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

## FINANCIAL REPORT
## FOR THE YEAR ENDED 31 MARCH 2016

## CONTENTS

# NEWCASTLE CRUISING YACHT CLUB LIMITED
## (ACN 064 201 029)
## DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2016.

**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 |
|---|---|---|---|---|
| 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 *Aurora*. | Commodore | 6.5 | |
| Tony Lobb | Tony is a General Manager of two Mining Services / Manufacturing Companies and has previously owned other companies in the mining industry. Tony enjoyed racing *PT73* his Farr 40 One Design yacht as well as his Laser dinghy *PT 7.3* in Club races and the off regatta. | Vice Commodore | 6.5 | |
| Barry Kelly | Barry is a qualified pilot having commenced his career with the RAAF flying Mirages and F18s. He went on to fly with Cathay Pacific Airways in Hong Kong retiring as a Senior Check Captain and Flying Training Manager. Barry owns and regularly races Archambault M34, Concealed Weapon, in NCYC club races and combined series. | Rear Commodore | 1 | Appointed 1/04/2015 |
| 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 | 9.8 | |
| Steve Rae | Steve is a regular participant in NCYC yacht races skippering Marta Jean. 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. | Treasurer | 3 | |
| Phil Ashley-Brown | Phil is a Walkley Award winning journalist and national Quality Manager for ABC radio. Phil holds a Bachelor of Communications (Hons) from University of Newcastle and a Diploma of Management from Southern Cross University. Phil regularly races Flip his Laser at NCYC and crews on Beneteau 34.7, Summersalt. | Director | 1 | Appointed 1/04/2015 |
| Adrian Kiely | Adrian holds a Bachelor of Arts and a Bachelor of Laws from The University of Sydney. He practices as a solicitor with Legal Aid NSW in Newcastle. A veteran of 7 Sydney Hobart races, he is a regular crew member on NCYC yacht "She's the Culprit" and enjoys racing a Laser in NCYC events. | Director | | Appointed 12/07/2015, ratified at 13/08/2015 AGM |
| 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. | | | Retired 9/06/2015 |
| Phil Arnall | Phil is a director of a number of public companies and has previous senior management experience in the manufacturing industry. Phil owns *Anger Management* and is regular participant in the Club race calendar as well as East coast blue water races and regattas. | | | Retired 1/04/2015 |
| 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 a 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 *Nigaloo*. | | | Retired 1/04/2015 |

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 $167,632 (2015 profit $140,205).

## DIRECTORS' REPORT (Cont.)

### 4. Review of Operations

22015-16 was a challenging year for NCYC that included significant employee change, restructuring and a weakened regional economy. The Club benefited from strong cash flows throughout and was able to pay down $200,000 in borrowings during the year.

The Club was able to further expand the Sailing Academy operation through the acquisition of 12 Optimist Dinghy's for the structured YA "Tackers" program. A refit of committee boat "Wombat" was undertaken to upgrade its operational effectiveness plus mast refurbishments to the Force 24s was undertaken to extend the working life of the fleet.

NCYC's commercial leasing business occupancy rate dipped in the second half of the year and subsequently the space was repurposed to benefit the Club functions business. Full occupancy remains the primary objective for the commercial leasing business. In contrast, the Marina achieved occupancy 100% during the December peak and has remained comparatively strong since. Revenue growth for the Marina business remains consistent and is somewhat shielded from the regions weakened economy by ongoing growth in the transient vessels visiting the Club.

The Club food and beverage operations adapted to varying challenges throughout the year and despite a strong finish was unable to achieve an acceptable yearly result. The changes implemented during 2015-16 have however laid the foundation for revenue growth in 2016-17 and the functions business area will play a leading role in this outcome.

The 2016-17 year includes key employee appointments in sailing and beverage plus further planned capital expenditure toward sailing in line with the strategic objectives of the Club. The Board and management are optimistic about the year ahead however acknowledge challenges still exist and these cannot be underestimated.

