



**Newcastle Cruising Yacht
Club Limited**

ACN 064 201 029

**Annual Financial Report
for the year ended 31 March 2021**

Newcastle Cruising Yacht Club Limited ACN 064 201 029

Annual financial report for the year ended 31 March 2021

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These financial statements are the financial statements of Newcastle Cruising Yacht Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 22 June 2021. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Newcastle Cruising Yacht Club Limited (the Company) for the year ended 31 March 2021.

Directors details

The following persons were Directors of Newcastle Cruising Yacht Club Limited during the financial year, and up to the date of this report:

Mr Steve Rae

Commodore
Director since 2013

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.

Mr Barry Kelly

Rear Commodore
Director since 2015

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.

Mr Phil Ashley-Brown

Director
Director since 2015

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.

Mr Ken Semple

Director
Director since 2019

Ken is an Electrical and Computer Engineer and has worked in the mining, electricity and marine industries on design, construction and software projects. Ken has been boating all his life including yacht and dinghy racing and live aboard cruising on yachts and power cruisers. Ken arrived in Newcastle by boat after 5 years cruising with his wife aboard their motor cruiser. Ken races regularly at NCYC and on Lake Macquarie and often volunteers with the NCYC Race Committee.

Company secretary

Paul O'Rourke has been the Company Secretary of Newcastle Cruising Yacht Club Limited since 2017.

Ms Valda Johnston

Vice Commodore / Treasurer
Director since 2016

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"

Mr Adrian Kiely

Club Captain
Director since 2016

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.

Ms Jan Howard

Director
Director since 2017

Jan taught in secondary schools for 20 years, having obtained both a Bachelor of Arts 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's meetings

The number of meetings the Directors held during the year and the number of meetings attended by each Director is as follows:

Board members	Board meetings	
	A	B
Mr Steve Rae	12	12
Ms Valda Johnston	12	11
Mr Barry Kelly	12	11
Mr Adrian Kiely	12	12
Mr Phil Ashley-Brown	12	10
Ms Jan Howard	12	12
Mr Ken Semple	12	12

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 31 March 2021, the following land and buildings are considered to be core or non-core property:

- Core property
 - The Clubhouse, Marina and Commercial Centre situated at 95 Hannell Street, Wickham NSW 2294
 - The Bay Sailing Centre situated at 147B Soldiers Point Road, Soldiers Point NSW 2317
- Non-Core property
 - Nil

Principal activities

During the year, the principal activities of the Company 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.

There have been no significant changes in the nature of these activities during the year.

Short and long-term objectives

The Company's short and long-term objectives are to:

Encourage and promote sports of amateur yachting and boating and cruising for pleasure underpinned by financial management, corporate governance, valuing our members, volunteers and employees and operating in a safe and responsible manner. These are in accordance with the principal objectives in the Company's constitution.

Strategy for achieving short and long-term objectives

During the year the principal activities of the Company consisted of:

To continue to operate profitably, providing the best possible facilities for members.

Performance measurement

The strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the Club industry.

Contribution in winding up

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee and has the following paying classes of membership: general, senior, crew, youth and social. If the Company is wound up, the constitution states that each member in all membership classes is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Company. At the total amount that members of the Company are liable to contribute if the Company wound up is \$1,910 (2020: \$1,484).

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Review of Operations

The Board are pleased to announce that in the face of a very challenging year with COVID 19 the 2020/21 financial year was very successful for NCYC.

While major sailing events were cancelled or disrupted, weekly competitive sailing numbers continued to grow. This included the establishment of The Bay Sailing Centre in Port Stephens. The sailing Academy experienced significant growth in its numbers. The Cruising, Social and Gamefishing clubs were all very active.

We had a very stable management and operations team which helped navigate the challenges presented. This was supported with increased investment in professional development.

The clubhouse was the area most impacted by COVID but still provided a great service to members and the community while improving operating margins. The clubhouse closed the marquee and beer garden mid February to commence the extension.

There was a continued investment in our assets. The club fleet added a new offshore mark boat, and additional training dinghies.

We continued to do proactive maintenance on the clubhouse, commercial centre and marina.

The board is confident that these successes will continue into the future.

Significant changes in state of affairs

As a result of the spread of COVID-19 the Federal Government announced restrictions around Club operations which saw trading operations cease for two months during the year with restricted trading after re-opening in June 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of this Directors' report.

