

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

**FINANCIAL REPORT
 FOR THE YEAR ENDED 31 MARCH 2012**

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NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

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DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2012.

1. The names of the Directors in office at any time during or since the end of the year are:

Name	Details	Position	No. of years service as a Director
Phil Arnall	Phil is a director of a number of public companies and has previous senior management experience in the manufacturing industry. Phil owns <i>Anger Management</i> and is regular participant in the Club race calendar as well as East coast blue water races and regattas.	Commodore	5
Jim Holley	Jim is a retired general surgeon. Amongst Jim's many sailing achievements he has competed in 24 Rolex Sydney Hobart Yacht Races most of them on his Farr 40 designed yacht <i>Aurora</i> .	Vice Commodore	2.5
Paul Gleeson	Paul is a retired Civil Engineer. During Paul's civil engineering career he worked for the both the public and private sector and prior to retirement was the General Manager of Gleeson Civil Engineering. Paul holds a Bachelor of Science in Civil Engineering and is a Fellow of The Institution of Engineers, Australia. Apart from a brief period spent surfing, he has sailed dinghies and keelboats his whole life.	Rear Commodore	3
Ernst Thirkell	Following a career in the Australian Navy Ernie turned his skills to farming and fine fibre production. Ernie also taught wool classing at TAFE later in his career. Ernie has sailed his entire life on the Hunter River and Lake Macquarie.	Club Captain	6
Kym Butler	Kym is a Solicitor and Chartered accountant with post graduate qualifications in both commerce and law. He has been advising and acting for clients ranging from public companies to high net worth individuals for over 35 years. He regularly competes in major offshore yacht races along the East coast of Australia.	Treasurer	2
Tony Lobb	Tony is the General Manager of the Forgacs Group of Companies. Prior to his current role Tony owned and operated Razer Industries, a mining services and equipment company. Tony enjoys racing <i>PT73</i> his Farr 40 One Design yacht in Club racing and the odd regatta.	Director	3
Larry Curtis	Following an overseas career in petrochemical engineering Larry returned to Newcastle and has run businesses in the furniture and hotels industries. Larry is an keen game fisherman and regularly competes in local and further afield game fishing events. Larry can often be seen tinkering on his much loved power boat <i>Nigaloo</i> .	Director	1.5

Directors have been in office since the start of the financial year unless otherwise stated.

2. Company Secretary

Michael Titow held the position of Secretary and CEO of the Club from 7 March 2011 until 27 June 2011. From 4 August 2011, Richard Howard has held this position.

3. Principal Activities

The principal activities of Newcastle Cruising Yacht Club Limited during the financial year were:

- The conduct of organised and recreational sailing activities for members
- The promotion and operation of the Cruising Yacht Club
- The operation of a licensed club

No significant change in the nature of these activities occurred during the year.

4. Operating Results

The net result of operations, after applicable income tax, was a profit of \$196,685 (2011 profit \$183,656).

5. Review of Operations

2011-12 saw the Club conduct a successful sailing season with the introduction of a number of new races including the Inner Spring Regatta and the Lion Bird & Cabbage Offshore Series. In addition, the Club was well represented in the various East Coast Bluewater races and other regattas including the Rolex Sydney Hobart, Pittwater Coffs Series, Sydney Southport Race and Sail Port Stephens Regatta.

During the year the Club purchased *Wombat*, the Steber 36 previously owned and generously provided by Phil Mooney for Club use and also carried out some upgrades to *Wombat* to improve its functionality.

The Licensed Club traded strongly during the year maintaining a financial result similar to last year. A focus was placed on increasing the number and quality of events for members within the Club during the year. The Marina and NCYC Commercial Centre continued to be principal contributors to Club revenues also. While cost control was generally improved across all facets of the Club's operations significant repairs and maintenance works were undertaken including the re-guttering of the NCYC Commercial Centre, upgrade of Clubhouse kitchen equipment, purchase of a second storage container, upgrade to the Marina shower and laundry facilities and installation of car park speed bumps. Repairs and maintenance will remain focus area over the coming 12 months.

DIRECTORS' REPORT (Cont.)

