

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

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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### **DIRECTORS' REPORT**

Your Directors present their report for the financial year ended 31 March 2013.

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

<b>Name</b>	<b>Details</b>	<b>Position</b>	<b>No. of years service as a Director</b>	<b>Appointed / Resigned</b>
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	6	
Jim Holley	Jim is a retired general surgeon. Amongst Jim's many sailing achievements he has competed in 25 Rolex Sydney Hobart Yacht Races most of them on his Farr 40 designed yacht <i>Aurora</i> .	Vice Commodore	3.5	
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.	Rear Commodore	3	
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.	Director/ Former Rear Commodore	4	Passed away 26/12/12
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> .	Treasurer	2.5	
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	7	
Tony Lobb	Tony has held General Manager roles in large local Companies and has 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	4	
Steve Rae	Steve is a regular participant in NCYC yacht races skippering <i>Marta Jean</i> . Prior to retirement and permanent abode in Newcastle Steve worked for a number of multinational manufacturing companies in Eastern Europe and Asia in mechanical engineering and management roles.	Director	0.2	Appointed 5 March 2013

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

**2. Company Secretary**

Richard Howard held the position of Secretary and CEO of the Club from 4 August 2011 until present.

**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 \$286,216 (2012 profit \$196,685).

**DIRECTORS' REPORT (Cont.)**

**5. Review of Operations**

2012-13 saw the Club conduct a successful sailing season which included the Inner Spring Regatta and the Lion Bird & Cabbage Offshore Series, the Newcastle Port Stephens Race and Club Racing. In addition to being well represented in the various East Coast Bluewater races and other regattas including the Rolex Sydney Hobart, Lord Howe Island Race and Sail Port Stephens Regatta the Club also saw the growth of its Friday evening laser dinghy sailing fleet which has proven a great addition to sailing activities at NCYC.

A number of initiatives have been introduced during 2012-13 to increase sailing participation at the club including waiving of entry fees for Club racing and incorporation of free berthing arrangements for visiting yachts competing in NCYC hosted races and series. The Club also introduced more short windward leeward style racing in to the calendar which has been received well by members.

Notwithstanding slight revenue decreases the Licensed Club traded solidly during the year maintaining an overall financial result similar to last year due to a focus on cost savings. The Marina and NCYC Commercial Centre continued to be principal contributors to Club revenues. Significant repairs and maintenance works were undertaken during the year including the repainting of the Commercial Centre and Boat Yard sheds, upgrade of kitchen equipment and installation of a new computer hardware system. At the time of writing our Retail and Commercial centres are fully tenanted and the Marin has a circa 77% occupancy rate.

The Club has been in a protracted head lease rent review dispute with NSW Roads & Maritime which was settled in August 2012. Throughout the dispute resolution process the Club was able to negotiate a discount to the increases proposed by Roads and Maritime and was further able to arrange a phasing in of these increases over the next 4 years. The head lease market rental outcome achieved is significantly more palatable than that initially proposed by RMS and will assist considerably in ensuring the Club's financial health over the coming years.

The Club recorded a net profit for the year of \$286,216 compared to \$196,685 for the previous year and was in a position to pay down \$510,000 of debt leaving a year-end balance of \$1,890,000. The Board views this as a most acceptable outcome. Whilst Board and Management have a positive view of the year ahead, the Board is mindful of the general uncertainty regarding the economy and therefore will proceed cautiously with Club's current and future projects.

With a full 2013-14 sailing calendar which will culminate with NCYC hosting the 2014 Audi IRC Australian Championships the year ahead promises to be busy and exciting at our Club.

**6. Meeting Attendances**

During the financial year ended 31 March 2013, 13 meetings of Directors were held. The details of each Directors' attendances at those meetings is

**3**

<b><u>Director</u></b>	<b><u>Number Attended</u></b>	<b><u>Eligible to Attend</u></b>
Phil Arnall	13	13
Jim Holley	13	13
Paul Gleeson	8	10
Ernst Thirkell	12	13
Tony Lobb	4	13
Kym Butler	13	13
Larry Curtis	12	13
Steve Rae	2	2

**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.

**DIRECTORS' REPORT (Cont.)**

**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 2013 has been received and is set out on page 5 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.

