

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS

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

NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2019.

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
Steve Rae	Steve is a regular participant in NCYC yacht races skippering Marta Jean. Prior to retirement and permanent abode in Newcastle Steve worked for a number of multinational manufacturing companies in Eastern Europe and Asia in mechanical engineering and management roles.	Commodore	6
Valda Johnston	Valda has an Accountancy background and worked for a number of years in her own Civil Works business and then as a Commercial Manager for Mining & Associated Infrastructure companies. Valda enjoys participating in Club racing, skippering her Hanse 370e yacht and is a regular crew member with the "Skirts" and "She Sails"	Vice Commodore / Treasurer	3
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	4
Adrian Kiely	Adrian holds a Bachelor of Arts and a Bachelor of Laws from The University of Sydney. A veteran of 7 Sydney Hobart races, he is a regular crew member on NCYC yacht "She's the Culprit" and enjoys racing a Laser in NCYC events.	Club Captain	3
Phil Ashley-Brown	Phil is a Walkley Award winning journalist and national Quality Manager for ABC radio. Phil holds a Bachelor of Communications (Hons) from University of Newcastle and a Diploma of Management from Southern Cross University. Phil regularly races Flip his Laser at NCYC and crews on Beneteau 34.7, Summersalt.	Director	4
Phil Arnall	Phil is a past Commodore of the Club, a director of a number of public companies and has previous senior management experience in the manufacturing industry. Phil owns Anger Management and is regular participant in the Club race calendar as well as East coast blue water races and regattas.	Director	11
Jan Howard	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	2

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 was a profit of \$291,597 (2018 profit \$194,337). The net cashflows from operations remained positive and was \$747,419 (2018: \$710,793)

4. Review of Operations

The Board are pleased to announce that the 2018/19 financial year was very successful for NCYC.

Weekly competitive sailing numbers continue to grow. We had competitive representation at major sailing events around the country including Southport, Hobart, Noumea, NSL and AWKR. The addition of a new major event, Sailfest, was well received. The Sailing Academy increased its student numbers, the cruising fleet developed a good calendar of activities, and the social committee continued to host great events. Our sponsor base has started to grow.

We had a very stable management and operations team which helped drive efficiencies. This was supported with increased investment in professional development.

The clubhouse enjoyed a record year for bar sales, the marina revenue has continued to improve with growing occupancy and the commercial centre enjoyed a year of full occupancy.

There was significant increase in expenditure and repairs and maintenance on the commercial centre and fleet of Club boats. There was a refurbishment of the marina amenities, and capital investment on a fleet of inshore keelboats. There was also a significant pay down of the loan facility.

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

5. Meeting Attendances

During the financial year ended 31 March 2019, 13 meetings of Directors were held, being 12 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>
Steve Rae	1	11	13
Valda Johnston	1	10	13
Barry Kelly	1	11	13
Adrian Kiely	1	9	13
Phil Ashley-Brown	1	10	13
Phil Arnall	1	4	13
Jan Howard	-	10	13

DIRECTORS' REPORT (Cont.)

6. 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.

To achieve these objectives the Company 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 2019 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 Company 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 Company 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 Company. At 31 March 2019 the collective liability of members was \$1,490.

9. Financial Report

The financial report was authorised for issue on 18 June 2019. 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 Property: - 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:-


18/6/19 Steve Rae - Commodore


Valda Johnston - Vice Commodore

Dated: 18 June 2019



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 2019 there have been:

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

Shaun Mahony - Partner

DFK Crosbie Partners
Chartered Accountants

Dated: 18 June 2019
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 Limited

Report on the Financial Report

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 2019, 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, notes to the financial statements including a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

In our opinion, the accompanying financial report of Newcastle Cruising Yacht Club Limited, 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 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

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

Responsibilities of the Directors for the Financial Report

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

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

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NEWCASTLE CRUISING YACHT CLUB LIMITED
(ACN 064 201 029)

INDEPENDENT AUDIT REPORT TO MEMBERS

Auditor's Responsibilities for the Audit of the Financial Report

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

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

A handwritten signature in black ink, appearing to read 'Shaun Mahony', with a stylized flourish at the end.

Shaun Mahony - Partner

A handwritten signature in black ink that reads 'DFK Crosbie Partners' in a cursive style.

