



**Newcastle Cruising Yacht
Club Limited**

ACN 064 201 029

**Annual Financial Report
for the year ended 31 March 2023**

Newcastle Cruising Yacht Club Limited ACN 064 201 029
Annual financial report for the year ended 31 March 2023

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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 20 June 2023. The Directors have the power to amend and reissue the financial statements.

Directors' report

Your Directors' present their report on Newcastle Cruising Yacht Club Limited (the Company) for the year ended 31 March 2023.

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 Barry Kelly

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 Robert Logan

Rear Commodore
Director since 2022

Robert has had a career in education and public service that spans over 30 years and has held positions from teacher/lecturer to Senior Executive Service positions. He holds numerous degrees and qualifications including a Masters in Education (MEd.) and a Masters of Business Administration (MBA). Robert has been a member of numerous boards and advisory committees including two University boards, Commonwealth and State Government advisory boards and is currently a Director of a private company. Robert is owner of 'Elena', a Catalina 355, with his wife Helen, and they enjoy both social racing and cruising.

Mr Scott Knights

Treasurer
Director since 2021
Yacht owner of Atraxia

Scott has been an active member of NCYC since 2007 and is a regular participant in offshore races in his boat 'Ataraxia'. Following more than 30 years in commercial roles in the mining industry Scott is looking forward to being able to contribute to the NCYC board in continuing to deliver a high-quality club and well run on-water activities (from racing to cruising) for the members.

Mr Ken Semple

Director
Director since 2020

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.

Mr Adrian Kiely

Vice Commodore
Director since 2015

Yacht owner of MAKO which regularly sails in club races and major events nationally.

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

Club Captain
Director since 2018

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.

Mr Steve Rae

Director
Director since 2013
Yacht owner / skipper of Marta Jean

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.

Review of Operations

Newcastle Cruising Yacht Club had a strong and relatively stable year in 22/23. The Clubhouse extension enjoyed steady growth and good feedback. The new kitchen and service team have settled in and delivered an extremely busy summer. The clubs reputation for delivering functions and events has been well established.

On the water club sailing has continued to grow but inshore and offshore. The Sailing Academy has continued its growth trajectory. Our youth squad won the InterClub challenge for a second year running. The Club won the prestigious Best Yacht Club in Australian for a second time. Our signature event Sailfest continues to grow in participation and reputation, enabling us the rights to host an Australian Titles. The cruising division conducted a very successful trip to the Whitsundays and back.

Club Membership has continued to grow and member feedback via the annual survey remains extremely positive.

The Board and management have undertaken a revision of the Strategic Plan for the next five years.

We continue to do proactive maintenance on our commercial, clubhouse and marina assets.

The board is confident that the year ahead will be another successful one for Newcastle Cruising Yacht Club.

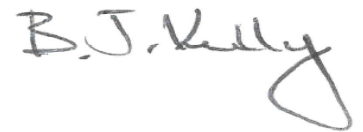
Significant changes in state of affairs

No 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.



Barry Kelly - Commodore



Scott Knights - Treasurer

Dated: 20 June 2023
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 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) 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



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 20 June 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Newcastle Cruising Yacht Club Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2023

| | | 2023 | 2022 |
|---|-------|--------------------|-------------|
| | Notes | \$ | \$ |
| Revenue from continuing operations | 2 | 7,470,535 | 5,226,116 |
| Other income | 3 | 87,078 | 121,070 |
| Cost of goods sold | | (1,385,538) | (726,009) |
| Clubhouse expenses | | (2,891,381) | (1,864,737) |
| Fuel cost of goods sold | | (443,686) | (304,344) |
| Marina expenses | | (412,524) | (423,714) |
| Commerical rental expenses | | (349,281) | (321,084) |
| Club sailing expenses | | (612,091) | (655,113) |
| Administrative expenses | | (932,053) | (750,191) |
| Borrowing cost expenses | | (149,882) | (117,996) |
| | | (7,176,436) | (5,163,188) |
| Profit / (loss) before income tax | | 381,177 | 183,998 |
| Income tax expense | | - | - |
| Profit / (loss) for the year | | 381,177 | 183,998 |
| Other comprehensive income | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income / (loss) for the year | | 381,177 | 183,998 |

