

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2014

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DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2014.

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	Appointed / Resigned
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	7.8	
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	4.5	
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 and has competed in 5 Sydney to Hobarts.	Rear Commodore	3.8	
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	3.3	
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	7.8	
Tony Lobb	Tony is a General Manager of two Mining Services / Manufacturing Companies and has previously owned other companies in the mining industry. Tony enjoys racing <i>PT73</i> his Farr 40 One Design yacht as well as his Laser dinghy <i>PT 7.3</i> in Club races and the off regatta.	Director	4.5	
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	1	

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

2. 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.

3. Operating Results

The net result of operations, after applicable income tax, was a profit of \$579 (2013 profit \$286,216).

DIRECTORS' REPORT (Cont.)

4. Review of Operations

2013-14 saw the Club conduct a very successful sailing season which included the NCYC 2013 Winter Series, EnviroPacific Inner Spring Regatta, the Auto Advantage Newcastle Port Stephens Race, the 2014 Audi IRC Australian Championship (post financial year end) and Club Racing. In addition to being represented in the various East Coast Bluewater races and other keel boat regattas including the Rolex Sydney Hobart Race, Sydney Southport Race, Sail Port Stephens Regatta, Audi IRC Australian Championship and the Beneteau Cup, NCYC's Friday evening Laser racing fleet continued to consolidate numbers and formalise its sailing activities. In a first, NCYC was also represented at the NSW Laser Coast Championships and the Australian Laser Masters Championship during the year.

Over the last twelve months the Club has built a strong base and reputation off which to grow sailing in Newcastle both in terms of greater sailing Club and dinghy sailing activities but also potentially additional youth sailing initiatives and more regatta style events.

Significant capital and ongoing maintenance works were undertaken at the Club during the year which included the replacement of NCYC underground petrol and diesel fuel tanks, installation of Commercial Centre restricted parking infrastructure, installation of sail shades over part of NCYC's courtyard, installation of flag poles around the precinct, marina pile end maintenance and the replacement of A Arm's gangway and the related installation of two dinghy launching pontoons.

During the year the Board and management has developed a five year strategic plan which will be presented to the Members at this year's Annual General Meeting. The strategic plan is aimed at assisting set the context in which both operation and strategic decisions are considered having regard to the overall objectives the Club wishes to achieve in the medium term. This is a Corporate Governance milestone for the Club and is indicative that the Club is maturing as an organisation.

Tougher trading conditions and reduced functions spend by the corporate sector has seen Bar Revenues in the Club fall during the financial year while Food Revenues have remained in line with the prior year's result. The NCYC's Commercial Centre and Boatyard continued to be a principal contributors to Club revenues notwithstanding the second half of the year saw some vacancy in NCYC's office space. The Club's Marina occupancy rates continued to grow throughout the year with NCYC recording the strongest marina revenue figures achieved to date. This has been as a result of more permanent berthing at NCYC as well as growth in awareness of our marina facility across the cruising community.

The Club recorded a net profit for the year of \$576 compared to \$286,216 for the previous year and paid down \$150,000 of debt leaving a year-end balance of \$1,740,000. The Board views this as an acceptable outcome given the significant costs of repairs and maintenance incurred and the large capital expenditure program undertaken by the Club during the year which included and asset write down in respect to our existing fuel tank and removal and replacement of that tank. Our operating cash flow for the year was \$507,427 compared to \$533,038 last year that indicates the underlying health of our business.

As outlined in the 2013-14 Review of Operations, the last twelve months has seen a tightening in general economic conditions to which NCYC has not been sheltered. The Board and Management have a positive view of the year ahead, however remain mindful that similar economic conditions remain the theme for the coming year and therefore will proceed cautiously with Club's current and future projects.

