

Dear Members

Please find a copy of the NCYC Audited Financial Accounts for 2016/2017 Financial Year.

As per the Notice of AGM it is preferred that any questions with regard to the NCYCs Audited Financial Accounts be in writing so that any necessary preparation can be undertaken. It was originally asked that these questions to be submitted by the 16th of July but any time before the 10th of August would be appreciated.

As per the Constitution

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

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

Regards



Paul O'Rourke
Chief Executive Officer
Date Fri 14th July 2017

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

CONTENTS

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

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

2

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2017

1. Directors

The names of the Directors in office at any time during or since the end of the year are:

Name	Details	Position	Years as a Director	Appointed / Resigned
Jim Holley	Jim is a retired general surgeon. Amongst Jim's many sailing achievements he has competed in 25 Rolex Sydney Hobart Yacht Races most of them on his Farr 40 designed yacht <i>Aurora</i> .	Commodore	7.5	
Steve Rae	Steve is a regular participant in NCYC yacht races skippering <i>Marta Jean</i> . Prior to retirement and permanent abode in Newcastle Steve worked for a number of multinational manufacturing companies in Eastern Europe and Asia in mechanical engineering and management roles.	Vice Commodore	4	
Barry Kelly	Barry is a qualified pilot having commenced his career with the RAAF flying Mirages and F18s. He went on to fly with Cathay Pacific Airways in Hong Kong retiring as a Senior Check Captain and Flying Training Manager. Barry owns and regularly races Archambault M34, Concealed Weapon, in NCYC club races and combined series.	Rear Commodore	2	
Phil Ashley-Brown	Phil is a Walkley Award winning journalist and national Quality Manager for ABC radio. Phil holds a Bachelor of Communications (Hons) from University of Newcastle and a Diploma of Management from Southern Cross University. Phil regularly races Flip his Laser at NCYC and crews on Beneteau 34.7, Summersalt.	Director	2	
Adrian Kiely	Adrian holds a Bachelor of Arts and a Bachelor of Laws from The University of Sydney. He practices as a solicitor with Legal Aid NSW in Newcastle. A veteran of 7 Sydney Hobart races, he is a regular crew member on NCYC yacht "She's the Culprit" and enjoys racing a Laser in NCYC events.	Director	1	
Valda Johnston	Valda has an Accountancy background and worked for a number of years in her own Civil Works business and then as a Commercial Manager for Mining & Associated Infrastructure companies. Valda enjoys participating in Club racing, skippering her Hanse 370e yacht and is a regular crew member with the "Skirts" and "She Sails"	Treasurer	1	Appointed 27/09/16. Leave of Absence 14/3/17 to 28/5/17 whilst
Phil Arnall	Phil is an immediate past commodore of the Club, a director of a number of public companies and has previous senior management experience in the manufacturing industry. Phil owns Anger Management and is regular participant in the Club race calendar as well as East coast blue water races and regattas.	Director	9	Appointed 28/02/2017
Tony Lobb	Tony is a General Manager of two Mining Services / Manufacturing Companies and has previously owned other companies in the mining industry. Tony enjoyed racing PT73 his Farr 40 One Design yacht as well as his Laser dinghy PT 7.3 in Club races and the off regatta.			Resigned 27/09/16
Ernst Thirkell	Following a career in the Australian Navy Ernie turned his skills to farming and fine fibre production. Ernie also taught wool classing at TAFE later in his career. Ernie has sailed his entire life on the Hunter River and Lake Macquarie.		10.8	Resigned 28/02/2017

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

DIRECTORS' REPORT (Cont.)

2. Principal Activities

The principal activities of Newcastle Cruising Yacht Club Limited during the financial year were:

- The conduct of organised and recreational sailing activities for members
- The operation of a 180 berth Marina in Newcastle Harbour
- Promotion and maintaining a Commercial Centre in the Honeysuckle precinct
- The operation of a licensed club

No significant change in the nature of these activities occurred during the year.