5. Review of Operations (Cont.)

During 2011-12 the Club has been in a protracted head lease rent review dispute with NSW Roads & Maritime. The Club is presently in final negotiations with Maritime over the review. Further details regarding this matter will be communicated to Members and the Club's tenants once a resolution has been finalised.

The Club recorded a net profit for the year of \$196,685 compared to \$183,656 for the previous year. We have been able to pay down \$480,000 against our debt leaving a year-end balance of \$2,400,000. The Board views this as a most acceptable result.

Notwithstanding the current economic uncertainties the Club is optimistic about the year ahead both from a sailing and trading perspective. With some amendments to the sailing calendar suggested at the recent Sailing Forum being implemented for the 2012-13 season sailing at the Club is on the lifting 'tack'.

6. Meeting Attendances

During the financial year ended 31 March 2012, 13 meetings of Directors were held. The details of each Directors' attendances at those meetings is given below:

<u>Director</u>	<u>Number Attended</u>	<u>Eligible to Attend</u>
Phil Arnall	13	13
Jim Holley	11	13
Paul Gleeson	7	13
Ernst Thirkell	13	13
Tony Lobb	6	13
Kym Butler	11	13
Larry Curtis	10	13

7. Significant Changes in State of Affairs

No significant changes in the Club's state of affairs occurred during the financial year.

8. After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Newcastle Cruising Yacht Club Limited, the results of those operations or the state of affairs of Newcastle Cruising Yacht Club Limited in future financial years.

9. Environmental Issues

The Club's operations are subject to environmental regulation under the law of the Commonwealth, State or Territory. Details of the Club's performance in relation to environmental regulation are as follows:

Newcastle Cruising Yacht Club Limited is committed to responsible environmental management and to be a leader in pursuing acceptable and sound environmental practices within the community.

10. Short and Long Term Objectives

In accordance with the principal objectives in the constitution, to encourage and promote sports of amateur yachting and boating and cruising for pleasure. The Club's strategy to achieve these objectives is to continue to operate profitably, providing the best possible facilities for members. The strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the Club industry.

11. Insurance Premiums Paid for Directors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

12. Directors' Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than as noted in Note 17) by reason of a contract made by the Club or by a related corporation with the Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest.

13. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2012 has been received and is set out on page 4 of the financial report. Crosbie Warren Sinclair continues to hold office in accordance with s307C of the Corporations Act 2001.

The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Company is important. Details of the amounts paid or payable to the auditor (Crosbie Warren Sinclair) for audit and non-audit services are provided in Note 14.

DIRECTORS' REPORT (Cont.)

14. Limited by Guarantee

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee and has the following classes of membership: full, crew, junior, life & social. If the Club is wound up, the constitution states that each member in all membership classes are required to contribute a maximum of \$2 each towards meeting any obligations of the Club. At 31 March 2012 the collective liability of members was \$2,188.

15. Financial Report

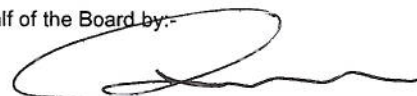
The financial report was authorised for issue on 7 June 2012. The Company has the power to amend and re-issue the financial report.

16. Property Report

The Directors have determined that all property of the Club shall be classified as follows in accordance with section 41J of the Registered Clubs Acts 1976 :-

Core Property:	- The Clubhouse, Marina and Commercial Centre situated at 95 Hannell Street, Wickham NSW 2293
Non-Core Property:	- Nil

This report is made out in accordance with a resolution of the Board of Directors and is signed for on behalf of the Board by:-



Phil Arnall - Commodore



Kym Butler - Treasurer

Dated: 7 June 2012

CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
NEWCASTLE CRUISING YACHT CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2012 there have been:

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

Kirsty Porteous

Kirsty Porteous - Partner

Crosbie Warren Sinclair Partners

Crosbie Warren Sinclair Partners
Certified Practising Accountants

Dated: 7 June 2012
Warabrook, NSW

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CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

NEWCASTLE CRUISING YACHT CLUB LIMITED **(ACN 064 201 029)**

INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Newcastle Cruising Yacht Club

Report on the Financial Report

We have audited the accompanying financial report of Newcastle Cruising Yacht Club, which comprises the Statement of Financial Position as at 31 March 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cashflows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations adopted by the Australian Accounting Standards Board)(AASB) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporation Act 2001. The independence declaration required by the Corporations Act 2001, provided to the directors of Newcastle Cruising Yacht Club, has the same date as this auditor's report.

