

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

**FINANCIAL REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2016**

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 of Loss and Other Comprehensive Income	10
Statement of Cashflows	11
Statement of Changes in Equity	12
Notes to and Forming Part of the Financial Statements	13-22

LAKE MACQUARIE YACHT CLUB

(ACN 000 805 265)

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 29 February 2016.

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

Name/ Position	Position	Special Responsibilities	Qualifications and Experience	No. of years as a Director
William Chaseling	Commodore	House Committee	Bill has over 35 years of professional experience. As a Chartered Accountant, financial planning specialist, tax agent and registered company auditor, he is qualified to help assist individuals and businesses succeed in a complex environment and achieve their goals. He also specialises in the field of superannuation including self managed superannuation funds. Bill is committed to providing long term mutually beneficial relationships with clients	7
Richard Roberts	Vice Commodore	House Committee	Richard Roberts is CEO at Ash Industry Consulting a Hunter based hospitality and catering group. With an accounting background he has a Bachelor of Commerce and has consulted to and managed businesses in the hospitality industry for over 20 years.	2
Geoff Edman	Rear Commodore	House & Sailing Committee	Associate Diploma Mechanical Engineering, Certificate Structural Engineering. General Manager 11 years. 15 years project manager/ project coordinator in heavy & manufacturing Industry.	5
Phillip Cunningham	Club Captain	House & Sailing Committee	50hr electrical trade, Advanced Diploma in Electrical Engineering.	9
Edwin Hillier	Treasurer	House Committee	Bachelor of Commerce at University of Newcastle. 35 years in public practice.	8
Geoffrey Burt	Director	House Committee	Retired Company Director of an International Supervisory Control and Data Acquisition Solutions Company. Electrical Engineer by profession.	11
Noel Jenkins	Director	House & Sailing Committee	Currently a Director of Newcastle Commercial Properties since July 2011. Previously Owner/ Manager of NCP Printing for over 35 years with operations in Newcastle and Sydney employing over 80 staff. NCP was sold in June 2011 to a large Sydney Print Company.	13
Eleanor Cunningham (appointed 26 May 2015)	Director	House Committee	20 year sailing member. Assistant Chief radiographer Calvary hospital. Diploma of Society of radiographers (London) B.A Uni of Newcastle.	1
Peter Shaddock (appointed 26 May 2015)	Director	House & Sailing Committee	Qualified as an Architect in 1984. Worked in both Newcastle and Sydney Offices for 10 years. Became a Registered Architect in 1990, and formed Shaddock Smith Architects as a partnership in 1991. Currently still working as a Partner in this Architectural Practice.	1
Doug Coulter (Ceased 26 May 2015)	Director			15
Gary Boyd (ceased 26 May 2015)	Director			5
Daniel Hunt (Ceased 26 May 2015)	Director			9
Robert Brown (ceased 26 May 2015)	Director			3
Brian Varnam (ceased 26 May 2015)	Director			5

LAKE MACQUARIE YACHT CLUB**(ACN 000 805 265)****DIRECTORS' REPORT****2. Objectives of the Company**

The Club's short and long term objectives are;

- To encourage and promote the sport of amateur yachting and boating and cruising for pleasure and the sailing of yachts and boats;
- To establish and maintain a Club and to provide all or any of the amenities, facilities, conveniences and other advantages of a club including residential and other accommodation, laundries, libraries, and reading rooms and sports, games and recreation of all kinds and description both indoor and outdoor;
- To promote, foster, encourage and support social activities of all kinds and descriptions amongst Members of the Club and in particular for such purposes to promote, give and provide concerts, entertainments and amusements, banquets ,dinners, balls and dances;
- To promote either alone or jointly with any other club association or persons and conduct races, matches, competitions and exhibitions in relation to yachting and boating, yacht racing and boat racing and to give or contribute to prizes and trophies and to guarantee prize money and expenses in connection with any such races, matches, competitions and exhibitions and generally to foster, promote, encourage and support the sports of yachting and boating, yacht racing and boat racing provided that no Member of the Club shall receive any prize, award or distinction except as a successful competitor at any match, sporting event, trial or competition held or promoted by the Club or to the cost of the holding or promotion of which the Club may have subscribed out of its income or property, and which under the regulations affecting the said match, sporting event, trial or competition, may be awarded to him;

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

3. Results

The net result of operations, after applicable income tax, was a profit of \$150,765 (2015 \$26,756).