### 5. Meeting Attendances

During the financial year ended 31 March 2016, 15 meetings of Directors were held. The details of each Directors' attendances at those meetings is given below:

| Director | Number of Board Meetings Attended | Eligible Number of Board Meetings to Attend |
|---|---|---|
| Jim Holley | 15 | 15 |
| Ernst Thirkell | 13 | 15 |
| Tony Lobb | 9 | 15 |
| Steve Rae | 13 | 15 |
| Barry Kelly | 13 | 14 |
| Phil Ashely-Brown | 14 | 15 |
| Adrian Kiely | 9 | 10 |
| Kym Butler | 2 | 4 |
| Phil Arnall | 1 | 1 |
| Larry Curtis | 0 | 1 |

### 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 2016 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 2016 the collective liability of members was $1,814.

### 9. Financial Report

The financial report was authorised for issue on 31 May 2016. 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, Commercial Centre and Laser Compound situated at 95 Hannell Street, Wickham NSW 2293 |
| Non-Core: | - 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:-

J. Holley.

**Dated: 31 May 2016**

Jim Holley - Commodore

S. Rae

Steve Rae - Treasurer

dfk crosbie
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 2016 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

**Dated: 31 May 2016**
**Warabrook, NSW**

DFK Crosbie Partners

DFK Crosbie Partners
Chartered Accountants

dfk crosbie
LEADING ACCOUNTANTS AND 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 2016, the Statement of Profit or Loss and Other 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) 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 if 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 2016 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.



**Newcastle**
Cnr Pacific Hwy and Warabrook Blvd,
Warabrook, NSW 2304
Box 29 Hunter region MC NSW 2310
Ph: 02 4923 4000 | F: 02 4923 4040
www.dfkcrosbie.com.au

**Gold Coast**
Level 2, 7 Short Street Southport QLD 4215
PO Box 2147 Southport QLD 4215
Ph: 07 5591 4444 | F: 07 5531 1000
www.dfkcrosbie.com.au

**Sydney**
Level 1, Suite 107 Edgecliff Centre
203 New South Head Rd Edgecliff NSW 2027
Ph: 02 9301 5200 | F: 02 9363 0335
www.dfkcrosbie.com.au

dfk crosbie
LEADING ACCOUNTANTS AND 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 2016 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

Kirsty Porteous - Partner

**Dated: 31 May 2016**
**Warabrook, NSW**

DFK Crosbie Partners

DFK Crosbie Partners
Chartered Accountants

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

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

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, the Corporations Regulations 2001 and other mandatory professional reporting obligations; and

(b) giving a true and fair view of the Company's financial position as at 31 March 2016 and of its performance, 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:

J. Holley.

**Dated: 31 May 2015**

Jim Holley - Commodore

S. Rae

**Steve Rae - Treasurer**

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

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2016

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and Cash Equivalents | 5 | 16,747 | 49,667 |
| Trade & Other Receivables | 6 | 144,107 | 156,021 |
| Inventories | 7 | 49,391 | 57,701 |
| Other Assets | 8 | 56,843 | 69,874 |
| **TOTAL CURRENT ASSETS** | | 267,088 | 333,263 |
| **NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 9 | 7,078,829 | 7,318,149 |
| **TOTAL NON-CURRENT ASSETS** | | 7,078,829 | 7,318,149 |
| **TOTAL ASSETS** | | 7,345,917 | 7,651,412 |
| **CURRENT LIABILITIES** | | | |
| Trade and Other Payables | 10 | 250,871 | 305,289 |
| Borrowings | 11 | 1,226,467 | 1,420,000 |
| Provisions | 12 | 71,624 | 45,542 |
| Other Liabilities | 13 | 443,272 | 472,361 |
| **TOTAL CURRENT LIABILITIES** | | 1,992,234 | 2,243,192 |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 11 | 19,399 | - |
| Provisions | 12 | 22,063 | 23,976 |
| Other Liabilities | 13 | 464,213 | 703,868 |
| **TOTAL NON-CURRENT LIABILITIES** | | 505,675 | 727,844 |
| **TOTAL LIABILITIES** | | 2,497,909 | 2,971,036 |
| **NET ASSETS** | | 4,848,008 | 4,680,376 |
| **MEMBERS' FUNDS** | | | |
| Accumulated Profits | | 4,848,008 | 4,680,376 |
| **TOTAL MEMBERS' FUNDS** | | 4,848,008 | 4,680,376 |