3. Operating Results

The net result of operations, after applicable income tax, was a loss of \$23,066 (2016 profit \$167,232) after applying to sailing activities \$181,427 (2016: \$180,555). The net cashflows from operations remained positive and was \$51,239 (2016: \$374,314)

4. Review of Operations

During the 2016-17 financial year NCYC firmly established several sailing programmes including Tackers 1, 2 & 3 for kids, Women's Sailing and She Sails Regatta, Adult Learn to Sail on our Force 24's and of course Club Sailing with Lasers and Keel Boat Racing.

Our membership numbers have remained steady and we look forward to significant growth in the coming year due to added benefits such as discounted Marina berth agreements, discounts offered through our sponsors, discounts in the licensed club and, car parking in what will be a prime position when the Wickham Interchange commences operations.

The last year has had its challenges with high staff turnover in the kitchen/bar areas but we have rallied with the appointment of an experienced, successful Catering firm, since February, offering quality food in a pleasant waterfront atmosphere. We can already measure the benefits achieved through our trading figures in the Bar and look forward to a positive outcome in the year ahead.

NCYC's commercial leasing occupancy rate has remained lower during the year due to the club being unable to offer longer term leasing in Level 1. That constraint has since been lifted and a new tenant will commence in May, 2017 resulting in full occupancy of the commercial leasing facilities for the coming year.

The Marina has experienced 100% occupancy for the majority of the year. Revenue is strong and significant changes in our fee structure for 2017-18 will see additional growth. The Club is able to offer an excellent facility to transient vessels and to Rally & Regatta participants and in fact was at 120% capacity for the Port Stephens Lead in Race.

The 2017-18 year will bring significant employee appointments, including a CEO with extensive experience in Sailing, Marinas and Licensed Clubs, and a Marina & Asset Manager who will also bring wide-ranging knowledge in these areas.

5. Meeting Attendances

During the financial year ended 31 March 2017, 11 meetings of Directors were held, being 10 normal and 1 special. The details of each Directors' attendances at those meetings is given below:

<u>Director</u>	<u>Special Meetings</u>	<u>Ordinary Meetings</u>	<u>Eligible Number of Board</u>
Jim Holley	1	8	11
Steve Rae	1	10	11
Barry Kelly	1	10	11
Phil Ashley-Brown	1	3	9*
Adrian Kiely	0	8	11
Valda Johnston	1	8	9
Phil Arnall	0	1	1
Ernst Thirkell	0	7	9
Tony Lobb	0	0	4

* Phil Ashley-Brown was granted Leave of Absence from the Board for a 3 month period during the year.

DIRECTORS' REPORT (Cont.)

6. Short and Long Term Objectives

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

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

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

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

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

7. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2017 has been received and is set out on page 5 of the financial report. DFK Crosbie continues to hold office in accordance with s307C of the Corporations Act 2001.

The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Company is important.

8. Limited by Guarantee

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee and has the following classes of membership: full, crew, junior, life & social. If the Club is wound up, the constitution states that each member in all membership classes are required to contribute a maximum of \$2 each towards meeting any obligations of the Club. At 31 March 2017 the collective liability of members was \$1,620.

9. Financial Report

The financial report was authorised for issue on 14 June 2017. The Company has the power to amend and re-issue the financial report.

10. Property Report

The Directors have determined that all property of the Club shall be classified as follows in accordance with section 41J of the Registered Clubs Acts 1976 :-

Core Property: - The Clubhouse, Marina, Commercial Centre and Laser Compound situated at 95 Hannell Street, Wickham NSW 2293

Non-Core - Nil

This report is made out in accordance with a resolution of the Board of Directors and is signed for on behalf of the Board by:-



Jim Holley - Commodore



Valda Johnston - Treasurer

Dated: 14 June 2017



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
NEWCASTLE CRUISING YACHT CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2017 there have been:

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

A handwritten signature in black ink, appearing to read 'Shaun Mahony'.

