

Dear Members

Please find a copy of the NCYC Audited Financial Accounts for 2017/2018 Financial Year.

As per the Notice of AGM it is preferred that any questions with regard to the NCYC's Audited Financial Accounts be in writing so that any necessary preparation can be undertaken. The Board ask that any questions be submitted in writing by the 3<sup>rd</sup> August, 2018 would be appreciated.

As per the Constitution

21.3 The Chair of the AGM must allow a reasonable opportunity for the Members as a whole at the meeting to ask questions about or make comments on the management of the club.

21.4 If the Clubs auditor or his or her representative is at the meeting, the chair of the AGM must allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor or his or her representative questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

Regards



Paul O'Rourke  
Chief Executive Officer  
Date 25 June 2018



PREPARED FOR

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**Newcastle Cruising Yacht Club Limited**

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Financial Report

For the period ended 31 March 2018

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

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**CONTENTS**

Directors' Report	2-4
Auditor's Independence Declaration	5
Audit Report to Members	6-7
Directors' Declaration	8
Statement of Financial Position	9
Statement of Profit or Loss Other Comprehensive Income	10
Statement of Cashflows	11
Statement of Changes in Equity	12
Notes to and Forming Part of the Financial Statements	13-21



### **DIRECTORS' REPORT**

Your Directors present their report for the financial year ended 31 March 2018

#### **1. Directors**

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>Years as a Director</b>	<b>Appointed / Resigned</b>
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.	Commodore	5	
Valda Johnston	Valda has an Accountancy background and worked for a number of years in her own Civil Works business and then as a Commercial Manager for Mining & Associated Infrastructure companies. Valda enjoys participating in Club racing, skippering her Hanse 370e yacht and is a regular crew member with the "Skirts" and "She Sails"	Vice Commodore / Treasurer	2	
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	3	
Adrian Kiely	Adrian holds a Bachelor of Arts and a Bachelor of Laws from The University of Sydney. 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.	Club Captain	2	
Jim Holley	Jim is an immediate past commodore of the Club and 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> .	Director	8.5	Resigned 31/12/2017
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	3	
Phil Arnall	Phil is a past commodore of the Club, 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.	Director	10	
Jan Howard	Jan taught in secondary schools for 20 years, having obtained both a Bachelor and Diploma of Education. Jan also coordinated workplace training programs for students and ran a small business that provided relocation support to people moving to Newcastle. She is a yacht owner at NCYC, and has been instrumental in introducing strategies to encourage more women to participate in sailing at NCYC.	Director	1	Appointed 17/01/2018

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



## **DIRECTORS' REPORT (Cont.)**

### **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 operation of a 180 berth Marina in Newcastle Harbour
- Promotion and maintaining a Commercial Centre in the Honeysuckle precinct
- 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 \$194,337 (2017 loss \$23,066). The net cashflows from operations remained positive and was \$710,793 (2017: \$51,239)

### **4. Review of Operations**

The Board are pleased to announce that the 2017/18 financial year was very successful for NCYC.

Weekly competitive sailing numbers increased; the Sailing Academy increased its student numbers, the Cruising division was reactivated and the various Social Committees were very proactive. The newly established Youth Keelboat Team were very competitive in Sydney at both fleet and match racing. The women's "She Sails" program continues to go from strength to strength. The Game Fishing Club held a very successful sportsman's lunch and tournament.

A new CEO, Financial Controller and Marina Manager were appointed, who have contributed greatly to the overall success in the Sailing, Marina, Clubhouse and Commercial Tenancies.

The Clubhouse experienced a soft refurbishment with the completion of the new 'Trophy Room' and the outdoor area in front of the club. The year recorded a significant increase in bar revenue and a stabilising of the restaurant operations under the supervision of our contract caterer. Your Board will continue to seek further improvements in the Clubhouse operations, ensuring the expectations of our members and patrons are consistently achieved.

The Marina revenue increased considerably with 33 leases returning to club control and a significant growth in demand. All costs were well controlled and provision made for a proactive preventative maintenance program. A change of Fuel pricing policy has led to greater turnover and net return for the club.

The Commercial Centre has reached 100% occupancy by year end due to the continued demand for commercial tenancies within the Wickham precinct. Additional funds will also be allocated in this area for upkeep and maintenance.

Administrative overhead costs were reduced and the Loan Facility paid down by a substantial amount.

Overall, the Board is confident that these successes will continue into the new and future years.