**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 2013 the collective liability of members was \$1,972.

**15. Financial Report**

The financial report was authorised for issue on 6 June 2013. 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



Larry Curtis - Treasurer

**Dated: 6 June 2013**

# CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

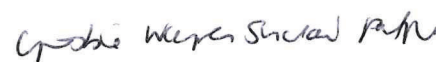
**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF**  
**NEWCASTLE CRUISING YACHT CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2013 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 - Partner



Crosbie Warren Sinclair Partners  
 Certified Practising Accountants

**Dated: 6 June 2013**  
**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 2013, 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 2013 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.

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# CROSBIE WARREN SINCLAIR

ACCOUNTANTS & BUSINESS ADVISERS

## NEWCASTLE CRUISING YACHT CLUB LIMITED

(ACN 064 201 029)

### INDEPENDENT AUDIT REPORT TO MEMBERS

#### Audit Opinion

In our opinion,

- (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 2013 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: 6 June 2013

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 20 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 2013 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



Larry Curtis - Treasurer

**Dated: 6 June 2013**



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

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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2013**

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	88,894	212,968
Trade & Other Receivables	6	118,225	117,779
Inventories	7	56,568	66,000
Other Assets	8	39,702	37,126
<b>TOTAL CURRENT ASSETS</b>		<b>303,389</b>	<b>433,873</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	9	8,063,293	8,548,946
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,063,293</b>	<b>8,548,946</b>
<b>TOTAL ASSETS</b>		<b>8,366,682</b>	<b>8,982,819</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	10	272,434	418,735
Short Term Provisions	12	51,177	54,834
Other Liabilities	13	416,254	426,549
<b>TOTAL CURRENT LIABILITIES</b>		<b>739,865</b>	<b>900,118</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	1,890,000	2,400,000
Long Term Provisions	12	14,044	8,889
Other Liabilities	13	1,183,178	1,420,433
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,087,222</b>	<b>3,829,322</b>
<b>TOTAL LIABILITIES</b>		<b>3,827,087</b>	<b>4,729,440</b>
<b>NET ASSETS</b>		<b>4,539,595</b>	<b>4,253,379</b>
<b>MEMBERS' FUNDS</b>			
Accumulated Profits		4,539,595	4,253,379
<b>TOTAL MEMBERS' FUNDS</b>		<b>4,539,595</b>	<b>4,253,379</b>

To be read in conjunction with the attached notes to the Financial Statements

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

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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 \$	2012 \$
Bar Sales		1,017,801	1,022,497
Less: Bar Cost of Goods Sold		(324,191)	(355,537)
		693,610	666,960
Catering Sales		1,135,988	1,174,225
Less: Catering Cost of Goods Sold		(428,777)	(422,381)
		707,211	751,844
Fuel Sales		270,646	320,492
Less: Fuel Cost of Goods Sold		(222,494)	(260,749)
		48,152	59,743
<b>Gross Profit / (Loss)</b>		1,448,973	1,478,547
Tenant Rental		766,589	761,464
Marina Leases		239,655	238,492
Marina Rental		494,146	486,300
Interest Received		272	2,390
Other Revenue from Ordinary Activities		242,037	280,856
		1,742,699	1,769,502
<b>Total Trading and Other Income</b>		3,191,672	3,248,049
<b>Expenses</b>			
Bar Trading Expenses		(344,781)	(432,327)
Catering Trading Expenses		(425,647)	(439,298)
Clubhouse Expenses		(681,424)	(735,983)
Marina Expenses		(571,064)	(594,556)
Sailing Expenses		(112,133)	(121,224)
Commercial Rental Expenses	4	(166,471)	(313,845)
Borrowing Cost Expense		(146,202)	(186,425)
Administrative Expenses		(457,734)	(227,705)
<b>Total Expenses</b>		(2,905,456)	(3,051,364)
<b>Net Operating Profit/(Loss) Before Income Tax</b>		286,216	196,685
Income Tax Expense	1	-	-
<b>Net Operating Profit/(Loss) For The Year</b>		286,216	196,685
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(Loss)</b>		286,216	196,685