This report is made in accordance with a resolution of the Directors.



Steve Rae - Commodore



Valda Johnston - Vice Commodore/Treasurer

Dated: 22 June 2021
Newcastle West, NSW

Auditor's independence declaration

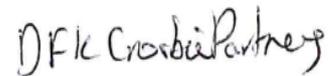
To the Directors of Newcastle Cruising Yacht Club Limited

In accordance with the requirements of Section 307C of the Corporations Act 2001, as lead auditor for the audit of Newcastle Cruising Yacht Club Limited for the year ended 31 March 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 22 June 2021
Newcastle West, NSW

Newcastle | Sydney

Liability limited by a scheme approved under the Professional Standards legislation.

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2021

		2021	2020
	Notes	\$	\$
Revenue from continuing operations	2	3,945,075	4,233,824
Other Income	3	400,520	70,498
Bar cost of goods sold		(381,831)	(448,877)
Clubhouse expenses		(1,010,706)	(1,093,151)
Fuel cost of goods sold		(210,300)	(351,774)
Marina expenses		(402,924)	(442,205)
Commerical rental expenses		(310,099)	(311,806)
Club sailing expenses		(497,596)	(586,253)
Administrative expenses		(776,929)	(664,856)
Borrowing cost expenses		(66,004)	(86,242)
		(3,656,389)	(3,985,164)
Profit / (loss) before income tax		689,206	319,158
Income tax expense		-	-
Profit / (loss) for the year		689,206	319,158
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		689,206	319,158

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of financial position

For the year ended 31 March 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	871,918	91,629
Trade receivables	5	162,057	240,782
Inventories	6	77,538	71,715
Other assets	7	154,593	57,030
Total current assets		1,266,106	461,156
Non-current assets			
Property, plant and equipment	8	6,280,825	6,234,897
Right-of-use asset	9 (a)	1,667,857	1,750,917
Total non-current assets		7,948,682	7,985,814
Total assets		9,214,788	8,446,970
LIABILITIES			
Current liabilities			
Trade and other payables	10	436,474	275,259
Provisions	12	113,441	93,621
Other liabilities	13	514,482	439,712
Lease liabilities	9 (b)	59,725	57,636
Total current liabilities		1,124,122	866,228
Non-current liabilities			
Financial liabilities	11	10,000	100,000
Provisions	12	17,691	16,082
Other liabilities	13	82,738	113,904
Lease liabilities	9 (b)	1,660,997	1,720,722
Total non-current liabilities		1,771,426	1,950,708
Total liabilities		2,895,548	2,816,936
Net assets		6,319,240	5,630,034
MEMBERS FUNDS			
Retained profits		6,319,240	5,630,034
Total members funds		6,319,240	5,630,034

The above *statement of financial position* should be read in conjunction with the accompanying notes

Newcastle Cruising Yacht Club Limited
Statement of changes in equity
For the year ended 31 March 2021

	Retained Profits \$	Total \$
Balance at 1 April 2019	5,310,876	5,310,876
Profit for the year	319,158	319,158
Total comprehensive income for the year	319,158	319,158
Balance at 31 March 2020	5,630,034	5,630,034
Profit for the year	689,206	689,206
Total comprehensive income for the year	689,206	689,206
Balance at 31 March 2021	6,319,240	6,319,240

The above *statement of changes in equity* should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 31 March 2021

Notes	2021 \$	2020 \$
Cash flows from operating activities		
Receipts from members and customers	4,451,792	4,628,631
Government stimulus received	398,000	-
Payments to suppliers and employees	(3,549,574)	(3,885,758)
Interest received	2,520	56
Interest paid	(1,536)	(19,758)
Net cash inflow (outflow) from operating activities	1,301,202	723,171
Cash flows from investing activities		
Payments for property, plant and equipment	(308,809)	(174,905)
Proceeds from sale of property, plant and equipment	-	30,047
Net cash inflow (outflow) from investing activities	(308,809)	(144,858)
Cash flows from financing activities		
Repayment of borrowings	(90,000)	(429,383)
Lease payments	(122,104)	(122,104)
Net cash inflow (outflow) from financing activities	(212,104)	(551,487)
Net increase in cash and cash equivalents	780,289	26,826
Cash and cash equivalents at the beginning of the financial year	91,629	64,803
Cash and cash equivalents at the end of the financial year	871,918	91,629

The above *statement of cash flows* should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 31 March 2021

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Newcastle Cruising Yacht Club Limited (the Company) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board (AASB).