DFK Crosbie Partners
Chartered Accountants

Dated: 18 June 2019
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 and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Company's financial position as at 31 March 2019 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:



18/6/19

Steve Rae - Commodore



Valda Johnston - Vice Commodore

Dated: 18 June 2019

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	64,803	122,600
Trade Receivables	7	212,236	216,765
Inventories	8	50,663	42,117
Other Assets	9	91,198	81,057
TOTAL CURRENT ASSETS		418,900	462,539
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	6,536,521	6,439,614
TOTAL NON-CURRENT ASSETS		6,536,521	6,439,614
TOTAL ASSETS		6,955,421	6,902,153
CURRENT LIABILITIES			
Trade and Other Payables	11	414,911	300,631
Financial Liabilities	12	529,384	726,467
Provisions	13	77,820	63,576
Other Liabilities	14	388,745	454,942
TOTAL CURRENT LIABILITIES		1,410,860	1,545,616
NON-CURRENT LIABILITIES			
Financial Liabilities	12	-	6,466
Provisions	13	15,753	9,060
Other Liabilities	14	217,932	321,732
TOTAL NON-CURRENT LIABILITIES		233,685	337,258
TOTAL LIABILITIES		1,644,545	1,882,874
NET ASSETS		5,310,876	5,019,279
MEMBERS' FUNDS			
Accumulated Profits		5,310,876	5,019,279
TOTAL MEMBERS' FUNDS		5,310,876	5,019,279

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
Bar Sales		1,156,348	1,051,547
Less: Bar Cost of Goods Sold		(386,762)	(372,088)
		769,586	679,459
Fuel Sales		343,391	364,563
Less: Fuel Cost of Goods Sold		(292,724)	(302,041)
		50,667	62,522
Gross Profit / (Loss)		820,253	741,981
Tenant Rental		728,680	622,914
Marina Leases		115,829	86,860
Marina Rental		1,253,642	1,101,422
Club Sailing Income		57,356	48,933
Sailing Academy Income		111,196	105,282
Function Income		194,459	127,036
Catering Commission		90,899	64,283
Interest Received		70	73
Other Revenue from Ordinary Activities		164,439	171,292
		2,716,570	2,328,095
Total Trading and Other Income		3,536,823	3,070,076
Expenses			
Bar Trading Expenses		(433,291)	(367,922)
Fuel Trading Expenses		(10,303)	-
Clubhouse Expenses		(622,404)	(623,029)
Marina Expenses		(454,869)	(480,014)
Commercial Rental Expenses		(311,712)	(250,635)
Club Sailing Expenses		(292,642)	(133,503)
Sailing Academy Expenses		(189,916)	(225,132)
Function Expenses		(180,094)	(151,864)
Borrowing Cost Expense	5	(37,503)	(56,706)
Administrative Expenses		(712,492)	(586,934)
Total Expenses		(3,245,226)	(2,875,739)
Net Operating Profit/(Loss) Before Income Tax		291,597	194,337
Income Tax Expense	1(e)	-	-
Net Operating Profit/(Loss) For The Year		291,597	194,337
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		291,597	194,337

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Receipts from Members and Guests		4,460,517	4,192,685
Payments to Suppliers and Employees		(3,675,665)	(3,425,259)
Interest Received		70	73
Interest Paid		(37,503)	(56,706)
<i>Net Cash Flows provided by (used in)</i> <i>Operating Activities</i>		<u>747,419</u>	<u>710,793</u>
Cash Flows from Investing Activities			
Payments for Property, Plant and Equipment		(578,749)	(82,875)
<i>Net Cash Flows provided by (used in)</i> <i>Investing Activities</i>		<u>(578,749)</u>	<u>(82,875)</u>
Cash Flows from Financing Activities			
Repayments of Borrowings		(226,467)	(506,467)
<i>Net Cash Flows provided by (used in)</i> <i>Financing Activities</i>		<u>(226,467)</u>	<u>(506,467)</u>
Net Increase/(Decrease) in Cash Held		(57,797)	121,451
Cash and Cash Equivalents at the Beginning of the Financial Year		<u>122,600</u>	<u>1,149</u>
Cash and Cash Equivalents at the End of the Financial Year	6	<u>64,803</u>	<u>122,600</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Accumulated Profits	Total Equity
	\$	\$
Balance as at 1 April 2017	4,824,942	4,824,942
Net profit / (loss) for the year	194,337	194,337
Balance as at 31 March 2018	5,019,279	5,019,279
Net profit / (loss) for the year	291,597	291,597
Balance as at 31 March 2019	<u>5,310,876</u>	<u>5,310,876</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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 - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Newcastle Cruising Yacht Club Limited is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

(b) Statement of Compliance

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

(c) Limited by Guarantee

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

(d) Comparative Figures

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

(e) Income Tax

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

(f) Inventories

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

(g) Property, Plant and Equipment

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

The depreciation amount of all fixed assets including buildings and leasehold improvements, is depreciated on a straight-line basis over their useful lives to the Company 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	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 2019

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 Income.