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

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

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31 MARCH 2016

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| Bar Sales | | 833,772 | 1,018,492 |
| Less: Bar Cost of Goods Sold | | (289,673) | (343,582) |
| | | 544,099 | 674,910 |
| Catering Sales | | 1,029,733 | 1,206,614 |
| Less: Catering Cost of Goods Sold | | (342,726) | (464,906) |
| | | 687,007 | 741,708 |
| Fuel Sales | | 240,135 | 259,091 |
| Less: Fuel Cost of Goods Sold | | (199,123) | (228,701) |
| | | 41,012 | 30,390 |
| **Gross Profit / (Loss)** | | 1,272,118 | 1,447,008 |
| Tenant Rental | | 680,484 | 667,621 |
| Marina Leases | | 239,655 | 239,655 |
| Marina Rental | | 680,715 | 627,728 |
| Club Sailing Income | | 39,524 | 106,939 |
| Sailing Academy Income | | 52,951 | 25,270 |
| Interest Received | | 53 | 24 |
| Other Revenue from Ordinary Activities | | 251,700 | 252,986 |
| | | 1,945,082 | 1,920,223 |
| **Total Trading and Other Income** | | 3,217,200 | 3,367,231 |
| Expenses | | | |
| Bar Trading Expenses | | (373,110) | (359,620) |
| Catering Trading Expenses | | (457,630) | (471,194) |
| Clubhouse Expenses | | (560,543) | (591,246) |
| Marina Expenses | | (468,506) | (676,214) |
| Commercial Rental Expenses | | (234,308) | (250,740) |
| Club Sailing Expenses | | (155,466) | (187,250) |
| Sailing Academy Expenses | | (117,564) | (53,622) |
| Borrowing Cost Expense | 4 | (73,535) | (97,063) |
| Administrative Expenses | | (608,906) | (540,077) |
| **Total Expenses** | | (3,049,568) | (3,227,026) |
| **Net Operating Profit/(Loss) Before Income Tax** | | 167,632 | 140,205 |
| Income Tax Expense | 1(b) | - | - |
| **Net Operating Profit/(Loss) For The Year** | | 167,632 | 140,205 |
| Other Comprehensive Income | | - | - |
| **Total Comprehensive Income/(Loss)** | | 167,632 | 140,205 |

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

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

## STATEMENT OF CASHFLOWS
## FOR THE YEAR ENDED 31 MARCH 2016

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Receipts from Members and Guests | | 4,172,514 | 4,564,589 |
| Payments to Suppliers and Employees | | (3,724,718) | (3,835,797) |
| Interest Received | | 53 | 24 |
| Interest Paid | | (73,535) | (97,062) |
| *Net Cash Flows provided by (used in) Operating Activities* | 20 | 374,314 | 631,754 |
| **Cash Flows from Investing Activities** | | | |
| Payments for Property, Plant and Equipment | | (233,100) | (311,506) |
| Proceeds on the Disposal of Property, Plant & Equipment | | - | 8,727 |
| *Net Cash Flows provided by (used in) Investing Activities* | | (233,100) | (302,779) |
| **Cash Flows from Financing Activities** | | | |
| Repayments of Borrowings | | (200,000) | (320,000) |
| Proceeds from Borrowings | | 25,866 | - |
| *Net Cash Flows provided by (used in) Financing Activities* | | (174,134) | (320,000) |
| ***Net Increase/(Decrease) in Cash Held*** | | (32,920) | 8,975 |
| **Cash and Cash Equivalents at the Beginning of the Financial Year** | | 49,667 | 40,692 |
| **Cash and Cash Equivalents at the End of the Financial Year** | 20 | 16,747 | 49,667 |

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

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2016

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **Opening Balance 1 April** | | | |
| - Accumulated Profits | | 4,680,376 | 4,540,171 |
| Comprehensive Income/(Loss) for year | | 167,632 | 140,205 |
| **Closing Balance 31 March** | | | |
| - Accumulated Profits | | 4,848,008 | 4,680,376 |
| | | 4,848,008 | 4,680,376 |

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

## 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* . Newcastle Cruising Yacht Club is a not for profit entity for the purposes of preparing the financial statements.