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

(c) Income Taxes

The Company is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(e) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 31 March 2021

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Company derives revenue from the transfer of goods and services over time and at a point in time for the following services:

2021	Clubhouse Revenue	Fuel Revenue	Marina Revenue	Sailing Revenue	Tenant Rental Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,248,870	262,890	-	212,682	-	114,316	1,838,758
Other revenue (not covered by AASB15)	-	-	1,312,897	-	793,420	-	2,106,317
	<u>1,248,870</u>	<u>262,890</u>	<u>1,312,897</u>	<u>212,682</u>	<u>793,420</u>	<u>114,316</u>	<u>3,945,075</u>
<i>Timing of revenue recognition</i>							
At a point in time	1,248,870	262,890	-	212,682	-	330	1,724,772
Over time	-	-	1,312,897	-	793,420	113,986	2,220,303
	<u>1,248,870</u>	<u>262,890</u>	<u>1,312,897</u>	<u>212,682</u>	<u>793,420</u>	<u>114,316</u>	<u>3,945,075</u>

2020	Clubhouse Revenue	Fuel Revenue	Marina Revenue	Sailing Revenue	Tenant Rental Revenue	Other Revenue	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,391,726	422,965	-	193,659	-	133,338	2,141,688
Other revenue (not covered by AASB15)	-	-	1,318,140	-	773,996	-	2,092,136
	<u>1,391,726</u>	<u>422,965</u>	<u>1,318,140</u>	<u>193,659</u>	<u>773,996</u>	<u>133,338</u>	<u>4,233,824</u>
<i>Timing of revenue recognition</i>							
At a point in time	1,391,726	422,965	-	193,659	-	26,090	2,034,440
Over time	-	-	1,318,140	-	773,996	107,248	2,199,384
	<u>1,391,726</u>	<u>422,965</u>	<u>1,318,140</u>	<u>193,659</u>	<u>773,996</u>	<u>133,338</u>	<u>4,233,824</u>

(b) Accounting policies

The Company recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Company is or expects to be entitled in exchange for those goods or services.

The Company considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Sale of goods and provision of services - Clubhouse revenue

Clubhouse revenue comprises revenue from the sale of beverages and provision of function room hire and is recognised at a point in time when the physical control of the goods passes to the customer or when the relevant function event has been held.

Clubhouse revenue also includes commission revenue from the sale of food which is recognised at a point in time when bistro sales occur in line with the third party catering agreement entered.

(ii) Sale of goods - fuel revenue

Revenue from the sale of fuel is recognised at a point in time when the physical control of the goods passes to the customer.

(iii) Provision of services - marina revenue

Marina revenue from short casual, monthly and long term marina bookings is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the booking. Marina revenue from 15 year leased berths is recognised on a straight line basis over the term of the lease. The Company recognises marina revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives. Marina revenue for monthly, long term and 15 year leases are deemed to be operating leases as the term of the lease is not a significant portion of the remaining term of the underlying lease payable as lessee. Monies received in advance from customers have been included as other liabilities within current and non current liabilities.

Notes to the financial statements

For the year ended 31 March 2021

(b) Accounting policies (continued)*(iv) Provision of services - sailing revenue*

Revenue from Regatta, Club sailing and sailing academy is recognised at a point in time when the relevant sailing event or sailing course has been held.

(v) Provision of services - tenant rental revenue

Tenant rental revenue is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Company recognises tenant rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives. Tenant rental revenue is deemed to be an operating lease as the term of the lease is not a significant portion of the remaining term of the underlying lease payable as lessee. Monies received in advance from customers have been included as other liabilities within current and non current liabilities.

(vi) Provision of services - other revenue

Included within other revenue is membership subscriptions which are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

The balance of other revenue is recognised at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2021	2020
	\$	\$
(a) Other income		
Government stimulus payment - cashflow	50,000	50,000
Government stimulus payment - jobkeeper	348,000	-
Interest Income	2,520	56
Gain on disposal of property, plant and equipment	-	20,442
	<u>400,520</u>	<u>70,498</u>

(i) Other income

The Company recognises stimulus funding from the Australian Taxation Office, when this accrues as there are no specific performance obligations in relation to this funding.