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

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**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 \$	2012 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Members and Guests		4,036,937	4,614,644
Payments to Suppliers and Employees		(3,357,969)	(3,784,349)
Interest Received		272	2,390
Interest Paid		(146,202)	(186,425)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<b>20</b>	<u>533,038</u>	<u>646,260</u>
<b>Cash Flows from Investing Activities</b>			
Payments for Property, Plant and Equipment		(147,112)	(193,456)
<i>Net Cash Flows provided by (used in) Investing Activities</i>		<u>(147,112)</u>	<u>(193,456)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		-	-
Repayments of Borrowings		(510,000)	(480,000)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		<u>(510,000)</u>	<u>(480,000)</u>
<b><i>Net Increase/(Decrease) in Cash Held</i></b>		(124,074)	(27,196)
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		<u>212,968</u>	<u>240,164</u>
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	<b>20</b>	<u>88,894</u>	<u>212,968</u>

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

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 \$	2012 \$
<hr/>			
<b>Opening Balance 1 April</b>			
- Accumulated Profits		4,253,379	4,056,694
Comprehensive Income/(Loss) for year		286,216	196,685
<b>Closing Balance 31 March</b>			
- Accumulated Profits		4,539,595	4,253,379
		<u>4,539,595</u>	<u>4,253,379</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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	5-11%
Buildings at cost	5%
Plant and Equipment	15 - 33%
Leasehold Improvements	2.5- 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 2013**

**(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 2013. 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	2013 \$	2012 \$
<b>2 Limited by Guarantee</b>		
The Club is an incorporated body having no share capital and the liability of Members is limited by guarantee.		
<b>3 Operating Revenue</b>		
Operating Activities:		
Trading Revenue	3,924,825	4,003,470
Other Revenue from Ordinary Activities:		
Membership Subscriptions	97,897	97,289
Sailing Income	62,796	76,704
Marina Outgoings Re-imbursement	46,173	54,743
Merchandise Sales	4,619	2,990
ATM Commission	10,104	20,326
Interest Received	272	2,390
Sundry Income	20,448	28,804
Total Revenue	<u>4,167,134</u>	<u>4,286,716</u>
<b>4 Operating Profit</b>		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
<b>Charges</b>		
Borrowing Cost Expense	<u>146,202</u>	<u>186,425</u>
Depreciation		
- Marina	363,174	364,871
- Leasehold Improvements	220,715	216,959
- Plant & Equipment	43,747	28,801
- Club Boats	5,129	-
Total Depreciation	<u>632,765</u>	<u>610,631</u>
Operating Lease Rental Expense/(Benefit)		
Rent - wet	(4,653)	47,788
Rent - land	(22,942)	98,740
	<u>(27,595)</u>	<u>146,528</u>
In the previous financial year the Club was issued with a claim for increased rent totalling \$87,000 which was brought to account as an accrual. The Club disputed the rental review by NSW Roads & Maritime, resulting in this claim not being payable and consequently a reversal of this accrual in the current year. The rental increases will be phased in over a period of 4 years.		
Employee Benefits		
- Wages	1,045,341	1,077,321
- Payroll Tax	24,942	27,168
- Superannuation	92,047	95,043
- Leave Provisions	1,498	21,813
<b>5 Cash and Cash Equivalents</b>		
Cash on Hand & at Bank	<u>88,894</u>	<u>212,968</u>
	<u>88,894</u>	<u>212,968</u>
<b>6 Trade &amp; Other Receivables</b>		
<b>Current</b>		
Debtors Trade	<u>118,225</u>	<u>117,779</u>
	<u>118,225</u>	<u>117,779</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