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

Newcastle Cruising Yacht Club Limited
Statement of financial position
For the year ended 31 March 2023

| | Notes | 2023 \$ | 2022 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 102,561 | 227,330 |
| Trade receivables | 5 | 120,522 | 169,310 |
| Inventories | 6 | 103,129 | 110,040 |
| Other assets | 7 | 209,144 | 197,979 |
| Total current assets | | 535,356 | 704,659 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 8,436,736 | 8,838,533 |
| Lease asset | 9 (a) | 2,115,047 | 2,120,819 |
| Total non-current assets | | 10,551,783 | 10,959,352 |
| Total assets | | 11,087,139 | 11,664,011 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 580,811 | 578,878 |
| Financial liabilities | 11 | 507,000 | 507,000 |
| Provisions | 12 | 156,045 | 123,426 |
| Other liabilities | 13 | 530,185 | 436,189 |
| Lease liabilities | 9 (b) | 87,843 | 80,545 |
| Total current liabilities | | 1,861,884 | 1,726,038 |
| Non-current liabilities | | | |
| Financial liabilities | 11 | 93,000 | 1,193,000 |
| Provisions | 12 | 38,148 | 26,146 |
| Other liabilities | 13 | 63,648 | 88,861 |
| Lease liabilities | 9 (b) | 2,146,044 | 2,126,728 |
| Total non-current liabilities | | 2,340,840 | 3,434,735 |
| Total liabilities | | 4,202,724 | 5,160,773 |
| Net assets | | 6,884,415 | 6,503,238 |
| MEMBERS FUNDS | | | |
| Retained profits | | 6,884,415 | 6,503,238 |
| Total members funds | | 6,884,415 | 6,503,238 |

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 2023

| | Retained Profits | Total |
|--|-----------------------------|------------------|
| | \$ | \$ |
| Balance at 1 April 2021 | 6,319,240 | 6,319,240 |
| Profit for the year | 183,998 | 183,998 |
| Total comprehensive income for the year | 183,998 | 183,998 |
| Balance at 31 March 2022 | 6,503,238 | 6,503,238 |
| Profit for the year | 381,177 | 381,177 |
| Total comprehensive income for the year | 381,177 | 381,177 |
| Balance at 31 March 2023 | 6,884,415 | 6,884,415 |

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

Newcastle Cruising Yacht Club Limited

Statement of cash flows

For the year ended 31 March 2023

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from members and customers | 8,424,326 | 5,739,712 |
| Government stimulus received | - | 40,686 |
| Payments to suppliers and employees | (7,066,180) | (4,752,025) |
| Interest received | - | 418 |
| Interest paid | (149,882) | (117,996) |
| Net cash inflow (outflow) from operating activities | 1,208,264 | 910,795 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (151,237) | (3,212,434) |
| Proceeds from sale of property, plant and equipment | 2,800 | 44,616 |
| Net cash inflow (outflow) from investing activities | (148,437) | (3,167,818) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | - | 1,790,000 |
| Repayment of borrowings | (1,100,000) | (100,000) |
| Repayment of lease liabilities | (84,596) | (77,565) |
| Net cash inflow (outflow) from financing activities | (1,184,596) | 1,612,435 |
| Net increase in cash and cash equivalents | (124,769) | (644,588) |
| Cash and cash equivalents at the beginning of the financial year | 227,330 | 871,918 |
| Cash and cash equivalents at the end of the financial year | 102,561 | 227,330 |

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 2023

1 Summary of significant accounting policies

(a) Information about the entity

- Newcastle Cruising Yacht Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.
- Newcastle Cruising Yacht Club Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Company is Suite 4 / 91 Hannell St, Wickham NSW 2293.
- The principal place of business of the Company is Suite 4 / 91 Hannell St, Wickham NSW 2293.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The prior year financial report was prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The transition from the previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures has not affected the Company's reported financial position, financial performance and cash flows.

(c) Statement of compliance

This financial report complies with AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities 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.

(d) Working capital deficiency

As at 31 March 2023, Newcastle Cruising Yacht Club Limited has a working capital deficiency of \$1,326,528 (current assets of \$535,356 and current liabilities of \$1,861,884).

The working capital deficiency is impacted by the following key items:

- (a) unearned income in respect of marina rental and leases which is recognised as income over the period of each marina berth sublease and represents \$329,681 at 31 March 2023.
- (b) other unearned income and contract liabilities recognised for membership subscriptions and rental of \$86,979 at 31 March 2023 which will also not require any further direct cash outflow to settle the obligation.