Matters relating to the electronic presentation of the audited financial report

The auditor's report refers to the financial report of Newcastle Cruising Yacht Club (the Company) for the year ended 31 March 2012 included on Newcastle Cruising Yacht Club's web site. The Company's Directors are responsible for the integrity of the web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Qualification

The financial report for the year ended 31 March 2011 of Newcastle Cruising Yacht Club was audited by another auditor, Cutcher & Neale. Because we were appointed as auditors during the financial year, there were certain procedures we were not able to perform in relation to obtaining sufficient audit evidence in respect of comparatives and opening balances in the financial report.

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CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

NEWCASTLE CRUISING YACHT CLUB LIMITED **(ACN 064 201 029)**

INDEPENDENT AUDIT REPORT TO MEMBERS

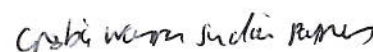
Qualified Audit Opinion

In our opinion, except for the effect of such adjustments, if any, that might have been determined to be necessary had we been able to satisfy ourselves regarding the comparatives,

- (a) The financial report of Newcastle Cruising Yacht Club is in accordance with the Corporations Act 2001, including;
- (i) giving a true and fair view of the Newcastle Cruising Yacht Club's financial position as at 31 March 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) as described in Note 1 and the Corporations Regulations 2001;
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Kirsty Porteous - Partner



Crosbie Warren Sinclair Partners
Certified Practising Accountants

Dated: 7 June 2012
Warabrook, NSW

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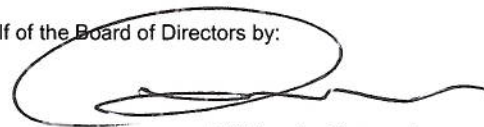
NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 9 to 19 are in accordance with the Corporation Act 2001 including:
 - (a) comply with Accounting Standards in Australia, which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the Company's financial position as at 31 March 2012 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date.
- 2 At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Board of Directors by:



Phil Arnall - Commodore



Kym Butler - Treasurer

Dated: 7 June 2012

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	212,968	240,164
Trade & Other Receivables	6	117,779	191,525
Inventories	7	66,000	71,878
Other Assets	8	37,126	40,232
TOTAL CURRENT ASSETS		<u>433,873</u>	<u>543,799</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	8,548,946	8,966,121
TOTAL NON-CURRENT ASSETS		<u>8,548,946</u>	<u>8,966,121</u>
TOTAL ASSETS		<u>8,982,819</u>	<u>9,509,920</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	606,230	511,352
Short Term Provisions	12	54,834	147,396
Other Liabilities	13	236,653	239,459
TOTAL CURRENT LIABILITIES		<u>897,717</u>	<u>898,207</u>
NON-CURRENT LIABILITIES			
Borrowings	11	2,400,000	2,880,000
Long Term Provisions	12	8,889	-
Other Liabilities	13	1,422,833	1,675,019
TOTAL NON-CURRENT LIABILITIES		<u>3,831,722</u>	<u>4,555,019</u>
TOTAL LIABILITIES		<u>4,729,439</u>	<u>5,453,226</u>
NET ASSETS		<u>4,253,380</u>	<u>4,056,694</u>
MEMBERS' FUNDS			
Accumulated Profits		4,253,380	4,056,694
TOTAL MEMBERS' FUNDS		<u>4,253,380</u>	<u>4,056,694</u>