Shaun Mahony - Partner

A handwritten signature in black ink, appearing to read 'DFK Crosbie Partners'.

DFK Crosbie Partners
Chartered Accountants

Dated: 14 June 2017
Warabrook, NSW

Newcastle

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NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Newcastle Cruising Yacht Club

Report on the Financial Report

Opinion

We have audited the financial report of Newcastle Cruising Yacht Club, which comprises the Statement of Financial Position as at 31 March 2017, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cashflows for the year then ended, including a summary of significant accounting policies, and the Directors' declaration.

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

- (a) giving a true and fair view of the company's financial position as at 31 March 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Newcastle

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NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

INDEPENDENT AUDIT REPORT TO MEMBERS

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.

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_files/ar3.pdf. This description forms part of our audit report.

Shaun Mahony - Partner

DFK Crosbie Partners
Chartered Accountants

Dated: 14 June 2017

Warabrook, NSW

Newcastle

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DIRECTORS' DECLARATION

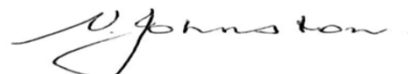
The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 9 to 21 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting obligations; and
 - (b) giving a true and fair view of the Company's financial position as at 31 March 2017 and of its performance, for the year ended on that date.
- 2 At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Board of Directors by:



Jim Holley - Commodore



Valda Johnston - Treasurer

Dated: 14 June 2017

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	25,099	16,747
Trade & Other Receivables	7	168,535	144,107
Inventories	8	40,203	49,391
Other Assets	9	59,514	56,843
TOTAL CURRENT ASSETS		293,351	267,088
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	6,740,622	7,078,829
TOTAL NON-CURRENT ASSETS		6,740,622	7,078,829
TOTAL ASSETS		7,033,973	7,345,917
CURRENT LIABILITIES			
Trade and Other Payables	11	231,040	250,871
Borrowings	12	1,250,417	1,226,467
Provisions	13	29,631	71,624
Other Liabilities	14	450,155	443,272
TOTAL CURRENT LIABILITIES		1,961,243	1,992,234
NON-CURRENT LIABILITIES			
Borrowings	12	12,933	19,399
Provisions	13	10,518	22,063
Other Liabilities	14	224,337	464,213
TOTAL NON-CURRENT LIABILITIES		247,788	505,675
TOTAL LIABILITIES		2,209,031	2,497,909
NET ASSETS		4,824,942	4,848,008
MEMBERS' FUNDS			
Accumulated Profits		4,824,942	4,848,008
TOTAL MEMBERS' FUNDS		4,824,942	4,848,008

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

Note	2017 \$	2016 \$
Bar Sales	860,978	833,772
Less: Bar Cost of Goods Sold	(304,682)	(289,673)
	556,296	544,099
Catering Sales	825,339	1,029,733
Less: Catering Cost of Goods Sold	(309,212)	(342,726)
	516,127	687,007
Fuel Sales	245,709	240,135
Less: Fuel Cost of Goods Sold	(196,722)	(199,123)
	48,987	41,012
Gross Profit / (Loss)	1,121,410	1,272,118
Tenant Rental	571,130	680,484
Marina Leases	239,876	239,655
Marina Rental	724,928	680,715
Club Sailing Income	30,368	39,524
Sailing Academy Income	83,795	52,951
Interest Received	13	53
Other Revenue from Ordinary Activities	249,909	251,700
	1,900,019	1,945,082
Total Trading and Other Income	3,021,429	3,217,200
Expenses		
Bar Trading Expenses	(381,382)	(373,110)
Catering Trading Expenses	(435,529)	(457,630)
Clubhouse Expenses	(591,160)	(560,543)
Marina Expenses	(487,593)	(468,506)
Commercial Rental Expenses	(230,531)	(234,308)
Club Sailing Expenses	(137,184)	(155,466)
Sailing Academy Expenses	(158,406)	(117,564)
Borrowing Cost Expense	5 (67,514)	(73,535)
Administrative Expenses	(555,196)	(608,906)
Total Expenses	(3,044,495)	(3,049,568)
Net Operating Profit/(Loss) Before Income Tax	(23,066)	167,632
Income Tax Expense	1(e) -	-
Net Operating Profit/(Loss) For The Year	(23,066)	167,632
Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	(23,066)	167,632