(h) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

(i) Trade Receivables

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.

The Company has adopted AASB 9 Financial Instruments from 1 January 2018 . AASB 9 replaces the provisions of AASB 139 relating to the recognition, classification and measurement of financial assets and financial liabilities. In accordance with the transitional provisions in AASB 9 the standard has been applied retrospectively. There was no impact on the measurement and recognition of the Company's financial assets or receivables resulting from the adoption of AASB 9.

(j) 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.

(k) Accounts Payable

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(l) 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.

(m) Revenue Recognition

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

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

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

The entity contracts under sub-lease agreements to grant leases of marina sites for a term of generally 15 years. Monies paid in accordance with these sub-leases will be accounted for by bringing them to account as income on a monthly pro-rata basis over the term of the lease, commencing from the date of commencement of the lease until its expiry. The portion of these monies received that relates to the current year has been included as income for the year ended 31 March 2019. The remainder of monies have been included as Other Liabilities within Current and Non-Current Liabilities. Non-Current Liabilities have been discounted using Australian bond rates to match the future estimated recognition period.

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

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

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

(n) Employee Benefits

Short Term

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

Other Long Term

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Employee Benefits (cont.)

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.

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 2019 current assets of the Club were \$418,900 compared to current liabilities of \$1,410,860 representing a deficiency in working capital of \$991,960. Current liabilities includes:

- a) the entire balance of the NAB Loan of \$500,000 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 \$302,975 at 31 March 2019.

The Club has an overdraft facility of \$150,000, an asset finance facility of \$250,000 and has a re-draw facility on borrowings to assist short term cashflow needs. Further, the Club achieved a profit of \$291,597 in the current year and the Statement of Cashflows shows net cashflows from operations of \$747,419. This together with the ongoing investment in property, plant and equipment, the 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 2019

		2019	2018
		\$	\$
4	Operating Revenue		
	Operating Activities:		
	Bar Sales	1,156,348	1,051,547
	Fuel Sales	343,391	364,563
	Tenant Rental	728,680	622,914
	Marina Leases	115,829	86,860
	Marina Rental	1,253,642	1,101,422
	Club Sailing Income	57,356	48,933
	Sailing Academy Income	111,196	105,282
	Function Income	194,459	127,036
	Catering Commission	90,899	64,283
	Interest Received	70	73
	Other Revenue from Ordinary Activities:		
	Membership Subscriptions	106,812	113,209
	Merchandise Sales	-	484
	ATM Commission	4,843	5,825
	Sundry Income	52,784	51,774
	Total Revenue	4,216,309	3,744,205

5 **Operating Profit**

Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-

Charges

Borrowing Cost Expense	37,503	56,706
Loss on disposal of assets	100,097	-
Depreciation		
- Marina	85,941	94,827
- Leasehold Improvements	205,590	205,112
- Plant & Equipment	41,942	33,998
- Club Boats	48,272	49,946
Total Depreciation	381,745	383,883
Operating Lease Rental Expense/(Benefit)		
Rent - wet	40,475	40,074
Rent - land	79,835	77,769
	120,310	117,843
Employee Benefits		
- Wages	1,078,292	994,691
- Payroll Tax	18,992	17,188
- Superannuation	99,870	89,224
- Leave Provisions	20,938	32,487