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 \$	2011 \$
Bar Sales		1,022,497	999,728
Less: Bar Cost of Goods Sold		(355,537)	(360,702)
		<u>666,960</u>	<u>639,026</u>
Catering Sales		1,174,225	1,069,412
Less: Catering Cost of Goods Sold		(422,381)	(403,382)
		<u>751,844</u>	<u>666,030</u>
Fuel Sales		320,492	299,037
Less: Fuel Cost of Goods Sold		(260,749)	(243,128)
		<u>59,743</u>	<u>55,909</u>
Gross Profit / (Loss)		<u>1,478,547</u>	<u>1,360,965</u>
Tenant Rental		761,464	579,446
Marina Leases		238,492	239,654
Marina Rental		486,300	500,566
Interest Received		2,390	3,863
Other Revenue from Ordinary Activities		280,856	274,743
		<u>1,769,502</u>	<u>1,598,272</u>
Total Trading and Other Income		<u>3,248,049</u>	<u>2,959,237</u>
Expenses			
Bar Trading Expenses		(432,327)	(401,133)
Catering Trading Expenses		(439,298)	(375,348)
Clubhouse Expenses		(735,983)	(592,657)
Marina Expenses		(594,556)	(626,436)
Sailing Expenses		(121,223)	(114,231)
Commercial Rental Expenses		(313,845)	(217,898)
Borrowing Cost Expense		(186,425)	(224,475)
Administrative Expenses		(227,706)	(223,402)
Total Expenses		<u>(3,051,364)</u>	<u>(2,775,581)</u>
Net Operating Profit/(Loss) Before Income Tax		196,685	183,656
Income Tax Expense	1	-	-
Net Operating Profit/(Loss) For The Year		<u>196,685</u>	<u>183,656</u>
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		<u>196,685</u>	<u>183,656</u>

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 \$	2011 \$
Cash Flows from Operating Activities			
Receipts from Members and Guests		4,614,644	4,110,110
Payments to Suppliers and Employees		(3,784,349)	(3,236,960)
Interest Received		2,390	3,863
Interest Paid		(186,425)	(224,475)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	20	646,260	652,538
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(193,456)	(106,300)
<i>Net Cash Flows provided by (used in) Investing Activities</i>		(193,456)	(106,300)
Cash Flows from Financing Activities			
Proceeds from Borrowings			-
Repayments of Borrowings		(480,000)	(620,000)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		(480,000)	(620,000)
<i>Net Increase/(Decrease) in Cash Held</i>		(27,196)	(73,762)
Cash and Cash Equivalents at the Beginning of the Financial Year		240,164	313,926
Cash and Cash Equivalents at the End of the Financial Year	20	212,968	240,164

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 \$	2011 \$
<hr/>			
Opening Balance 1 April			
- Accumulated Profits		4,056,694	3,873,038
Comprehensive Income/(Loss) for year		196,685	183,656
Closing Balance 31 March			
- Accumulated Profits		4,253,380	4,056,694
		<hr/>	<hr/>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 Statement of Significant Accounting Policies

(a) Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on an accrual basis and is based on historical costs. The financial report is presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Club in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Income Tax

There is no liability for income tax as the Club claims exemption as a Sporting Club under Section 50-45 of the Income Tax Assessment Act (1997).

(d) Inventories

Inventories are measured at the lower of cost or net realisable value.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

The depreciation amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Club commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements and the remaining term of the lease, including any option period.

The depreciation rates used for each class of depreciable assets are:

Marina Construction	9 - 12.5%
Buildings at cost	5%
Plant and Equipment	15 - 33%
Leasehold Improvements	4 - 5%

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance sheet date, or when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the Statement of Comprehensive Income in the administration expense line item.

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

(f) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

(g) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance leases), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Comprehensive Income in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

(h) Trade Debtors and Other Receivables

Trade debtors are carried at amounts due. The recoverability of debts are assessed at balance date, where specific provision is made for any doubtful debts. Bad debts are written off when identified. Trade receivables have not been used as collateral for debt and impairment testing has been performed. As a result of subsequent receipts testing being performed, no impairment of trade receivables was noted.

(i) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position. For the purpose of the Statement of Cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from membership fees is recognised upon receipt of monies for the period to which the payment relates.

The entity contracts under sub-lease agreements to grant leases of marina sites for a term of 15 years. Monies paid in accordance with these sub-leases will be accounted for by bringing them to account as income by way of one-fifteenth of the contract sum each year over the fifteen-year period, commencing from the date of completion of the commencement of the lease. One-fifteenth of all monies received to secure sub-leases have been included as income for the year ended 31 March 2012. The remainder of monies have been included as Other Liabilities within Current and Non-Current Liabilities.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from tenant rental is recognised upon receipt of monies for the period to which the payment relates.