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2017

Note	2017 \$	2016 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	3,949,528	4,172,514
Payments to Suppliers and Employees	(3,830,788)	(3,724,718)
Interest Received	13	53
Interest Paid	(67,514)	(73,535)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	51,239	374,314
Cash Flows from Investing Activities		
Payments for Property, Plant and Equipment	(60,371)	(233,100)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	(60,371)	(233,100)
Cash Flows from Financing Activities		
Repayments of Borrowings	(6,466)	(200,000)
Proceeds from Borrowings	-	25,866
<i>Net Cash Flows provided by (used in) Financing Activities</i>	(6,466)	(174,134)
<i>Net Increase/(Decrease) in Cash Held</i>	(15,598)	(32,920)
Cash and Cash Equivalents at the Beginning of the Financial Year	16,747	49,667
Cash and Cash Equivalents at the End of the Financial Year	1,149	16,747

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Accumulated Profits	Total Equity
	\$	\$
Balance as at 1 April 2015	4,680,376	4,680,376
Profit / (loss) attributable to members of the Club	167,632	167,632
Balance as at 31 March 2016	4,848,008	4,848,008
Profit / (loss) attributable to members of the Club	(23,066)	(23,066)
Balance as at 31 March 2017	4,824,942	4,824,942

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 Statement of Significant Accounting Policies

(a) Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with applicable Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Newcastle Cruising Yacht Club is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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

The following is a summary of the significant accounting policies adopted by the Club in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Statement of Compliance

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

(c) Limited by Guarantee

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

(d) Comparative Figures

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

(e) Income Tax

There is no liability for income tax as the Club claims exemption as a Sporting Club under Section 50-45 of the Income Tax Assessment Act (1997).

(f) Inventories

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

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

The depreciation amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Club commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements and the remaining term of the lease, including any option period.

The depreciation rates used for each class of depreciable assets are:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the administration expense line item.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset sold. Gains or losses are included in the Statement of Profit or Loss and Other Comprehensive

(i) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

(j) Trade Debtors and Other Receivables

Trade debtors are carried at amounts due. The recoverability of debts are assessed at balance date, where specific provision is made for any doubtful debts. Bad debts are written off when identified.

(k) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position. For the purpose of the Statement of Cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Accounts Payable

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the Statement of Financial Position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

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

Revenue from tenant rental is recognised on a straight line basis over the term of the lease.

The entity contracts under sub-lease agreements to grant leases of marina sites for a term of 15 years. Monies paid in accordance with these sub-leases will be accounted for by bringing them to account as income by way of one-fifteenth of the contract sum each year over the fifteen-year period, commencing from the date of completion of the commencement of the lease. One-fifteenth of all monies received to secure sub-leases have been included as income for the year ended 31 March 2017. The remainder of monies have been included as Other Liabilities within Current and Non-Current Liabilities.

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from membership fees is recognised upon receipt of monies for the period to which the payment relates.

(o) Employee Benefits

Short Term

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

Other Long Term

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2 Significant Accounting Judgements and Estimates

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

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

Significant accounting estimates and assumptions

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

Leases

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

Useful lives of non-current assets

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

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

3 Going Concern

As at 31 March 2017 current assets of the Club were \$293,351 compared to current liabilities of \$1,961,243 representing a deficiency in working capital of \$1,667,892. Current liabilities includes:

- a) the entire balance of the NAB Loan being stated as a current liability due to the agreement with the Bank containing a clause which limits the Club from having an unconditional right to defer settlement of the loan, despite the Club having fulfilled all its obligations to the Bank to date.
- b) unearned income in respect of marina berth sales which is recognised as income over the period of each marina berth sublease and represents \$239,053 at 31 March 2017.