### **5. Meeting Attendances**

During the financial year ended 31 March 2018, 11 meetings of Directors were held, being 10 normal and 1 special. The details of each Directors' attendances at those meetings is given below:

<b><u>Director</u></b>	<b><u>Special Meetings</u></b>	<b><u>Ordinary Meetings</u></b>	<b><u>Eligible Number of Board</u></b>
Jim Holley	1	8	9
Steve Rae	1	9	11
Barry Kelly	1	10	11
Phil Ashley-Brown	1	7	11
Adrian Kiely	-	9	11
Valda Johnston	1	9	11
Phil Arnall	1	9	11
Jan Howard	-	1	1

**DIRECTORS' REPORT (Cont.)**

**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.

**7. Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 31 March 2018 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.

**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 2018 the collective liability of members was \$1,448.

**9. Financial Report**

The financial report was authorised for issue on 5 June 2018. 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
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Non-Core	- Nil
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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:-



Steve Rae - Commodore



Valda Johnston - Vice Commodore

**Dated: 5 June 2018**





**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 2018 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.

Shaun Mahony - Partner

DFK Crosbie Partners  
Chartered Accountants

Dated: 5 June 2018  
Warabrook, NSW



**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**

**Opinion**

We have audited the financial report of Newcastle Cruising Yacht Club (the Company), which comprises the Statement of Financial Position as at 31 March 2018, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cashflows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Newcastle Cruising Yacht Club, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 March 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Liability limited by a scheme approved under the Professional Standards Legislation



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

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

**INDEPENDENT AUDIT REPORT TO MEMBERS**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

Shaun Mahony - Partner

DFK Crosbie Partners  
Chartered Accountants

**Dated: 5 June 2018**  
**Warabrook, NSW**

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**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 9 to 21 are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standards - Reduced Disclosure Requirements, 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 2018 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:



Steve Rae - Commodore



Valda Johnston - Vice Commodore

**Dated: 5 June 2018**



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

9

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	122,600	25,099
Trade and Other Receivables	7	216,765	168,535
Inventories	8	42,117	40,203
Other Assets	9	81,057	59,514
<b>TOTAL CURRENT ASSETS</b>		<b>462,539</b>	<b>293,351</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	10	6,439,614	6,740,622
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,439,614</b>	<b>6,740,622</b>
<b>TOTAL ASSETS</b>		<b>6,902,153</b>	<b>7,033,973</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	300,631	231,040
Borrowings	12	726,467	1,250,417
Provisions	13	63,576	29,631
Other Liabilities	14	454,942	450,155
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,545,616</b>	<b>1,961,243</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	6,466	12,933
Provisions	13	9,060	10,518
Other Liabilities	14	321,732	224,337
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>337,258</b>	<b>247,788</b>
<b>TOTAL LIABILITIES</b>		<b>1,882,874</b>	<b>2,209,031</b>
<b>NET ASSETS</b>		<b>5,019,279</b>	<b>4,824,942</b>
<b>MEMBERS' FUNDS</b>			
Accumulated Profits		5,019,279	4,824,942
<b>TOTAL MEMBERS' FUNDS</b>		<b>5,019,279</b>	<b>4,824,942</b>

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 \$	2017 \$
Bar Sales		1,051,547	860,978
Less: Bar Cost of Goods Sold		(372,088)	(304,682)
		679,459	556,296
Catering Sales		-	825,339
Less: Catering Cost of Goods Sold		-	(309,212)
		-	516,127
Fuel Sales		364,563	245,709
Less: Fuel Cost of Goods Sold		(302,041)	(196,722)
		62,522	48,987
<b>Gross Profit / (Loss)</b>		741,981	1,121,410
Tenant Rental		622,914	571,130
Marina Leases		86,860	239,876
Marina Rental		1,032,872	724,928
Club Sailing Income		48,933	30,368
Sailing Academy Income		105,282	83,795
Function Income		127,036	-
Catering Commission		64,283	-
Interest Received		73	13
Other Revenue from Ordinary Activities		239,842	249,909
		2,328,095	1,900,019
<b>Total Trading and Other Income</b>		3,070,076	3,021,429
<b>Expenses</b>			
Bar Trading Expenses		(367,922)	(381,382)
Catering Trading Expenses		-	(435,529)
Clubhouse Expenses		(623,029)	(591,160)
Marina Expenses		(480,014)	(487,593)
Commercial Rental Expenses		(250,635)	(230,531)
Club Sailing Expenses		(133,503)	(137,184)
Sailing Academy Expenses		(225,132)	(158,406)
Function Expenses		(151,864)	-
Borrowing Cost Expense	5	(56,706)	(67,514)
Administrative Expenses		(586,934)	(555,196)
<b>Total Expenses</b>		(2,875,739)	(3,044,495)
<b>Net Operating Profit/(Loss) Before Income Tax</b>		194,337	(23,066)
Income Tax Expense	1(e)	-	-
<b>Net Operating Profit/(Loss) For The Year</b>		194,337	(23,066)
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(Loss)</b>		194,337	(23,066)