5. Meeting Attendances

During the financial year ended 31 March 2014, 13 meetings of Directors were held and 4 Strategy meetings were also conducted. The details of each Directors' attendances at those meetings is given below:

<u>Director</u>	<u>Number of Board Meetings Attended</u>	<u>Eligible Number of Board Meetings to Attend</u>	<u>Number of Board Strategy Meetings Attended</u>	<u>Number of Board Strategy Meetings Eligible to Attend</u>	<u>Number of Sailing Committee Meetings Attended</u>	<u>Number of Sailing Committee Meetings Eligible to Attend</u>
Phil Arnall	11	13	3	3	0	0
Jim Holley	12	13	2	3	0	0
Ernst Thirkell	12	13	3	3	8	11
Tony Lobb	10	13	2	3	7	11
Kym Butler	10	13	3	3	11	11
Larry Curtis	12	13	3	3	0	0
Steve Rae	13	13	3	3	0	0

6. Short and Long Term Objectives

The Club's short and long term objectives are to;

Encourage and promote sports of amateur yachting and boating and cruising for pleasure. These are in accordance with the principal objectives in the Club's constitution.

To achieve these objectives the Club has adopted the following strategies;

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.)

7. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2014 has been received and is set out on page 5 of the financial report. DFK Crosbie 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 (DFK Crosbie) for audit and non-audit services are provided in Note 14.

8. 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 2014 the collective liability of members was \$1,876.

9. Financial Report

The financial report was authorised for issue on 27 May 2014. The Company has the power to amend and re-issue the financial report.

10. 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: 27 May 2014



LEADING ACCOUNTANTS AND 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 2014 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

DFK Crosbie Partners
Chartered Accountants

Dated: 27 May 2014
 Warabrook, NSW

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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 2014, 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.

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 2014 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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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 2014 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;



Kirsty Porteous - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 27 May 2014
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) complying with Accounting Standards in Australia;
 - (b) giving a true and fair view of the Company's financial position as at 31 March 2014 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: 27 May 2014

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	40,692	88,894
Trade & Other Receivables	6	146,591	118,225
Inventories	7	67,716	56,568
Other Assets	8	51,375	39,702
TOTAL CURRENT ASSETS		<u>306,374</u>	<u>303,389</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	7,727,894	8,063,293
TOTAL NON-CURRENT ASSETS		<u>7,727,894</u>	<u>8,063,293</u>
TOTAL ASSETS		<u>8,034,268</u>	<u>8,366,682</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	255,664	262,232
Provisions	12	62,711	51,177
Other Liabilities	13	472,110	426,456
TOTAL CURRENT LIABILITIES		<u>790,485</u>	<u>739,865</u>
NON-CURRENT LIABILITIES			
Borrowings	11	1,740,000	1,890,000
Provisions	12	20,085	14,044
Other Liabilities	13	943,523	1,183,178
TOTAL NON-CURRENT LIABILITIES		<u>2,703,608</u>	<u>3,087,222</u>
TOTAL LIABILITIES		<u>3,494,094</u>	<u>3,827,087</u>
NET ASSETS		<u>4,540,174</u>	<u>4,539,595</u>
MEMBERS' FUNDS			
Accumulated Profits		4,540,170	4,539,595
TOTAL MEMBERS' FUNDS		<u>4,540,170</u>	<u>4,539,595</u>

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 2014

	Note	2014 \$	2013 \$
Bar Sales		941,229	1,017,801
Less: Bar Cost of Goods Sold		(309,418)	(324,191)
		631,811	693,610
Catering Sales		1,147,651	1,135,988
Less: Catering Cost of Goods Sold		(457,882)	(428,777)
		689,770	707,211
Fuel Sales		253,624	270,646
Less: Fuel Cost of Goods Sold		(221,399)	(222,494)
		32,225	48,152
Gross Profit / (Loss)		1,353,806	1,448,973
Tenant Rental		626,808	646,589
Marina Leases		239,655	239,655
Marina Rental		610,747	494,146
Interest Received		81	272
Other Revenue from Ordinary Activities		282,005	242,037
		1,759,297	1,622,699
Total Trading and Other Income		3,113,103	3,071,672
Expenses			
Bar Trading Expenses		(328,517)	(344,781)
Catering Trading Expenses		(423,979)	(425,647)
Clubhouse Expenses		(604,985)	(561,424)
Marina Expenses		(696,939)	(571,064)
Sailing Expenses		(130,994)	(112,133)
Commercial Rental Expenses		(218,396)	(166,471)
Borrowing Cost Expense	4	(123,794)	(146,202)
Administrative Expenses		(584,923)	(457,734)
Total Expenses		(3,112,527)	(2,785,456)
Net Operating Profit/(Loss) Before Income Tax		576	286,216
Income Tax Expense	1(b)	-	-
Net Operating Profit/(Loss) For The Year		576	286,216
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		576	286,216