The Club has an overdraft facility of \$150,000 (currently \$23,950 drawn) and has a re-draw facility on borrowings to assist short term cashflow needs. Further, the Club incurred a loss of \$23,066 in the current year and the Statement of Cashflows shows net cashflows from operations of \$51,239. This together with the ongoing investment in property, plant and equipment, and forecasted operating profit results and positive cash flows are expected to be more than sufficient to meet the expected obligations to creditors and financiers. In addition, the Directors do not foresee any issues in continuing to meet the obligations in relation to the loan from NAB including all the loan terms and conditions. It is on this basis that the Directors have formed the opinion that the going concern basis is appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
		\$	\$
4	Operating Revenue		
	Operating Activities:		
	Trading Revenue	3,582,123	3,796,969
	Other Revenue from Ordinary Activities:		
	Membership Subscriptions	112,727	112,437
	Marina Outgoings Re-imburement	75,677	73,990
	Merchandise Sales	2,013	4,303
	ATM Commission	7,458	8,154
	Catering Rent	8,648	-
	Interest Received	13	53
	Sundry Income	43,386	52,816
	Total Revenue	3,832,045	4,048,722
5	Operating Profit		
	Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
	Charges		
	Borrowing Cost Expense	67,514	73,535
	Loss on disposal of assets	-	66,310
	Depreciation		
	- Marina	101,223	100,998
	- Leasehold Improvements	205,091	212,672
	- Plant & Equipment	43,047	48,107
	- Club Boats	49,217	44,333
	Total Depreciation	398,578	406,110
	Operating Lease Rental Expense/(Benefit)		
	Rent - wet	38,867	41,509
	Rent - land	76,225	87,383
		115,092	128,892
	Employee Benefits		
	- Wages	1,304,057	1,273,412
	- Payroll Tax	42,922	36,653
	- Superannuation	129,598	118,083
	- Leave Provisions	(53,538)	24,169
6	Cash and Cash Equivalents		
	Cash on Hand & at Bank	25,099	16,747
		25,099	16,747

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

	2017		2016	
	\$		\$	
7	Trade & Other Receivables			
	Current			
	Debtors Trade	168,535	144,107	
		<u>168,535</u>	<u>144,107</u>	
8	Inventories			
	Stock on Hand - at Cost	40,203	49,391	
		<u>40,203</u>	<u>49,391</u>	
9	Other Assets			
	Prepayments	59,514	56,843	
		<u>59,514</u>	<u>56,843</u>	
10	Property, Plant and Equipment			
		Leasehold	Plant &	
		Improvements	Equipment	
	Marina		Club Boats	Total
Year ended 31 March 2017	\$	\$	\$	\$
At 1 April 2016				
Net Carrying Amount	2,064,394	4,547,208	128,514	338,713
Additions	-	13,626	21,891	24,854
Depreciation/Amortisation	(101,223)	(205,091)	(43,047)	(49,217)
At 31 March 2017				
Net Carrying Amount	<u>1,963,171</u>	<u>4,355,743</u>	<u>107,358</u>	<u>314,350</u>
At 1 April 2016				
Cost or Fair Value	5,380,243	6,664,398	328,422	470,088
Accumulated				
Depreciation/Amortisation	(3,315,849)	(2,117,190)	(199,908)	(131,375)
Net Carrying Amount	<u>2,064,394</u>	<u>4,547,208</u>	<u>128,514</u>	<u>338,713</u>
At 31 March 2017				
Cost or Fair Value	5,380,243	6,678,025	350,313	494,942
Accumulated				
Depreciation/Amortisation	(3,417,072)	(2,322,282)	(242,955)	(180,592)
Net Carrying Amount	<u>1,963,171</u>	<u>4,355,743</u>	<u>107,358</u>	<u>314,350</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
		\$	\$
11	Trade and Other Payables		
	Current		
	Creditors - Trade	78,142	73,878
	GST Payable	57,511	71,842
	Sundry payables and accrued expenses	95,387	105,151
		231,040	250,871
12	Borrowings		
	Current		
	Secured liabilities		
	NAB Overdraft Facility	23,950	-
	Loan Facility - NAB	1,220,000	1,220,000
	Loan - Yachting Australia	6,467	6,467
		1,250,417	1,226,467
	Non-Current		
	Secured liabilities		
	Loan - Yachting Australia	12,933	19,399
		12,933	19,399