(k) Employee Benefits

Provision is made for the Club's liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual and sick leave, which would be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows expected to be made for those benefits, using appropriate estimation techniques. Contributions are made by the Club to employee superannuation funds and are charged as expenses when incurred.

(l) Accounts Payable

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) 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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the Statement of Financial Position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

(o) Change in Accounting Estimates and Errors

Depreciation rates and methods are reviewed periodically and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. The change in depreciation rate or method shall be accounted for on a prospective basis, and no prior year adjustments will therefore be made.

Useful life of marina

During the current year, the directors determined that the useful life of the Marina was less than initially recognised, due to its current condition. The financial effect of this reassessment, assuming the marina is held until the end of its estimated useful life, is to increase the depreciation expense in the current and future years by \$104,765 a year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 \$	2011 \$
2 Limited by Guarantee		
The Club is an incorporated body having no share capital and the liability of Members is limited by guarantee.		
3 Operating Revenue		
Operating Activities:		
Trading Revenue	3,669,439	3,625,265
Other Revenue from Ordinary Activities:		
Membership Subscriptions	97,289	102,107
Sailing Income	76,704	98,691
Marina Outgoings Re-imbursement	54,743	52,809
Functions	174,519	62,578
Merchandise Sales	2,990	8,467
ATM Commission	20,326	4,529
Interest Received	2,390	3,863
Sundry Income	28,527	8,140
Total Revenue	4,126,927	3,966,449
4 Operating Profit		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Charges		
Borrowing Cost Expense	186,425	224,475
Depreciation		
- Marina	364,871	258,415
- Leasehold Improvements	216,959	215,709
- Plant & Equipment	28,801	24,398
Total Depreciation	610,631	498,522
Operating Lease Rental Expense		
Rent - wet	47,788	33,448
Rent - land	98,740	40,700
	146,528	74,148
Employee Benefits		
- Wages	1,077,321	913,992
- Payroll Tax	27,168	30,199
- Superannuation	95,043	81,354
- Leave Provisions	21,813	45,947
5 Cash and Cash Equivalents		
Cash on Hand & at Bank	212,968	240,164
	212,968	240,164
6 Trade & Other Receivables		
Current		
Debtors Trade	117,779	192,725
Allowance for Doubtful Debts	-	(1,200)
	117,779	191,525
7 Inventories		
Stock on Hand - at Cost	66,000	71,878
	66,000	71,878
8 Other Assets		
Prepayments	37,126	40,232
	37,126	40,232

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

9 Property, Plant and Equipment

	Marina	Leasehold Improvements	Plant & Equipment	Club Boats	Total
Year ended 31 March 2012					
At 1 April 2011					
Net of Accumulated Depreciation/Amortisation	3,445,445	5,381,574	139,102	-	8,966,121
Additions	-	-	65,186	128,270	193,456
Disposals	-	-	-	-	-
Depreciation/Amortisation	(363,179)	(216,959)	(28,801)	(1,692)	(610,631)
At 31 March 2012					
Net of Accumulated Depreciation/Amortisation	3,082,266	5,164,615	175,487	126,578	8,548,946
At 1 April 2011					
Cost or Fair Value	5,168,284	6,456,403	366,242	-	11,990,929
Accumulated Depreciation/Amortisation	(1,722,839)	(1,074,829)	(227,140)	-	(3,024,808)
Net Carrying Amount	3,445,445	5,381,574	139,102	-	8,966,121
At 31 March 2012					
Cost or Fair Value	5,168,284	6,456,403	431,428	128,270	12,184,385
Accumulated Depreciation/Amortisation	(2,086,018)	(1,291,788)	(255,941)	(1,692)	(3,635,439)
Net Carrying Amount	3,082,266	5,164,615	175,487	126,578	8,548,946
Year ended 31 March 2011					
At 1 April 2010					
Net of Accumulated Depreciation/Amortisation	3,703,859	5,575,619	78,865	-	9,358,343
Additions	-	21,511	84,789	-	106,300
Disposals	-	-	-	-	-
Depreciation/Amortisation	(258,414)	(215,556)	(24,552)	-	(498,522)
At 31 March 2011					
Net of Accumulated Depreciation/Amortisation	3,445,445	5,381,574	139,102	-	8,966,121
At 1 April 2010					
Cost or Fair Value	5,168,284	6,434,892	281,453	-	11,884,629
Accumulated Depreciation/Amortisation	(1,464,425)	(859,273)	(202,588)	-	(2,526,286)
Net Carrying Amount	3,703,859	5,575,619	78,865	-	9,358,343
At 31 March 2011					
Cost or Fair Value	5,168,284	6,456,403	366,242	-	11,990,929
Accumulated Depreciation/Amortisation	(1,722,839)	(1,074,829)	(227,140)	-	(3,024,808)
Net Carrying Amount	3,445,445	5,381,574	139,102	-	8,966,121