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 Construction | 2 - 20% |
| Leasehold Improvements | 2.5 - 5% |
| Plant and Equipment | 5 - 33% |
| Club Boats | 6 - 20% |

*Impairment*

The carrying values of plant and equipment are reviewed for impairment 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 pré-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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income.

### (e) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

### (f) 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.

### (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) 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.

### (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 2016. 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

*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. Discount rates at the Australian bond rate matching the estimated future cash outflows have 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.

### (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.

### (n) Limited by Guarantee

The Club is an incorporated body having no share capital and the liability of Members is limited by guarantee.

## 2 Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

***Leases***

The company has entered into leases of the land and waterways occupied by the Club and Marina facility as disclosed in Note 15. Management has determined that the significant risks and rewards of ownership of the land remains with the lessor and has therefore classified the leases as operating leases.

***Useful lives of non-current assets***

The useful life of Leasehold Improvements, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the Statement of Profit or loss and other comprehensive income should they change.

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

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2016**

| | | | 2016 $ | 2015 $ |
|---|---|---|---|---|
| 3 | **Operating Revenue** | | | |
| | Operating Activities: | | | |
| | Trading Revenue | | 3,796,969 | 4,151,410 |
| | Other Revenue from Ordinary Activities: | | | |
| | Membership Subscriptions | | 112,437 | 120,950 |
| | Marina Outgoings Re-imbursement | | 73,990 | 67,410 |
| | Merchandise Sales | | 4,303 | 4,490 |
| | ATM Commission | | 8,154 | 11,037 |
| | Interest Received | | 53 | 24 |
| | Sundry Income | | 52,816 | 49,099 |
| | Total Revenue | | 4,048,722 | 4,404,420 |
| 4 | **Operating Profit** | | | |
| | Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:- | | | |
| | **Charges** | | | |
| | Borrowing Cost Expense | | 73,535 | 97,063 |
| | Loss on disposal of assets | | 66,310 | 1,263 |
| | Depreciation | - Marina | 100,998 | 384,846 |
| | | - Leasehold Improvements | 212,671 | 241,538 |
| | | - Plant & Equipment | 48,107 | 43,236 |
| | | - Club Boats | 44,334 | 40,921 |
| | Total Depreciation | | 406,110 | 710,541 |
| | Operating Lease Rental Expense/(Benefit) | | | |
| | Rent - wet | | 41,509 | 36,209 |
| | Rent - land | | 87,383 | 90,697 |
| | | | 128,892 | 126,906 |
| | Employee Benefits | - Wages | 1,273,412 | 1,167,224 |
| | | - Payroll Tax | 36,653 | 30,887 |
| | | - Superannuation | 118,083 | 110,563 |
| | | - Leave Provisions | 24,169 | (13,278) |
| 5 | **Cash and Cash Equivalents** | | | |
| | Cash on Hand & at Bank | | 16,747 | 49,667 |
| | | | 16,747 | 49,667 |
| 6 | **Trade & Other Receivables** | | | |
| | **Current** | | | |
| | Debtors Trade | | 144,107 | 156,021 |
| | | | 144,107 | 156,021 |
| 7 | **Inventories** | | | |
| | Stock on Hand - at Cost | | 49,391 | 57,701 |
| | | | 49,391 | 57,701 |
| 8 | **Other Assets** | | | |
| | Prepayments | | 56,843 | 69,874 |
| | | | 56,843 | 69,874 |

