14 to 30.

Riverwood Legion and Community Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		21,404,593	24,445,831
Payments to suppliers and employees (inclusive of GST)		(14,422,651)	(19,248,339)
Interest received		4,889	19,539
Rent received (inclusive of GST)		187,151	229,896
Interest paid		(2,270)	(4,775)
Income taxes paid	3(b)	(59,226)	(227,502)
		<hr/>	<hr/>
Net cash inflow from operating activities		7,112,486	5,214,650
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		216,000	-
Payment for property, plant and equipment		(2,424,260)	(14,646,803)
		<hr/>	<hr/>
Net cash outflow from investing activities		(2,208,260)	(14,646,803)
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Proceeds from borrowings		-	8,371,121
Repayment of Borrowings		(2,881,383)	-
Payment of Interest and fees on borrowings		(129,863)	(85,009)
Bond deposit		303,557	-
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing activities		(2,707,689)	8,286,112
		<hr/>	<hr/>
Net increase/(decrease) in cash held and cash equivalents		2,196,537	(1,146,041)
Cash and cash equivalents at the beginning of the financial year		4,603,392	5,749,433
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		6,799,929	4,603,392
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 30.

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2020

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 24 February 2021.

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 2020; and
- Have been prepared on a going concern basis despite the fact there is a shortfall in net current assets of \$855,088. This is due to the repayment terms of the Business Loan Facility being finalised on 18 January 2021, which is subsequent to balance date. The loan of \$5,490,000 now matures on 14 July 2023.

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.

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 8
Mortality fund provision	Note 10

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

	2020 \$	2019 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	1,105,386	1,563,050
Coffee Shop sales	401,656	548,769
Espresso Bar Sales	23,620	-
	<hr/>	<hr/>
	1,530,662	2,111,819
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	17,541,023	19,581,435
Members' subscriptions	51,957	51,582
Keno sales	52,697	78,671
Commission received	182,669	157,824
Sundry income	2,094	17,913
	<hr/>	<hr/>
	17,830,440	19,887,425
	<hr/>	<hr/>
Other Revenues		
Interest received	4,889	19,539
Rent received	187,151	208,996
	<hr/>	<hr/>
Total Other Revenue	192,040	228,535
	<hr/>	<hr/>
Total revenue	19,553,142	22,227,779
	<hr/>	<hr/>
Other Income		
Net gain on disposal of non-current assets	176,058	92,613
Government grants received	100,000	-
	<hr/>	<hr/>
Total Other Income	276,058	92,613
	<hr/>	<hr/>
Total Revenue and Other Income	19,829,200	22,320,392
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2020

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) at a point in time when the performance obligation is satisfied that is on delivery of goods to the customer.

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.

Government grants received

During the year, the company received \$1,084,000 from JobKeeper support from the Australian Government, which are passed on to eligible employees. This has been recognised as a credit to employee benefits expense in the period which it related.

The company also received \$100,000 in cash flow boosts payments from the ATO which were used to offset GST due. This has been recognised as other income.

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

	2020 \$	2019 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Bank interest	132,133	4,775
	-----	-----
Depreciation		
Buildings and improvements	420,117	427,535
Car Park	517,893	-
Plant and equipment	430,893	540,222
Poker machines	1,457,342	1,442,368
Air conditioning	85,126	80,506
	-----	-----
Total depreciation	2,911,371	2,490,631
	-----	-----
(Gain)/expense from movements in provision for:		
Employee benefits	(37,178)	(82,680)
	-----	-----
Defined contribution superannuation expense	262,012	347,375
	-----	-----

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 2020

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.

	2020 \$	2019 \$
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	66,039	914,617
Add: Other taxable income	445,598	486,992
	<u>511,637</u>	<u>1,401,609</u>
Less: Other deductible expenses	(502,640)	(585,541)
	<u>8,997</u>	<u>816,068</u>
Current income tax applicable to above at rate of 26.75%	2,339	224,419
(Over) provision in prior year	-	(3,424)
Decrease in deferred tax assets	21,904	4,801
(Increase)/Decrease in deferred tax liabilities	(9,926)	9,211
	<u>24,958</u>	<u>235,007</u>
Income tax expense	<u>24,958</u>	<u>235,007</u>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

3 Income Tax (continued)

	2020 \$	2019 \$
(b) Current Tax Liabilities		
Movements during the year:		
Balance at beginning of year	59,227	65,734
Income tax paid	(59,227)	(227,502)
Current year's income tax expense on profit	2,339	224,419
(Over) provision in prior year	-	(3,424)
	<hr/>	<hr/>
Current tax liabilities	2,339	59,227
	<hr/>	<hr/>
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	10,150	30,937
Depreciation	372	1,488
	<hr/>	<hr/>
Net deferred tax assets	10,522	32,426
	<hr/>	<hr/>
Movements:		
Opening balance	32,426	37,277
(Debited) to the Statement of Profit or Loss and Other Comprehensive Income	(21,904)	(4,801)
	<hr/>	<hr/>
Closing balance	10,522	32,426
	<hr/>	<hr/>
(d) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Interest expense incurred for commercial leasing purpose	9,301	7,792
Interest expense incurred for club	625	1,418
	<hr/>	<hr/>
Net deferred tax liabilities	9,926	9,211
	<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 2020