2012
\$

2011
\$

10 Trade and Other Payables

Current

Creditors - Trade	355,255	269,782
Sundry payables and accrued expenses	250,975	241,570
	<u>606,230</u>	<u>511,352</u>

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

	2012 \$	2011 \$
11 Borrowings		
Non-Current		
Secured liabilities		
Bill Facility - NAB	2,400,000	2,880,000
The carrying amounts of non-current assets pledged as security are:		
Floating charge over fixed assets	8,548,946	8,966,127
The Market Facility is secured by mortgages held by National Australia Bank over the sub-leased properties with the Waterways Authority.		
12 Provisions		
Balance at 1 April 2011	147,396	17,777
Additional provisions raised	21,813	148,509
Provision entitlements used/(reversed)	(105,485)	(18,890)
Balance at 31 March 2012	63,724	147,396
Short Term		
Provision for Annual Leave	54,834	41,911
Provision for Major Maintenance	-	105,485
	54,834	147,396
Long Term		
Provision for Long Service Leave	8,889	-
	8,889	-
13 Other Liabilities		
Current		
Deferred Income	236,653	239,459
Non-Current		
Deferred Income	1,422,833	1,675,019
14 Auditor's Remuneration		
Amounts received, or due to be receivable by the Auditor of the Company for:-		
Audit Services	14,950	11,450
Other Assurances Services	-	2,000
Accounting and Other Services	4,200	28,225
Prior year adjustment	(2,440)	-
	16,710	41,675
15 Commitments for Expenditure		
Operating Lease Commitments		
The Club has leases with NSW Maritime for the land on which the Club property is situated (dry lease), as well as wet lease in respect of the Marina.		
The dry lease has an expiry date of 21 May 2041. The current annual rental is \$120,978 per annum (including GST). Rent increases by CPI annually, with the exception of May 2016 at which time the rent will be reassessed via a market review.		
The wet lease has an expiry date of 21 May 2041. The current annual rental is \$58,595 per annum (including GST). Rent increases by CPI annually, with the exception of May 2016 and the five year intervals thereafter, at which time the rent will be reassessed via a market review.		
16 Contingent Liabilities		
As at 31 March 2012, and to the date of this report, the Directors are not aware of any contingent liabilities.		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

17 Directors and Key Management Personnel

Directors

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Director's Report.

No remuneration has been paid to any Director in respect of their services as a Director during or since the end of the period.

Certain Directors and Director related persons participate in the Club Sailing activities and receive prizes under the same terms and conditions attached to sailing events as other sailing members.

Executive/Key Management Personnel

2012	Salary &	Short-Term Benefits Superannuation	Non-cash	Total
Total Compensation	106,687	9,447	-	116,134
2011	Salary &	Short-Term Benefits Superannuation	Non-cash	Total
Total Compensation	66,746	6,007	-	72,753

18 Additional Financial Instrument Disclosure

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial assets and liabilities subject to interest rate risk are:

Bank Accounts

As at balance date the Club's main cheque account balance was \$180,474. Interest is paid for the main account when the account is in credit and charged when the accounts are in debit at the market variable rate.

As noted below, the Club as a financing facility which has an amount drawn down of \$2,400,000. The current interest rate on this facility is 6.931%

All other financial assets of the Club which have been recognised on the Statement of Financial Position are not subject to interest rate risk as they are non-interest bearing.

b) Credit Risk

The credit risk in financial assets of the Club which have been recognised on the Statement of Financial Position, is the carrying amount net of impairment losses.