(ii) Gain on disposal of fixed assets

The Company recognises gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset being sold.

(iii) Interest income

Interest income is recognised on an accruals basis.

(b) Other expenses

Employee benefits expense	1,399,282	1,267,790
Loss on disposal of Property, Plant and Equipment	6,040	15,488
Interest costs	66,004	86,242
Depreciation and amortisation	479,497	467,902

Notes to the financial statements

For the year ended 31 March 2021

4 Cash and cash equivalents

	2021	2020
	\$	\$
Current		
Cash and Cash Equivalents	871,918	91,629
	<u>871,918</u>	<u>91,629</u>

Accounting policy

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5 Trade receivables

Current		
Trade receivables	165,452	250,782
Less: Provision for Doubtful Debts	(3,395)	(10,000)
	<u>162,057</u>	<u>240,782</u>

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

6 Inventories

Current		
Stock on hand	77,538	71,715
	<u>77,538</u>	<u>71,715</u>

Accounting policy

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

7 Other assets

Current		
Prepayments	154,593	57,030
	<u>154,593</u>	<u>57,030</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

Notes to the financial statements

For the year ended 31 March 2021

8 Property, plant and equipment

	Leasehold Improvements	Plant and equipment	Marina	Club Boats	Capital WIP	Total
	\$	\$	\$	\$	\$	\$
Non-current assets						
At 1 April 2020						
Cost	6,735,041	595,413	5,333,887	598,484	10,928	13,273,753
Accumulated depreciation	(2,884,903)	(375,442)	(3,646,332)	(132,179)	-	(7,038,856)
Net book amount	<u>3,850,138</u>	<u>219,971</u>	<u>1,687,555</u>	<u>466,305</u>	<u>10,928</u>	<u>6,234,897</u>
Year ended 31 March 2021						
Opening net book amount	3,850,138	219,971	1,687,555	466,305	10,928	6,234,897
Additions	10,556	104,192	-	108,538	225,118	448,404
Disposals	-	(4,532)	-	(1,508)	-	(6,040)
Depreciation charge	(201,747)	(50,080)	(83,727)	(60,882)	-	(396,436)
Closing net book amount	<u>3,658,947</u>	<u>269,551</u>	<u>1,603,828</u>	<u>512,453</u>	<u>236,046</u>	<u>6,280,825</u>
Year ended 31 March 2021						
Cost	6,738,035	632,233	5,333,887	698,257	236,046	13,638,458
Accumulated depreciation	(3,079,088)	(362,682)	(3,730,059)	(185,804)	-	(7,357,633)
Net book amount	<u>3,658,947</u>	<u>269,551</u>	<u>1,603,828</u>	<u>512,453</u>	<u>236,046</u>	<u>6,280,825</u>

Accounting policy**(a) Leasehold Improvements**

Leasehold improvements are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, Marina, Club Boats

These are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Leasehold improvements	5 - 40 years
Plant & Equipment	3 - 20 years
Marina	5 - 40 years
Club Boats	5 - 16 years

(d) Impairment

The carrying values of property, 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 property, 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 as a separate line item.

Notes to the financial statements

For the year ended 31 March 2021

9 Leases

2021	2020
\$	\$

The Company leases the land on which the Club house is situated and the waterway where the Marina is situated.

a) Right-of-use asset**Non-current**

Right-of-use assets	1,667,857	1,750,917
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Reconciliation of right-of-use assets

	Marina (Wet)	Land (Dry)	2021	2020
2021	Lease	Lease	\$	\$
2021	\$	\$	\$	\$
At 1 April 2020	592,051	1,158,866	1,750,917	1,833,978
Amortisation	(28,086)	(54,975)	(83,061)	(83,061)
31 March 2021	563,965	1,103,891	1,667,856	1,750,917

b) Lease liabilities**Current**

Lease liabilities	20,195	39,530	59,725	57,636
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Non-current

Lease liabilities	561,646	1,099,351	1,660,997	1,720,722
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Total	581,841	1,138,881	1,720,722	1,778,358
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Reconciliation of lease liabilities

	Marina (Wet)	Land (Dry)	2021	2020
2021	Lease	Lease	\$	\$
2021	\$	\$	\$	\$
At 1 April 2020	601,330	1,177,028	1,778,358	1,833,978
Additions	-	-	-	-
Interest expense	21,799	42,669	64,468	66,484
Lease payments	(41,288)	(80,816)	(122,104)	(122,104)
Net movement during year	581,841	1,138,881	1,720,722	1,778,358
31 March 2021				

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The weighted average incremental borrowing rate is 3.82%.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Company has only included the known CPI increases to date and not estimated future CPI-related increases.