## 9 Property, Plant and Equipment

| | Marina | Leasehold Improvements | Plant & Equipment | Club Boats | Total |
|---|---|---|---|---|---|
| **Year ended 31 March 2016** | | | | | |
| At 1 April 2015 | | | | | |
| Net of Accumulated Depreciation/Amortisation | 2,154,903 | 4,710,925 | 147,789 | 304,532 | 7,318,149 |
| Additions | 10,489 | 86,454 | 28,832 | 107,325 | 233,100 |
| Disposals | - | (37,500) | - | (28,810) | (66,310) |
| Depreciation/Amortisation | (100,998) | (212,671) | (48,107) | (44,334) | (406,110) |
| Transfers | - | - | - | - | - |
| At 31 March 2016 | | | | | |
| Net of Accumulated Depreciation/Amortisation | 2,064,394 | 4,547,208 | 128,514 | 338,713 | 7,078,829 |
| **At 1 April 2015** | | | | | |
| Cost or Fair Value | 5,369,754 | 6,637,944 | 299,590 | 391,653 | 12,698,941 |
| Accumulated Deprecation/Amortisation | (3,214,851) | (1,927,019) | (151,801) | (87,121) | (5,380,792) |
| Net Carrying Amount | 2,154,903 | 4,710,925 | 147,789 | 304,532 | 7,318,149 |
| **At 31 March 2016** | | | | | |
| Cost or Fair Value | 5,380,243 | 6,664,398 | 328,422 | 470,088 | 12,843,151 |
| Accumulated Deprecation/Amortisation | (3,315,849) | (2,117,190) | (199,908) | (131,375) | (5,764,322) |
| Net Carrying Amount | 2,064,394 | 4,547,208 | 128,514 | 338,713 | 7,078,829 |

| | Marina | Leasehold Improvements | Plant & Equipment | Club Boats | Total |
|---|---|---|---|---|---|
| **Year ended 31 March 2015** | | | | | |
| At 1 April 2014 | | | | | |
| Net of Accumulated Depreciation/Amortisation | 2,365,127 | 4,694,022 | 559,829 | 108,916 | 7,727,894 |
| Additions | 20,625 | 96,089 | 47,815 | 146,976 | 311,505 |
| Disposals | - | - | (2,336) | (7,654) | (9,990) |
| Depreciation/Amortisation | (384,846) | (242,257) | (43,235) | (40,922) | (711,260) |
| Transfers | 153,997 | 163,071 | (414,284) | 97,216 | - |
| At 31 March 2015 | | | | | |
| Net of Accumulated Depreciation/Amortisation | 2,154,903 | 4,710,925 | 147,789 | 304,532 | 7,318,149 |
| **At 1 April 2014** | | | | | |
| Cost or Fair Value | 5,178,284 | 6,382,487 | 852,649 | 128,270 | 12,541,690 |
| Accumulated Deprecation/Amortisation | (2,813,157) | (1,688,465) | (292,820) | (19,354) | (4,813,796) |
| Net Carrying Amount | 2,365,127 | 4,694,022 | 559,829 | 108,916 | 7,727,894 |
| **At 31 March 2015** | | | | | |
| Cost or Fair Value | 5,369,754 | 6,637,944 | 299,590 | 391,653 | 12,698,941 |
| Accumulated Deprecation/Amortisation | (3,214,851) | (1,927,019) | (151,801) | (87,121) | (5,380,792) |
| Net Carrying Amount | 2,154,903 | 4,710,925 | 147,789 | 304,532 | 7,318,149 |

## 10 Trade and Other Payables

| | 2016 $ | 2015 $ |
|---|---|---|
| **Current** | | |
| Creditors - Trade | 73,878 | 107,605 |
| GST Payable | 71,842 | 76,247 |
| Sundry payables and accrued expenses | 105,151 | 121,437 |
| | 250,871 | 305,289 |

| | 2016 $ | 2015 $ |
|---|---|---|
| **11 Borrowings** | | |
| **Current** | | |
| Secured liabilities | | |
| Loan Facility - NAB | 1,220,000 | 1,420,000 |
| Loan - Yachting Australia | 6,467 | - |
| | 1,226,467 | 1,420,000 |
| **Non-Current** | | |
| Secured liabilities | | |
| Loan - Yachting Australia | 19,399 | - |
| | 19,399 | - |

The Club has a loan facility of $3,500,000 with NAB Limited which expires on 28 February 2028, of which $1,220,000 was utilised at 31 March 2016. The loan has been disclosed as a current liability as the NAB has the ability to reduce the facility limit or change the repayment terms at any time. There have been no breaches of the loan agreement to date and the Directors believe that the loan will be repaid in accordance with the Bank loan agreement.