The Directors believe the above working capital deficiency will be satisfied through:

- (a) Recent trading performance of the Company which achieved a profit of \$381,177 in the current year compared to a profit of \$183,998 in the prior year. Also, the Company continues to generate positive operating cash flows showing a positive cash flow of \$1,208,264 in the current year which has allowed the Company to repay term loan debt of \$1,100,000.
- (b) The ability of the Company to draw on its term loan and overdraft facilities to satisfy creditors.
- (c) The changes within the Company including continuing growth in beverage, food and function activities which are expected to contribute to an improved financial performance in the coming year.

The Directors are of the opinion the above will be achieved and the Company will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(e) Income taxes

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

(f) 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.

Notes to the financial statements

For the year ended 31 March 2023

1 Summary of significant accounting policies (continued)**(g) 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.

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:

| 2023 | Clubhouse Revenue | Fuel Revenue | Marina Revenue | Sailing Revenue | Tenant Rental Revenue | Other Revenue | Total |
|---------------------------------------|----------------------|-----------------|-------------------|--------------------|--------------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | 4,000,717 | 535,803 | - | 310,859 | - | 198,305 | 5,045,684 |
| Other revenue (not covered by AASB15) | - | - | 1,530,635 | - | 894,216 | - | 2,424,851 |
| | <u>4,000,717</u> | <u>535,803</u> | <u>1,530,635</u> | <u>310,859</u> | <u>894,216</u> | <u>198,305</u> | <u>7,470,535</u> |
| <i>Timing of revenue recognition</i> | | | | | | | |
| At a point in time | 4,000,717 | 535,803 | - | 310,859 | - | 40,056 | 4,887,435 |
| Over time | - | - | 1,530,635 | - | 894,216 | 158,249 | 2,583,100 |
| | <u>4,000,717</u> | <u>535,803</u> | <u>1,530,635</u> | <u>310,859</u> | <u>894,216</u> | <u>198,305</u> | <u>7,470,535</u> |
| | | | | | | | |
| 2022 | Clubhouse Revenue | Fuel Revenue | Marina Revenue | Sailing Revenue | Tenant Rental Revenue | Other Revenue | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | 2,127,946 | 380,628 | - | 406,863 | - | 142,222 | 3,057,659 |
| Other revenue (not covered by AASB15) | - | - | 1,358,986 | - | 809,471 | - | 2,168,457 |
| | <u>2,127,946</u> | <u>380,628</u> | <u>1,358,986</u> | <u>406,863</u> | <u>809,471</u> | <u>142,222</u> | <u>5,226,116</u> |
| <i>Timing of revenue recognition</i> | | | | | | | |
| At a point in time | 2,127,946 | 380,628 | - | 406,863 | - | 13,725 | 2,929,162 |
| Over time | - | - | 1,358,986 | - | 809,471 | 128,497 | 2,296,954 |
| | <u>2,127,946</u> | <u>380,628</u> | <u>1,358,986</u> | <u>406,863</u> | <u>809,471</u> | <u>142,222</u> | <u>5,226,116</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).

Notes to the financial statements

For the year ended 31 March 2023

2 Revenue (continued)**(b) Accounting policies (continued)***(i) Sale of goods and provision of services - Clubhouse revenue*

Clubhouse revenue comprises revenue from the sale of beverages and food, 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.

(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. 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 and long term 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.

(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

| | 2023 | 2022 |
|--|---------------|----------------|
| | \$ | \$ |
| (a) Other income | | |
| Government stimulus payment - jobkeeper and jobsaver | - | 40,686 |
| Interest Income | - | 418 |
| Insurance recoveries | 27,313 | - |
| Grant funding income | 26,200 | 72,777 |
| Gain on disposal of property, plant and equipment | 2,800 | 7,189 |
| Apprentice rebates | 30,765 | - |
| | <u>87,078</u> | <u>121,070</u> |

(i) Government stimulus payment

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) Interest income

Interest income is recognised on an accruals basis.

Notes to the financial statements

For the year ended 31 March 2023

3 Other income and expense items (continued)*(iii) Insurance recoveries*

The Company recognises income from insurance claims when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(iv) Grant funding income

The Company receives grant income which is recognised over the period of the grant agreement. The grant funding is conditional on the Company performing services in accordance with the grant agreement and satisfying its obligations over time. Grant income is recognised over the period of time that the performance obligation is being satisfied.

(v) Gain on disposal of property, plant and equipment

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.

(vi) Apprentice rebates income

The Company recognises apprentice rebate income when it becomes receivable.