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018			
		\$		\$			
6	Cash and Cash Equivalents						
	Cash on Hand and at Bank	64,803		122,600			
		64,803		122,600			
7	Trade Receivables						
	Current						
	Trade Debtors	212,236		216,765			
		212,236		216,765			
8	Inventories						
	Stock on Hand - at Cost	50,663		42,117			
		50,663		42,117			
9	Other Assets						
	Prepayments	91,198		81,057			
		91,198		81,057			
10	Property, Plant and Equipment						
		Capital Work in Progress	Marina	Leasehold Improvements	Plant & Equipment	Club Boats	Total
	Year ended 31 March 2019	\$	\$	\$	\$	\$	\$
	At 1 April 2018						
	Net Carrying Amount	7,307	1,868,344	4,186,595	110,963	266,405	6,439,614
	Additions	280,633	-	107,495	132,270	58,351	578,749
	Disposals	-	-	(39,346)	(14,684)	(46,067)	(100,097)
	Depreciation/Amortisation	-	(85,941)	(205,590)	(41,942)	(48,272)	(381,745)
	Transfers	(7,307)	(11,121)	19,703	42,856	(44,131)	-
	At 31 March 2019						
	Net Carrying Amount	280,633	1,771,282	4,068,857	229,463	186,286	6,536,521
	At 1 April 2018						
	Cost	7,307	5,380,243	6,713,989	387,917	496,942	12,986,398
	Accumulated Depreciation/Amortisation	-	(3,511,899)	(2,527,394)	(276,954)	(230,537)	(6,546,784)
	Net Carrying Amount	7,307	1,868,344	4,186,595	110,963	266,405	6,439,614
	At 31 March 2019						
	Cost	280,633	5,333,887	6,770,753	571,560	350,001	13,306,834
	Accumulated Depreciation/Amortisation	-	(3,562,605)	(2,701,896)	(342,097)	(163,715)	(6,770,313)
	Net Carrying Amount	280,633	1,771,282	4,068,857	229,463	186,286	6,536,521

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
		\$	\$
11	Trade and Other Payables		
	Current		
	Trade Creditors	276,391	136,115
	GST Payable	40,946	57,441
	Sundry Payables and Accrued Expenses	97,574	107,075
		414,911	300,631
		414,911	300,631
12	Financial Liabilities		
	Current		
	Secured liabilities		
	Loan Facility - NAB	500,000	720,000
	Loan - Insurance	22,918	-
	Loan - Yachting Australia	6,466	6,467
		529,384	726,467
		529,384	726,467
	Non-Current		
	Secured liabilities		
	Loan - Yachting Australia	-	6,466
		-	6,466
		-	6,466

The Club has a loan facility of \$3,500,000 with NAB Limited which expires on 28 February 2028, of which \$500,000 was utilised at 31 March 2019. The loan has been disclosed as a current liability as the NAB has the ability to reduce the facility limit or change the repayment terms at any time. There have been no breaches of the loan agreement to date and the Directors believe that the loan will be repaid in accordance with the Bank loan agreement.

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

Within the next 12 months	250,000	250,000
After 12 months	250,000	470,000
	500,000	720,000
	500,000	720,000

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

Floating charge over fixed assets	6,536,521	6,439,614
	6,536,521	6,439,614
	6,536,521	6,439,614

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
		\$	\$
13	Provisions		
	Current		
	Provision for Employee Benefits	77,820	63,576
		77,820	63,576
	Non Current		
	Provision for Long Service Leave	15,753	9,060
		15,753	9,060
14	Other Liabilities		
	Current		
	Member Subscription Income	43,381	103,615
	Marina Fees Received in Advance	222,920	192,504
	Deferred Income (Marina Sub leases)	80,055	122,075
	Rent Received in Advance	33,515	31,966
	Other Income Received in Advance	8,874	4,782
		388,745	454,942
	Non-Current		
	Marina Fees Received in Advance	75,922	92,276
	Deferred Income (Marina Sub leases)	142,010	229,456
		217,932	321,732

15 **Commitments for Expenditure**

Operating Lease Commitments

The Club has leases for the land on which the Club property is situated as well as in respect of the Marina. The leases have an expiry date of 21 May 2021 with a option for an additional 20 years to 21 May 2041. Rent increases by CPI annually, with a market review at 5 year intervals.

Future minimum rentals payable under non-cancellable operating leases at reporting date are:

- Within one year	132,342	129,874
- After one year but not more than five years	151,196	277,895
	283,538	407,769

Capital Expenditure Commitments

The Club has no capital commitments at year end.

16 **Contingent Liabilities**

As at 31 March 2019, 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 2019

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

2019

2018

\$

\$

The total of remuneration paid to key management personnel of the Company during the year was as follows:

Short term employment benefits	239,447	115,863
Long Term employment benefits	1,162	196
Post employment benefits	27,398	10,998
	<u>268,007</u>	<u>127,057</u>

Related Party Transactions

Adrian Kiely Legal, a company associated with Director Adrian Kiely, is a tenant under a Standard Commercial Property Lease Agreement.

No remuneration has been paid to any Director in respect of their services as a Director during or since the end of the period.

Certain Directors and Director related persons utilise the marina and club facilities, participate in the Club Sailing activities and receive prizes under the same terms and conditions as other members.

18 Club Details

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

NCYC Commercial Centre
Suite 4
91 Hannell Street
WICKHAM NSW 2293