	2020 \$	2019 \$
4 Property, Plant and Equipment		
Freehold Land, Buildings and Improvements		
<i>At cost</i>	23,004,137	22,289,661
<i>Accumulated depreciation</i>	(6,115,226)	(5,695,109)
	16,888,911	16,594,522
Plant and Equipment		
<i>At cost</i>	6,699,105	6,535,435
<i>Accumulated depreciation</i>	(5,893,988)	(5,463,095)
	805,117	1,072,340
Poker Machines		
<i>At cost</i>	10,983,619	10,250,908
<i>Accumulated depreciation</i>	(8,486,334)	(7,474,024)
	2,497,285	2,776,884
Air Conditioning		
<i>At cost</i>	2,094,524	2,094,524
<i>Accumulated depreciation</i>	(1,669,518)	(1,584,392)
	425,006	510,132
Carpark		
<i>At cost</i>	18,102,939	17,692,206
<i>Accumulated depreciation</i>	(517,893)	-
	17,585,046	17,692,206
Work in progress - at cost	53,043	135,347
Total property, plant and equipment net book value	38,254,408	38,781,461

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

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 2020. As land and buildings are recorded at cost the valuation has not been brought to account.

	2020 \$	2019 \$
<i>Reconciliations</i>		
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	16,594,552	17,145,720
Additions	143,123	239
Transfer from WIP	571,353	-
Depreciation expense	(420,117)	(427,535)
Disposals	-	(123,872)
	<hr/>	<hr/>
Carrying amount at end of year	16,888,911	16,594,552
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
Carrying amount at beginning of year	1,072,340	1,494,254
Additions	163,670	118,308
Depreciation expense	(430,893)	(540,222)
	<hr/>	<hr/>
Carrying amount at end of year	805,117	1,072,340
	<hr/> <hr/>	<hr/> <hr/>
Poker Machines		
Carrying amount at beginning of year	2,776,884	2,826,941
Additions	1,217,685	1,462,795
Disposals	(39,942)	(70,484)
Depreciation expense	(1,457,342)	(1,442,368)
	<hr/>	<hr/>
Carrying amount at end of year	2,497,285	2,776,884
	<hr/> <hr/>	<hr/> <hr/>

Riverwood Legion and Community Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

4 Property, Plant and Equipment (continued)

	2020 \$	2019 \$
Reconciliations (continued)		
Air Conditioning		
Carrying amount at beginning of year	510,132	512,121
Additions	-	78,517
Depreciation expense	(85,126)	(80,506)
	<hr/>	<hr/>
Carrying amount at end of year	425,006	510,132
Carpark		
Carrying amount at beginning of year	17,692,206	-
Additions	410,733	258,630
Transfer from WIP	-	17,433,576
Depreciation expense	(517,893)	
	<hr/>	<hr/>
Carrying amount at end of year	17,585,046	17,663,861
Work in Progress		
Carrying amount at beginning of year	135,347	4,468,632
Additions	489,049	13,100,291
Transfers	(571,353)	(17,433,576)
	<hr/>	<hr/>
Carrying amount at end of year	53,043	135,347
	<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 2020

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
Car Park	3 to 25 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 2020

	2020 \$	2019 \$
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/>	<hr/> <hr/>
Trademark		
At cost	2,320	2,320
Accumulated impairment	-	-
	<hr/>	<hr/>
Net carrying value	2,320	2,320
	<hr/> <hr/>	<hr/> <hr/>
Total Intangible Assets	2,165,479	2,165,479
	<hr/> <hr/>	<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 this 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 2020

	2020 \$	2019 \$
6 Trade and Other Payables		
Trade creditors	268,898	734,327
Goods and Services Tax (GST) payable	382,535	15,273
Other creditors and accruals	1,261,867	885,362
	1,913,300	1,634,962
	1,913,300	1,634,962

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.

	2020 \$	2019 \$
7 Borrowings		
<i>Secured</i> - Bank Loan Facility		
Current	5,489,738	-
	5,489,738	-
Non-Current	-	8,371,121
	-	8,371,121
	-	8,371,121

Financing Arrangements

The company has access to the following lines of credit:

Total facilities available:		
Bank Loan Facility	10,075,000	10,075,000
	10,075,000	10,075,000
Facilities utilised at reporting date:		
Bank Loan Facility	5,489,738	8,371,121
	5,489,738	8,371,121
	5,489,738	8,371,121

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) and the residential property located at 5-7 Littleton Street, Riverwood, NSW 2210.

On 18 January 2021 the loan terms were re-negotiated; the facility was updated to a maximum of \$5,490,000 with a maturity date of 14 July 2023.

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 2020

	2020 \$	2019 \$
8 Employee Benefits		
Current		
Annual leave	227,803	276,013
Long service leave	280,380	269,406
	508,183	545,419
Non-current		
Long service leave	72,764	72,706
	580,947	618,125

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	0.9%	1.80%
Discount rate	1.97%	2.53%

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 2020

8 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.

	2020 \$	2019 \$
9 Income received in advance		
Current		
Income received in advance	104,311	44,972
Subscriptions in advance	12,250	17,033
	116,562	62,005
	116,562	62,005
Non-current		
Subscriptions in advance	57,186	41,349
	57,186	41,349
	57,186	41,349
10 Other Provisions		
Current		
Mortality Fund	3,200	3,200
	3,200	3,200
	3,200	3,200
Non-Current		
Mortality Fund	40,377	40,377
	40,377	40,377
	40,377	40,377
Carrying amount at the beginning of the year	43,577	43,577
Re-estimation of provision	-	-
	43,577	43,577
Carrying amount at the end of the year	43,577	43,577
	43,577	43,577
	43,577	43,577

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 2020

11 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

	2020 \$	2019 \$
Benefits and payments made to the Directors and Other Key Management Personnel	335,971	409,941

12 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

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.

13 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 2020 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 2020

14 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.

15 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.