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| (b) Other expenses | | |
| Employee benefits expense | 2,879,893 | 1,953,352 |
| Loss on disposal of property, plant and equipment | 506 | 5,234 |
| Interest costs | 149,882 | 117,996 |
| Depreciation and amortisation | 670,016 | 581,286 |

4 Cash and cash equivalents**Current**

| | | |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 102,561 | 227,330 |
| | <u>102,561</u> | <u>227,330</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 | 120,522 | 169,310 |
| | <u>120,522</u> | <u>169,310</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 | 103,129 | 110,040 |
| | <u>103,129</u> | <u>110,040</u> |

Accounting policy

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

Notes to the financial statements

For the year ended 31 March 2023

7 Other assets

| | 2023 | 2022 |
|----------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Prepayments | 209,144 | 197,979 |
| | <u>209,144</u> | <u>197,979</u> |

Accounting policy

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

8 Property, plant and equipment

| | Leasehold improvements | Plant and equipment | Marina | Club boats | Capital WIP | Total |
|---------------------------|-------------------------------|----------------------------|------------------|-------------------|--------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Non-current assets | | | | | | |
| At 1 April 2022 | | | | | | |
| Cost | 9,494,247 | 1,000,790 | 5,333,887 | 741,394 | 70,213 | 16,640,531 |
| Accumulated depreciation | (3,314,107) | (430,178) | (3,813,786) | (243,927) | - | (7,801,998) |
| Net book amount | <u>6,180,140</u> | <u>570,612</u> | <u>1,520,101</u> | <u>497,467</u> | <u>70,213</u> | <u>8,838,533</u> |

Year ended 31 March 2023

| | | | | | | |
|-------------------------|------------------|----------------|------------------|----------------|--------------|------------------|
| Opening net book amount | 6,180,140 | 570,612 | 1,520,101 | 497,467 | 70,213 | 8,838,533 |
| Additions | 5,480 | 31,327 | 64,004 | 42,608 | 7,818 | 151,237 |
| Transfer from WIP | - | - | 61,420 | 7,618 | (69,038) | - |
| Depreciation charge | (281,968) | (122,050) | (84,844) | (64,172) | - | (553,034) |
| Closing net book amount | <u>5,903,652</u> | <u>479,889</u> | <u>1,560,681</u> | <u>483,521</u> | <u>8,993</u> | <u>8,436,736</u> |

Year ended 31 March 2023

| | | | | | | |
|--------------------------|------------------|----------------|------------------|----------------|--------------|------------------|
| Cost | 9,418,185 | 1,024,186 | 5,459,311 | 802,021 | 8,993 | 16,712,696 |
| Accumulated depreciation | (3,514,533) | (544,297) | (3,898,630) | (318,500) | - | (8,275,960) |
| Net book amount | <u>5,903,652</u> | <u>479,889</u> | <u>1,560,681</u> | <u>483,521</u> | <u>8,993</u> | <u>8,436,736</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 2023

9 Lease assets and lease liabilities**2023****2022****\$****\$**

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

a) Lease assets**Non-current**

Carrying amount of lease assets, by class of underlying asset:

Marina (Wet) Lease

686,966

693,329

Land (Dry) Lease

1,428,081

1,427,490

| | | |
|--|-----------|-----------|
| | 2,115,047 | 2,120,819 |
|--|-----------|-----------|

Reconciliation of lease assets

| | Marina (Wet) Lease | Land (Dry) Lease | Total | Total |
|---|-------------------------------|-----------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Carrying amount at the beginning of the year | 693,329 | 1,427,490 | 2,120,819 | 1,667,857 |
| Additions | 31,634 | 79,576 | 111,210 | 564,116 |
| Amortisation | (37,997) | (78,985) | (116,982) | (111,154) |
| Carrying amount at the end of the year | 686,966 | 1,428,081 | 2,115,047 | 2,120,819 |

b) Lease liabilities**Current**

| | | | | |
|-------------------|--------|--------|--------|--------|
| Lease liabilities | 28,560 | 59,283 | 87,843 | 80,545 |
|-------------------|--------|--------|--------|--------|

Non-current

| | | | | |
|-------------------|---------|-----------|-----------|-----------|
| Lease liabilities | 697,733 | 1,448,311 | 2,146,044 | 2,126,728 |
|-------------------|---------|-----------|-----------|-----------|

| | | | | |
|--------------|----------------|------------------|------------------|------------------|
| Total | 726,293 | 1,507,594 | 2,233,887 | 2,207,273 |
|--------------|----------------|------------------|------------------|------------------|