The Club expected that the Loan Facility provided by NAB will be repaid as follows:

| | 2016 $ | 2015 $ |
|---|---|---|
| Within the next 12 months | 200,000 | 200,000 |
| After 12 months | 1,020,000 | 1,220,000 |
| | 1,220,000 | 1,420,000 |

The carrying amounts of non-current assets pledged as security are:

| | 2016 $ | 2015 $ |
|---|---|---|
| Floating charge over fixed assets | 7,078,829 | 7,318,149 |

The Market Facility is secured by mortgages held by National Australia Bank over the sub-leased properties with the NSW Roads and Maritime Service.
The Yachting Australia loan is secured over a first ranking registered specific security over Optimist Dinghy fleet which was financed under the loan agreement.

| | 2016 $ | 2015 $ |
|---|---|---|
| **12 Provisions** | | |
| **Current** | | |
| Provision for Annual Leave | 71,624 | 45,542 |
| | 71,624 | 45,542 |
| **Non Current** | | |
| Provision for Long Service Leave | 22,063 | 23,976 |
| | 22,063 | 23,976 |
| **13 Other Liabilities** | | |
| **Current** | | |
| Member Subscription Income | 119,994 | 121,308 |
| Marina Fees Received in Advance | 52,424 | 61,077 |
| Deferred Income (Marina) | 239,053 | 239,053 |
| Rent Received in Advance | 27,360 | 41,362 |
| Other Income Received in Advance | 4,441 | 9,561 |
| | 443,272 | 472,361 |
| **Non-Current** | | |
| Deferred Income (Marina) | 464,213 | 703,868 |

**14 Auditor's Remuneration**

Amounts received, or due to be receivable by the Auditor of the Company for:-

| | 2016 $ | 2015 $ |
|---|---|---|
| Audit Services | 16,750 | 16,275 |
| Accounting and Other Services | 9,450 | 9,870 |
| | 26,200 | 26,145 |

## 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 2021 with a option for an additional 20 years to 21 May 2041. The current annual rental is $82,873 per annum (including GST). Rent increases by CPI annually, with the exception of May 2016 and the 5 year intervals thereafter, at which time the rent will be reassessed via a market review.

The wet lease has an expiry date of 21 May 2021 with an option for an additional 20 years to 21 May 2041. The current annual rental is $42,339 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*

The Club has no capital commitments at year end.

## 16 Contingent Liabilities

As at 31 March 2016, and to the date of this report, the Directors are not aware of any contingent liabilities.

## 17 Related Parties

**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.

| **Key Management Personnel**<br>The total of remuneration paid to key management personnel of the Company during the year was as follows: | **2016**<br>**$** | **2015**<br>**$** |
|---|---|---|
| Short term employment benefits | 148,845 | 152,660 |
| Long Term employment benefits | - | 2,054 |
| Post employment benefits | 14,140 | 14,503 |
| | 162,985 | 169,217 |

**Related Party Transactions**

Ernie Thirkell has a grand-daughter who is employed by the Club under normal terms and conditions.

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 $5,272 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 utilise the marina and club facilities, participate in the Club Sailing activities and receive prizes under the same terms and conditions as other members.

## 18 Additional Financial Instrument Disclosure

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

**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 $26,180. 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. The current market rate for credit balances is 0.05%.