The Company does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended 31 March 2021

9 Leases (continued)**Lessor**

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Company recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

10 Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	249,130	124,894
Other payables and accruals	154,360	135,173
GST payable	32,984	15,192
	<u>436,474</u>	<u>275,259</u>

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

11 Financial liabilities**Non-current***Secured*

Bank loans (i)	10,000	100,000
Total secured financial liabilities	<u>10,000</u>	<u>100,000</u>

(i) Secured liabilities

The above Bank loan is secured by mortgages over the Company's leasehold buildings on land and marina with NSW Roads and Maritime Service. The Company has a loan facility of \$3,000,000 of which \$10,000 was utilised at 31 March 2021, as well as an overdraft facility of \$150,000 and an asset finance facility of \$250,000.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as non current liabilities if the Company has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the financial statements

For the year ended 31 March 2021

12 Provisions

	2021	2020
	\$	\$
Current		
Employee entitlements (i) & (ii)	113,441	93,621
	<u>113,441</u>	<u>93,621</u>
Non-current		
Employee entitlements (ii)	17,691	16,082
	<u>17,691</u>	<u>16,082</u>

Accounting policy**(i) Annual leave**

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service 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 of the Australian bond rates matching the estimated future cash outflows have been used.

13 Other liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - clubhouse revenue	2,570	8,530
Contract liabilities - marina revenue	291,268	317,731
Contract liabilities - sailing revenue	42,381	9,713
Contract liabilities - tenant rental revenue	52,535	52,535
Contract liabilities - other revenue	112,710	37,892
Other liabilities	13,018	13,311
	<u>514,482</u>	<u>439,712</u>
Non-current		
Contract liabilities - marina revenue	45,982	113,904
Contract liabilities - other revenue	36,756	-
	<u>82,738</u>	<u>113,904</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

14 Commitments**(i) Capital Commitments**

Clubhouse Extension	2,200,347	-
	<u>2,200,347</u>	<u>-</u>

15 Contingent liabilities

At 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 2021

16 Related parties

Transactions between related parties are on normal commercial terms and conditions, and are no more favourable than those available to other parties unless otherwise stated.

(a) *Key management personnel compensation*

Total key management personnel benefits	334,648	274,782
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(b) *Transactions with other related parties*

Adrian Kiely Legal, a company associated with Director Adrian Kiely, is a tenant under a standard commercial property lease agreement. The associated company also provided services to the Company on normal commercial terms and conditions.

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.

17 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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 and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (*notes 8, and 9*) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) 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.
- Provision for Doubtful Debts (*note 5*) - The collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due. Management uses its judgement in determining the level of doubtful debt provisioning, taking into account the historic analysis of bad debt trends and the prevailing economic conditions.
- Leases as a Lessor (*note 9*) - The distinction between an operating lease and a finance lease in regards to sublease agreements issued as a lessor has been considered, and based upon the relative length of the sub leases entered in comparison to the head lease agreements entered it has been determined that all sub leases are to be classified as operating leases. As a result of this judgement, no receivable for future lease payments, nor any reduction in the right-of-use assets for the head lease has been recognised. The Company will continue to review the length of these agreements and as a result the judgement whether the agreement constitutes an operating or finance lease.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 19 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its performance for the financial year ended on that date, and
- (b) 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 Directors.



Steve Rae - Commodore



Valda Johnston - Vice Commodore/Treasurer

Dated: 22 June 2021
Newcastle West, NSW

Independent auditor's report to the members of Newcastle Cruising Yacht Club Limited

Opinion

We have audited the financial report of Newcastle Cruising Yacht Club Limited (the Company) which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

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 audit 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.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Company for the year ended 31 March 2021 included on the Company's web site. The Company's Directors are responsible for the integrity of the Company's 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.

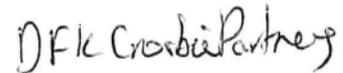
Auditor's responsibilities for the audit of the financial report

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. This description forms part of our audit report.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 22 June 2021
Newcastle West, NSW