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



**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Members and Guests		4,192,685	3,949,528
Payments to Suppliers and Employees		(3,425,259)	(3,830,788)
Interest Received		73	13
Interest Paid		(56,706)	(67,514)
<i>Net Cash Flows provided by (used in)</i> <i>Operating Activities</i>		710,793	51,239
<b>Cash Flows from Investing Activities</b>			
Payments for Property, Plant and Equipment		(82,875)	(60,371)
<i>Net Cash Flows provided by (used in)</i> <i>Investing Activities</i>		(82,875)	(60,371)
<b>Cash Flows from Financing Activities</b>			
Repayments of Borrowings		(506,467)	(6,466)
<i>Net Cash Flows provided by (used in)</i> <i>Financing Activities</i>		(506,467)	(6,466)
<b><i>Net Increase/(Decrease) in Cash Held</i></b>		121,451	(15,598)
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		1,149	16,747
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	6	122,600	1,149

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Accumulated Profits</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 April 2016</b>	4,848,008	4,848,008
Profit / (loss) attributable to members of the Club	(23,066)	(23,066)
<b>Balance as at 31 March 2017</b>	4,824,942	4,824,942
Profit / (loss) attributable to members of the Club	194,337	194,337
<b>Balance as at 31 March 2018</b>	5,019,279	5,019,279

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**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 and 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 financial reporting purposes under Australian Accounting Standards.

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 Company 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 - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB), being AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

**(c) Limited by Guarantee**

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

**(d) Comparative Figures**

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

**(e) 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).

**(f) Inventories**

Inventories are measured at the lower of cost and current replacement value.

**(g) 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 leasehold improvements, 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%

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**(h) Property, Plant and Equipment (cont.)**

*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 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 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

**(i) Borrowing Costs**

Borrowing Costs are recognised as an expense when incurred.

**(j) 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.

**(k) 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.

**(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) 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 2018**

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**(n) 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.

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

Revenue from tenant rental is recognised on a straight line basis over the term of the agreement. Monies received in advance from customers have been included as other liabilities within current and non current liabilities. Non current liabilities have been discounted using Australian bond rates to match the future estimated recognition period.

The entity contracts under sub-lease agreements to grant leases of marina sites for a term of generally 15 years. Monies paid in accordance with these sub-leases will be accounted for by bringing them to account as income on a monthly pro-rata basis over the term of the lease, commencing from the date of commencement of the lease until its expiry. The portion of these monies received that relates to the current year has been included as income for the year ended 31 March 2018. The remainder of monies have been included as Other Liabilities within Current and Non-Current Liabilities. Non-Current Liabilities have been discounted using Australian bond rates to match the future estimated recognition period.

Revenue from Marina rental, sailing fees and other services is recognised when the services are provided to customers.

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.

**(o) Employee Benefits**

***Short Term***

Liabilities for wages and salaries, including non-monetary benefits 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 rates 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**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.

***Significant accounting estimates and assumptions***

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

***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.

**3 Going Concern**

As at 31 March 2018 current assets of the Club were \$462,539 compared to current liabilities of \$1,545,616 representing a deficiency in working capital of \$1,083,077. 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 \$314,579 at 31 March 2018.

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 Club achieved a profit of \$194,337 in the current year and the Statement of Cashflows shows net cashflows from operations of \$710,793. This together with the ongoing investment in property, plant and equipment, and forecasted operating profit results and positive 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018 \$	2017 \$
<b>4 Operating Revenue</b>		
Operating Activities:		
Trading Revenue	3,440,944	3,582,123
Other Revenue from Ordinary Activities:		
Membership Subscriptions	113,209	112,727
Marina Outgoings Re-imbursement	68,550	75,677
Merchandise Sales	484	2,013
ATM Commission	5,825	7,458
Catering Rent	64,283	8,648
Interest Received	73	13
Sundry Income	51,774	43,386
Total Revenue	3,745,142	3,832,045
<b>5 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	56,706	67,514
Loss on disposal of assets	-	-
Depreciation		
- Marina	94,827	101,223
- Leasehold Improvements	205,112	205,091
- Plant & Equipment	33,999	43,047
- Club Boats	49,945	49,217
Total Depreciation	383,883	398,578
Operating Lease Rental Expense/(Benefit)		
Rent - wet	40,074	38,867
Rent - land	77,769	76,225
	117,843	115,092
Employee Benefits		
- Wages	994,691	1,304,057
- Payroll Tax	17,188	42,922
- Superannuation	89,224	129,598
- Leave Provisions	32,487	(53,538)
<b>6 Cash and Cash Equivalents</b>		
Cash on Hand and at Bank	122,600	25,099
	122,600	25,099