The Club has a loan facility of \$3,500,000 with NAB Limited which expires on 28 February 2028, of which \$1,220,000 was utilised at 31 March 2017. The loan has been disclosed as a current liability as the NAB has the ability to reduce the facility limit or change the repayment terms at any time. There have been no breaches of the loan agreement to date and the Directors believe that the loan will be repaid in accordance with the Bank loan agreement.

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

Within the next 12 months	200,000	200,000
After 12 months	1,020,000	1,020,000
	1,220,000	1,220,000

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

Floating charge over fixed assets	6,740,622	7,078,829
	6,740,622	7,078,829

The Market Facility is secured by mortgages held by National Australia Bank over the sub-leased properties with the NSW Roads and Maritime Service.

The Yachting Australia loan is secured over a first ranking registered specific security over the Optimist Dinghy fleet which was financed under the loan agreement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	\$	\$
13 Provisions		
Current		
Provision for Annual Leave	29,631	71,624
	<u>29,631</u>	<u>71,624</u>
Non Current		
Provision for Long Service Leave	10,518	22,063
	<u>10,518</u>	<u>22,063</u>
14 Other Liabilities		
Current		
Member Subscription Income	112,435	119,994
Marina Fees Received in Advance	66,915	52,424
Deferred Income (Marina)	239,053	239,053
Rent Received in Advance	28,310	27,360
Other Income Received in Advance	3,145	4,441
M/Ship Payments - Unapplied	297	-
	<u>450,155</u>	<u>443,272</u>
Non-Current		
Deferred Income (Marina)	224,337	464,213

15 Commitments for Expenditure

Operating Lease Commitments

The Club has leases with NSW Maritime for the land on which the Club property is situated (dry lease), as well as wet lease in respect of the Marina.

The dry lease has an expiry date of 21 May 2021 with a option for an additional 20 years to 21 May 2041. The current annual rental is \$83,955 per annum (including GST). Rent increases by CPI annually, with the exception of May 2021 and the 5 year intervals thereafter, at which time the rent will be reassessed via a market review.

The wet lease has an expiry date of 21 May 2021 with an option for an additional 20 years to 21 May 2041. The current annual rental is \$42,892 per annum (including GST). Rent increases by CPI annually, with the exception of May 2021 and the five year intervals thereafter, at which time the rent will be reassessed via a market review.

Capital Expenditure Commitments

The Club has no capital commitments at year end.

16 Contingent Liabilities

As at 31 March 2017, and to the date of this report, the Directors are not aware of any contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

17 Related Parties

Directors

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Director's Report.

Key Management Personnel	2017	2016
	\$	\$
The total of remuneration paid to key management personnel of the Company during the year was as follows:		
Short term employment benefits	160,692	148,845
Termination employment benefits	16,620	
Post employment benefits	16,406	14,140
	<u>193,718</u>	<u>162,985</u>

Related Party Transactions

Ernie Thirkell has a grand-daughter who was employed by the Club under normal 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.

18 Club Details

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

NCYC Commercial Centre
Suite 4
91 Hannell Street
WICKHAM NSW 2293