		2013		2012		
		\$		\$		
7	Inventories					
	Stock on Hand - at Cost	56,568		66,000		
		56,568		66,000		
8	Other Assets					
	Prepayments	39,702		37,126		
		39,702		37,126		
9	Property, Plant and Equipment					
		Marina	Improvements	Equipment	Club Boats	Total
Year ended 31 March 2013						
	At 1 April 2012					
	Net of Accumulated Depreciation/Amortisation	3,082,266	5,164,615	175,487	126,578	8,548,946
	Additions	-	2,160	144,952	-	147,112
	Disposals	-	-	-	-	-
	Depreciation/Amortisation	(363,178)	(217,009)	(43,747)	(8,831)	(632,765)
	At 31 March 2013					
	Net of Accumulated Depreciation/Amortisation	2,719,088	4,949,766	276,692	117,747	8,063,293
At 1 April 2012						
	Cost or Fair Value	5,168,284	6,456,403	431,428	128,270	12,184,385
	Accumulated Deprecation/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
At 31 March 2013						
	Cost or Fair Value	5,168,284	6,458,563	576,380	128,270	12,331,497
	Accumulated Deprecation/Amortisation	(2,449,196)	(1,508,797)	(299,688)	(10,523)	(4,268,204)
	Net Carrying Amount	2,719,088	4,949,766	276,692	117,747	8,063,293
		Marina	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 Deprecation/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 Deprecation/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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	2013 \$	2012 \$
<b>10 Trade and Other Payables</b>		
<b>Current</b>		
Creditors - Trade	93,432	155,691
GST Payable	62,400	74,086
Sundry payables and accrued expenses	116,603	188,958
	<u>272,434</u>	<u>418,735</u>
<b>11 Borrowings</b>		
<b>Non-Current</b>		
Secured liabilities		
Bill Facility - NAB	<u>1,890,000</u>	<u>2,400,000</u>
The carrying amounts of non-current assets pledged as security are:		
Floating charge over fixed assets	<u>8,063,293</u>	<u>8,548,946</u>
The Market Facility is secured by mortgages held by National Australia Bank over the sub-leased properties with the Waterways Authority.		
<b>12 Provisions</b>		
<b>Short Term</b>		
Provision for Annual Leave	51,177	54,834
	<u>51,177</u>	<u>54,834</u>
<b>Long Term</b>		
Provision for Long Service Leave	14,044	8,889
	<u>14,044</u>	<u>8,889</u>
<b>13 Other Liabilities</b>		
<b>Current</b>		
Member Subscription Income	95,200	100,939
Marine Fees Received in Advance	49,798	43,532
Deferred Income (Marina)	239,053	239,053
Rent Received in Advance	32,203	43,026
	<u>416,254</u>	<u>426,549</u>
<b>Non-Current</b>		
Deferred Income (Marina)	<u>1,183,178</u>	<u>1,420,433</u>
<b>14 Auditor's Remuneration</b>		
Amounts received, or due to be receivable by the Auditor of the Company for:-		
Audit Services	15,400	14,950
Accounting and Other Services	10,070	4,200
Prior year adjustment	-	(2,440)
	<u>25,470</u>	<u>16,710</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 \$42,120 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 \$23,937 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.

*Capital Expenditure Commitments*

At the date of this report the Board had resolved to spend \$150,000 on a fuel tank replacement project, to be expended within one year.

**16 Contingent Liabilities**

As at 31 March 2013, and to the date of this report, the Directors are not aware of any contingent liabilities.

**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.

**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 \$40,526. 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 \$1,890,000. The current interest rate on this facility is 6.718%

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**18 Additional Financial Instrument Disclosure (cont.)**

**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	(1,890,000)	-	-	(1,890,000)
Balance Available for Drawdown	1,610,000	250,000	150,000	2,010,000

**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.

**19 Going Concern**

As at 31 March 2013 current assets of the Club were \$303,389 compared to current liabilities of \$739,865 representing a deficiency in working capital of \$436,476. 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 \$197,423.

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 \$533,038. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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

	<b>2013</b>	<b>2012</b>
Cash on Hand	88,894	212,968
	<u>88,894</u>	<u>212,968</u>

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

<b>Operating Profit/(loss) After Tax</b>	286,216	196,685
<u>Non-Cashflow in Operating Profit/(Loss)</u>		
Depreciation and Amortisation	632,765	610,631
<u>Changes in Assets and Liabilities</u>		
(Increase)/Decrease in Trade and Other Debtors	(446)	73,746
(Increase)/Decrease in Inventories	9,432	5,878
(Increase)/Decrease in Other Assets	(2,576)	3,106
Increase/(Decrease) in Trade Creditors and Accruals	(146,300)	94,878
Increase/(Decrease) in Provisions	1,497	(83,672)
Increase/(Decrease) in Other Liabilities	(247,550)	(254,992)
<b>Net Cash From Operating Activities</b>	<u>533,038</u>	<u>646,260</u>

**21 New Accounting Standards and Interpretation**

<b>Title of Standard</b>	<b>Issue Date</b>	<b>Application Date **</b>
AASB 2010-7 Further Amendments to Australian Accounting Standards	December 2010	January 2015
** 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 2293