The Club has reviewed the credit quality of its financial assets and expects all receivables to be recovered within due collection periods. No collateral or security is held in respect of any receivables.

c) Liquidity Risk

The Club has borrowed to partly fund the construction of leasehold improvements. The finance facilities have been renewed with part fixed and part on interest only terms. Any decision by the Club's lenders to provide the Club with financing will depend upon a number of factors, such as the Club's compliance with the terms of its existing credit arrangements, its financing performance, industry or market trends, the general availability of and rates applicable to financing transactions. The current facility will expire 28 January 2014.

The risk that the Club will encounter difficulties in meeting its obligations associated with its financial liabilities is managed by ensuring sufficient funds are available at all times to cover its financial liabilities.

Financing Facilities of the Club are as follows:-

	Loan Funding	Asset Finance Facility	Bank Overdraft Facility	Total
Total Facility	3,500,000	250,000	150,000	3,900,000
Balance Used	(2,400,000)	-	-	(2,400,000)
Balance Available for Drawdown	1,100,000	250,000	150,000	1,500,000

Financial liability and financial asset maturity analysis

	Within 1 Year		Over 5 Years		Total Contractual Cash	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Commercial bill	-	-	2,400,000	2,880,000	2,400,000	2,880,000
Trade and other payables	606,230	511,352	-	-	606,230	511,352
Total expected outflows	606,230	511,352	2,400,000	2,880,000	3,006,230	3,391,352

d) Net Fair Value of Financial Assets and Liabilities

The Club's financial assets and liabilities included in the Statement of Financial Position are carried at amounts that approximate net fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

19 Going Concern

As at 31 March 2012 current assets of the Club were \$433,873 compared to current liabilities of \$897,717 representing a deficiency in working capital of \$463,844. Current liabilities includes unearned income in respect of marina berth sales which is recognised as income over the period of the lease. Excluding the unearned marina berth revenue, the working capital deficit at balance date is \$39,695.

The Club has an overdraft facility of \$150,000 and have a re-draw facility on borrowings to assist short term cashflow needs. Further, the Statement of Cashflows shows net cashflows from operations of \$646,260. This together with the significant investment in property, plant and equipment, and forecasted profit results provides the basis upon which the Directors have formed the opinion that the going concern basis is appropriate.

20 Notes to Statement of Cashflows

(a) Reconciliation of Cash

For the purpose of the statement of cashflows, cash includes cash on hand and at call deposits with a bank or financial institution, net of bank overdrafts if any, and excludes investments with a maturity of greater than three months

	2012	2011
Cash on Hand	212,968	240,164
	<u>212,968</u>	<u>240,164</u>

(b) Reconciliation from the net profit after tax to the net cashflows from

Operating Profit/(loss) After Tax	196,685	183,656
<u>Non-Cashflow in Operating Profit/(Loss)</u>		
Depreciation and Amortisation	610,631	498,522
<u>Changes in Assets and Liabilities</u>		
(Increase)/Decrease in Trade and Other Debtors	73,746	22,239
(Increase)/Decrease in Inventories	5,878	(6,946)
(Increase)/Decrease in Other Assets	3,106	4,219
Increase/(Decrease) in Trade Creditors and Accruals	94,878	60,857
Increase/(Decrease) in Provisions	(83,672)	129,619
Increase/(Decrease) in Other Liabilities	(254,992)	(239,628)
Net Cash From Operating Activities	<u>646,260</u>	<u>652,538</u>

21 New Accounting Standards and Interpretation

Title of Standard	Issue Date	Application Date **
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	December	January 2013
AASB 9 Financial Statements	December	January 2013
AASB 10 Consolidated Financial Statements	August 2011	January 2013
** Applicable to reporting period commencing on or after the given dates.		

Application of the above standards is not expected to affect any of the amounts recognised in the financial statements, but will result in changes to the additional information disclosed in the financial statements. No standards have been early adopted.

22 Club Details

The registered office and principal place of business of the Club is:

Suite 9
91 Hannell Street
WICKHAM NSW