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

		2018	2017				
		\$	\$				
7	Trade and Other Receivables						
	Current						
	Debtors Trade	216,765	168,535				
		216,765	168,535				
8	Inventories						
	Stock on Hand - at Cost	42,117	40,203				
		42,117	40,203				
9	Other Assets						
	Prepayments	81,057	59,514				
		81,057	59,514				
10	Property, Plant and Equipment						
		WIP	Marina	Leasehold Improvements	Plant & Equipment	Club Boats	Total
	Year ended 31 March 2018	\$	\$	\$	\$	\$	\$
	At 1 April 2017						
	Net Carrying Amount	-	1,963,171	4,355,743	107,358	314,350	6,740,622
	Additions	7,307	-	35,964	37,604	2,000	82,875
	Depreciation/Amortisation	-	(94,827)	(205,112)	(33,999)	(49,945)	(383,883)
	At 31 March 2018						
	Net Carrying Amount	7,307	1,868,344	4,186,595	110,963	266,405	6,439,614
	At 1 April 2017						
	Cost	-	5,380,243	6,678,025	350,313	494,942	12,903,523
	Accumulated Deprecation/Amortisation	-	(3,417,072)	(2,322,282)	(242,955)	(180,592)	(6,162,901)
	Net Carrying Amount	-	1,963,171	4,355,743	107,358	314,350	6,740,622
	At 31 March 2018						
	Cost	7,307	5,380,243	6,713,989	387,917	496,942	12,986,398
	Accumulated Deprecation/Amortisation	-	(3,511,899)	(2,527,394)	(276,954)	(230,537)	(6,546,784)
	Net Carrying Amount	7,307	1,868,344	4,186,595	110,963	266,405	6,439,614

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018 \$	2017 \$
<b>11 Trade and Other Payables</b>		
<b>Current</b>		
Creditors - Trade	136,115	78,142
GST Payable	57,441	57,511
Sundry payables and accrued expenses	107,075	95,387
	<u>300,631</u>	<u>231,040</u>
<b>12 Borrowings</b>		
<b>Current</b>		
Secured liabilities		
NAB Overdraft Facility	-	23,950
Loan Facility - NAB	720,000	1,220,000
Loan - Yachting Australia	6,467	6,467
	<u>726,467</u>	<u>1,250,417</u>
<b>Non-Current</b>		
Secured liabilities		
Loan - Yachting Australia	6,466	12,933
	<u>6,466</u>	<u>12,933</u>

The Club has a loan facility of \$3,500,000 with NAB Limited which expires on 28 February 2028, of which \$720,000 was utilised at 31 March 2018. 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 expects that the Loan Facility provided by NAB will be repaid as follows:

Within the next 12 months	250,000	200,000
After 12 months	470,000	1,020,000
	<u>720,000</u>	<u>1,220,000</u>

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

Floating charge over fixed assets	<u>6,439,614</u>	<u>6,740,622</u>
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The NAB Loan 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 the Optimist Dinghy fleet which was financed under the loan agreement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

		2018 \$	2017 \$
<b>13</b>	<b>Provisions</b>		
	<b>Current</b>		
	Provision for Employee Benefits	63,576	29,631
		<u>63,576</u>	<u>29,631</u>
	<b>Non Current</b>		
	Provision for Long Service Leave	9,060	10,518
		<u>9,060</u>	<u>10,518</u>
<b>14</b>	<b>Other Liabilities</b>		
	<b>Current</b>		
	Member Subscription Income	103,615	112,435
	Marina Fees Received in Advance	192,504	66,915
	Deferred Income (Marina Sub leases)	122,075	239,053
	Rent Received in Advance	31,966	28,310
	Other Income Received in Advance	4,782	3,145
	M/Ship Payments - Unapplied	-	297
		<u>454,942</u>	<u>450,155</u>
	<b>Non-Current</b>		
	Marina Fees Received in Advance	92,276	-
	Deferred Income (Marina Sub leases)	229,456	224,337
		<u>321,732</u>	<u>224,337</u>

**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 \$85,958 per annum (including GST). Rent increases by CPI annually, with the exception of May 2021 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 \$43,916 per annum (including GST). Rent increases by CPI annually, with the exception of May 2021 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 2018, and to the date of this report, the Directors are not aware of any contingent liabilities.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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.

<b>Key Management Personnel</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
The total of remuneration paid to key management personnel of the Company during the year was as follows:		
Short term employment benefits	115,863	160,692
Long Term employment benefits	196	-
Termination employment benefits	-	16,620
Post employment benefits	10,998	16,406
	<u>127,057</u>	<u>193,718</u>

**Related Party Transactions**

Adrian Kiely is a tenant under a Standard Commercial Property Lease Agreement.

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 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