*Borrowings*

As noted below, the Club has a financing facility which the Bank Bill Facility component has an amount drawn down of $1,220,000. The interest rate at 31 March 2016 on this facility is variable at 5.44%

The Club also has a loan from Yachting Australia which has a balance outstanding of $25,866 and is repayable in annual instalments over a 4 year period. The loan does not accrue interest.

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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2016

### 18 Additional Financial Instrument Disclosure (Continued)

**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 |
| Bala | (1,220,000) | - | - | (1,220,000) |
| Balance Available for Drawdo | 2,280,000 | 250,000 | 150,000 | 2,680,000 |

**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 2016 current assets of the Club were $267,088 compared to current liabilities of $1,992,234 representing a deficiency in working capital of $1,725,146. Current liabilities includes:.

a) the entire balance of the NAB Loan being stated as a current liability due to the agreement with the Bank containing a clause which limits the Club from having an unconditional right to defer settlement of the loan, despite the Club having fulfilled all its obligations to the Bank to date.

b) unearned income in respect of marina berth sales which is recognised as income over the period of each marina berth sublease and represents $239,053 at 31 March 2016.

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 $374,314. This together with the ongoing significant investment in property, plant and equipment, and forecasted operating profit results and strong cash flows are expected to be more than sufficient to meet the expected obligations to creditors and financiers. In addition, the Directors do not foresee any issues in continuing to meet the obligations in relation to the loan from NAB including all the loan terms and conditions. It is on this basis that the Directors have formed the opinion that the going concern basis is appropriate.

### 20 Notes to Statement of Cash flows

**(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

| | 2016 | 2015 |
|---|---|---|
| | $ | $ |
| Cash on Hand and at Bank | 16,747 | 49,667 |
| | 16,747 | 49,667 |

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

| | | |
|---|---|---|
| **Operating Profit/(loss) After Tax** | 167,632 | 140,205 |
| Non-Cashflow in Operating Profit/(Loss) | | |
| Depreciation and Amortisation | 406,110 | 711,261 |
| (Profit)/Loss on disposal of assets | 66,310 | 1,263 |
| Changes in Assets and Liabilities | | |
| (Increase)/Decrease in Trade and Other Debtors | 11,915 | (9,431) |
| (Increase)/Decrease in Inventories | 8,310 | 10,015 |
| (Increase)/Decrease in Other Assets | 13,031 | (18,499) |
| Increase/(Decrease) in Trade Creditors and Accruals | (54,419) | 45,293 |
| Increase/(Decrease) in Provisions | 24,169 | (13,278) |
| Increase/(Decrease) in Other Liabilities | (268,744) | (235,075) |
| **Net Cash From Operating Activities** | 374,314 | 631,754 |

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

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 MARCH 2016**

## 21 New Accounting Standards and Interpretation

| Title of Standard | Impact | Application Date** |
|---|---|---|
| AASB 9 Financial Instruments<br>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009)<br>AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures<br>AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments<br>AASB 2014-1 Amendments to Australian Accounting Standards<br>AASB 2014–7 Amendments to Australian Accounting Standards arising from AASB 9<br>AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 | While the Company has not yet undertaken a detailed assessment of the classification and measurement of financial assets and liabilities, given the limited nature of its financial assets and liabilities it is not expected that there will be an significant change to the basis of accounting for these assets and liabilities. | 1 January 2018 |
| AASB 15 Revenue from Contracts with Customers | The changes in revenue recognition requirements may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified. | 1 January 2018 |

| The application of the following 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. | |
|---|---|
| **Title of Standard** | **Application Date**** |
| 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB1031 Materiality | 1 July 2015 |
| 2015-1 Annual Improvements (2012 - 2014 cycle) | 1 January 2016 |
| 2015-2 Disclosure Initiative - Amendment to AASB 101 | 1 January 2016 |
| AASB 1057 Application of Australian Accounting Standards | 1 January 2016 |
| AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application paragraphs | 1 January 2016 |
| ** Applicable to reporting periods commencing on or after the given dates. | |
| No standards have been early adopted. | |

## 22 Club Details

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

NCYC Commercial Centre
Suite 4
91 Hannell Street
WICKHAM NSW 2293