Reconciliation of lease liabilities

| | | | | |
|---|----------------|------------------|------------------|------------------|
| Carrying amount at the beginning of the year | 722,163 | 1,485,110 | 2,207,273 | 1,720,722 |
| Additions | 31,634 | 79,576 | 111,210 | 564,116 |
| Interest expense | 27,793 | 57,691 | 85,484 | 84,341 |
| Lease payments | (55,297) | (114,783) | (170,080) | (161,906) |
| Carrying amount at the end of the year | 726,293 | 1,507,594 | 2,233,887 | 2,207,273 |

Maturity analysis of future lease payments

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Not later than 1 year | 55,297 | 114,783 | 170,080 | 161,910 |
| Later than 1 year and not later than 5 years | 221,188 | 459,132 | 680,320 | 809,550 |
| Later than 5 years | 778,582 | 1,616,145 | 2,394,727 | 2,279,693 |
| Lease payments | 1,055,067 | 2,190,060 | 3,245,127 | 3,251,153 |

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 lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease 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;

Notes to the financial statements

For the year ended 31 March 2023

9 Lease assets and lease liabilities (continued)

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 3.77%.

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 lease 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.

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

| | 2023 | 2022 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 234,819 | 303,449 |
| Other payables and accruals | 219,044 | 178,690 |
| GST payable | 126,948 | 96,739 |
| | <u>580,811</u> | <u>578,878</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**Current***Secured*

| | | |
|-------------------------------------|----------------|----------------|
| Bank loans (i) | 507,000 | 507,000 |
| Total secured financial liabilities | <u>507,000</u> | <u>507,000</u> |

Non-current*Secured*

| | | |
|-------------------------------------|---------------|------------------|
| Bank loans (i) | 93,000 | 1,193,000 |
| Total secured financial liabilities | <u>93,000</u> | <u>1,193,000</u> |

(i) Bank loans

The Company has a business term lending facility of \$1,293,000 available until 29 November 2024. At 31 March 2023, the Company has available committed capacity (undrawn) of \$693,000 under this facility in addition to a bank overdraft facility of \$150,000. The Company's mortgage over Lease No. 7493224 and Lease No. 7707262 of premises over property situated at Wharf Road Newcastle, NSW is provided as security. There is also a security interest and charge over all of the present and future rights, property and undertaking of the Company.

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 2023

12 Provisions

| | 2023 | 2022 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Employee entitlements (i) & (ii) | 156,045 | 123,426 |
| | <u>156,045</u> | <u>123,426</u> |
| Non-current | | |
| Employee entitlements (ii) | 38,148 | 26,146 |
| | <u>38,148</u> | <u>26,146</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**Current**

| | | |
|--|----------------|----------------|
| Contract liabilities - clubhouse revenue | 32,920 | 19,489 |
| Contract liabilities - marina revenue | 329,681 | 290,781 |
| Contract liabilities - sailing revenue | 72,343 | 17,549 |
| Contract liabilities - tenant rental revenue | 56,449 | 55,540 |
| Contract liabilities - other revenue | 30,530 | 42,046 |
| Other liabilities | 8,262 | 10,784 |
| | <u>530,185</u> | <u>436,189</u> |

Non-current

| | | |
|---------------------------------------|---------------|---------------|
| Contract liabilities - marina revenue | - | 2,544 |
| Contract liabilities - other revenue | 63,648 | 86,317 |
| | <u>63,648</u> | <u>88,861</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 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 2023

15 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) <i>Key management personnel compensation</i> | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Total key management personnel benefits | 348,493 | 340,201 |
| (b) <i>Transactions with other related parties</i> | | |

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.

16 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:

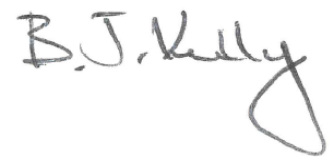
- Estimation of useful lives of non-current assets (*notes 8, and 9*) - The useful life of property, plant and equipment and lease assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the 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.
- 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 lease 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

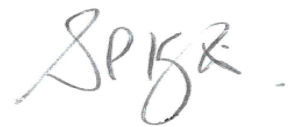
In the Directors' opinion:

- (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 - Simplified Disclosures, 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 2023 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.



Barry Kelly - Commodore



Scott Knights - Treasurer

Dated: 20 June 2023
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 2023, 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 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures 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 (including independence standards) "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 – Simplified Disclosures 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. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 2023 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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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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



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 20 June 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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