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

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STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts from Members and Guests		3,937,525	4,297,306
Payments to Suppliers and Employees		(3,306,389)	(3,618,338)
Interest Received		81	272
Interest Paid		(123,794)	(146,202)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	20	<u>507,424</u>	<u>533,038</u>
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(421,481)	(147,112)
Proceeds on the Disposal of Property, Plant & Equipment		15,852	-
<i>Net Cash Flows provided by (used in) Investing Activities</i>		<u>(405,629)</u>	<u>(147,112)</u>
Cash Flows from Financing Activities			
Proceeds from Borrowings		-	-
Repayments of Borrowings		(150,000)	(510,000)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		<u>(150,000)</u>	<u>(510,000)</u>
<i>Net Increase/(Decrease) in Cash Held</i>		(48,205)	(124,074)
Cash and Cash Equivalents at the Beginning of the Financial Year		<u>88,894</u>	<u>212,968</u>
Cash and Cash Equivalents at the End of the Financial Year	20	<u>40,689</u>	<u>88,894</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 2014

	Note	2014 \$	2013 \$
Opening Balance 1 April			
- Accumulated Profits		4,539,595	4,253,379
Comprehensive Income/(Loss) for year		576	286,216
Closing Balance 31 March			
- Accumulated Profits		4,540,170	4,539,595
		<u>4,540,170</u>	<u>4,539,595</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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) 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).

(c) Inventories

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

(d) 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	5 - 11%
Buildings at cost	5%
Plant and Equipment	15 - 33%
Leasehold Improvements	2.5 - 5%
Club Boats	6 - 17%

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.

(e) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

(f) 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 2014

(g) 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.

(h) 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.

(i) 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 2014. 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.

(j) Employee Benef

Short Term

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long Term

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. A discount rate of the cash rate as at year end has been used.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(k) 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.

(l) Comparative Figures

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

(m) 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 2014

	2014 \$	2013 \$
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	3,819,715	3,804,825
Other Revenue from Ordinary Activities:		
Membership Subscriptions	93,923	97,897
Sailing Income	75,103	62,796
Marina Outgoings Re-imbursement	60,666	46,173
Merchandise Sales	6,530	4,619
ATM Commission	11,115	10,104
Interest Received	81	272
Sundry Income	44,664	20,448
Total Revenue	4,111,797	4,047,134
4 Operating Profit		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Charges		
Borrowing Cost Expense	123,794	146,202
Depreciation - Marina	363,964	363,174
- Leasehold Improvements	218,665	220,715
- Plant & Equipment	68,399	43,747
- Club Boats	8,831	5,129
Total Depreciation	659,859	632,765
Operating Lease Rental Expense/(Benefit)		
Rent - wet	29,149	(4,653)
Rent - land	56,218	(22,942)
	85,367	(27,595)
In the 2012 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 previous year. The rental increases will be phased in over a period of 4 years.		
Employee Benefits - Wages	1,084,532	1,045,341
- Payroll Tax	24,961	24,942
- Superannuation	97,507	92,047
- Leave Provisions	17,575	1,498
5 Cash and Cash Equivalents		
Cash on Hand & at Bank	40,692	88,894
6 Trade & Other Receivables		
Current		
Debtors Trade	146,591	118,225

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

		2014 \$	2013 \$
10	Trade and Other Payables		
	Current		
	Creditors - Trade	97,435	93,432
	Payabl	71,381	62,400
	Sundry payables and accrued expenses	86,848	106,401
		<u>255,664</u>	<u>262,232</u>
11	Borrowings		
	Non-Current		
	Secured liabilities		
	Bill Facility - NAB	1,740,000	1,890,000
		<u>1,740,000</u>	<u>1,890,000</u>
	The carrying amounts of non-current assets pledged as security are:		
	Floating charge over fixed assets	7,727,894	8,063,293
		<u>7,727,894</u>	<u>8,063,293</u>
	The Market Facility is secured by mortgages held by National Australia Bank over the sub-leased properties with the NSW Roads and Maritime Service.		
12	Provisions		
	Current		
	Provision for Annual Leave - Short Term	42,467	41,633
	Provision for Annual Leave - Long Term	20,244	9,544
		<u>62,711</u>	<u>51,177</u>
	Non Current		
	Provision for Long Service Leave	20,085	14,044
		<u>20,085</u>	<u>14,044</u>
13	Other Liabilities		
	Current		
	Income	122,812	95,200
	Advance	54,685	49,798
	Deferred Income (Marina)	239,053	239,053
	Rent Received in Advance	27,360	32,203
	Other Income Received in Advance	28,200	10,202
		<u>472,110</u>	<u>426,456</u>
	Non-Current		
	Deferred Income (Marina)	943,523	1,183,178
		<u>943,523</u>	<u>1,183,178</u>
14	Auditor's Remuneration		
	Amounts received, or due to be receivable by the Auditor of the Company for:-		
	Audit Services	15,650	15,400
	Accounting and Other Services	9,600	10,070
	Prior year adjustment	-	-
		<u>25,250</u>	<u>25,470</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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 \$56,219 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 \$29,820 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 did not have any capital commitments.

16 Contingent Liabilities

As at 31 March 2014, and to the date of this report, the Directors are not aware of any contingent liabilities.

17 Related Parties

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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.

Tony Lobb is a Director of DB Mining Supply Pty Ltd which provided fabrication services to Newcastle Cruising Yacht Club on normal commercial terms and conditions. Payments totalling \$8,390 were made to DB Mining Supply Pty Ltd during the year.

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 \$24,854. 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 \$1,740,000. The current interest rate on this facility is 5.705%

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 2014

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 February 2028.

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	3,500,000	250,000	150,000	3,900,000
Balance	(1,740,000)	-	-	(1,740,000)
Balance Available for Drawdown	1,760,000	250,000	150,000	2,160,000

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 2014 current assets of the Club were \$306,374 compared to current liabilities of \$790,485 representing a deficiency in working capital of \$484,111. Current liabilities includes unearned income in respect of marina berth sales which is recognised as income over the period of each marina berth sublease. Excluding the unearned marina berth revenue, the working capital deficit at balance date is \$163,013.

The Club has an overdraft facility of \$150,000 and has a re-draw facility on borrowings to assist short term cashflow needs. Further, the Statement of Cashflows shows net cashflows from operations of \$507,427. This together with the significant investment in property, plant and equipment, and forecasted operating profit results and strong cash flows 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 2014

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

	2014	2013
Cash on Hand	40,692	88,894
	<u>40,692</u>	<u>88,894</u>

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

Operating Profit/(loss) After Tax	576	286,216
<u>Non-Cashflow in Operating Profit/(Loss)</u>		
Depreciation and Amortisation	659,859	632,765
(Profit)/Loss on disposal of as	81,169	-
<u>Changes in Assets and Liabilities</u>		
(Increase)/Decrease in Trade and Other Debtors	(28,366)	(446)
(Increase)/Decrease in Inventories	(11,148)	9,432
(Increase)/Decrease in Other Assets	(11,673)	(2,576)
Increase/(Decrease) in Trade Creditors and Accruals	(6,568)	(146,300)
Increase/(Decrease) in Provisions	17,575	1,497
Increase/(Decrease) in Other Liabilities	(194,000)	(247,550)
Net Cash From Operating Activities	<u>507,424</u>	<u>533,038</u>

21 New Accounting Standards and Interpretation

a) AASB 1053 Application of Tiers of Australian Accounting Standards (effective 1 July 2013)

Implements a reporting framework consisting of two tiers, which will give the Club the option of preparing general purpose financial statements under the reduced disclosure requirements. If adopted by the Club this would decrease the disclosure requirements of the financial statements.

22 Club Details

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

Suite 9
Hannell
2293