4. Directors' Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due to be received by Directors shown in the accounts or received as the fixed salary of a full time employee of the Club) by reason of a contract made by the Club or by a related corporation with the Director or with a firm of which they are a member, or with a Company in which they have a substantial financial interest, other than those included in the Related Parties note to the Financial Report (Note 17).

5. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 29 February 2016 has been received and is set out on page 4 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. Details of the amounts paid or payable to the auditor (DFK Crosbie) for audit and non-audit services are provided in Note 14.

6. 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: sailing, senior, 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 \$20 each towards meeting any obligations of the Club. At 29 February 2016 the collective liability of members was \$35,500.

7. Financial Report

The financial report was authorised for issue on 26 April 2016. The Company has the power to amend and re-issue the financial report.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DIRECTORS' REPORT (Cont.)

8. Meeting Attendances

During the financial year ended 29 February 2016, the total number of Ordinary Management Meetings held was 12, House Committee meetings 12 and Sailing Committee meetings 11. The details of each Directors' attendances at those meetings is given below:

<u>Director</u>	<u>Ord Mgt</u>	<u>Eligible to</u>		
		<u>Attend</u>	<u>House</u>	<u>Sailing</u>
William Chaseling	11	12	3	-
Richard Roberts	12	12	12	-
Geoff Edman	11	12	3	11
Phillip Cunningham	9	12	10	7
Edwin Hillier	9	12	10	-
Doug Coulter (Ceased 26 May 2015)	3	3	-	-
Geoffrey Burt	9	12	6	-
Gary Boyd (ceased 26 May 2015)	-	3	-	-
Daniel Hunt (Ceased 26 May 2015)	-	3	-	-
Noel Jenkins	10	12	5	9
Robert Brown (ceased 26 May 2015)	-	3	-	-
Brian Varnam (ceased 26 May 2015)	3	3	-	2
Eleanor Cunningham (appointed 26 May 2015)	6	9	10	-
Peter Shaddock (appointed 26 May 2015)	8	9	1	7

9. 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 Core Property:

- The Clubhouse and Marina situated at 9 Ada Street, Belmont NSW 2280
- The Slipway situated at 180 Ross Street, Belmont NSW 2280

Non Core Property: Nil

Note that the Clubhouse building situated at Ada Street Belmont is on land leased from the Department of Lands.

Note that the Slipway situated at Ross Street Belmont is on land leased from Lake Macquarie City Council.

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:-



William Chaseling - Commodore



Edwin Hillier - Treasurer

Dated: 26 April 2016



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
LAKE MACQUARIE YACHT CLUB

I declare that, to the best of my knowledge and belief, during the year ended 29 February 2016 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 'Brent Perkins'.

Brent Perkins - Partner

The DFK Crosbie logo with a handwritten signature in black ink overlaid on it.

DFK Crosbie Partners
Chartered Accountants

Dated: 26 April 2016
Warabrook, NSW

Liability limited by a scheme approved under the Professional Standards Legislation



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

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INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Lake Macquarie Yacht Club

Report on the Financial Report

We have audited the accompanying financial report of Lake Macquarie Yacht Club, which comprises the Statement of Financial Position as at 29 February 2016, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cashflows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations adopted by the Australia Accounting Standards Board) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporation Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been provided to the Directors of Lake Macquarie Yacht Club would be in the same terms if given to the Directors as at the date of this auditor's report.

Matters relating to the electronic presentation of the audited financial report

The auditor's report refers to the financial report of Lake Macquarie Yacht Club (the Company) for the year ended 29 February 2016 included on Lake Macquarie Yacht Club's web site. The Company's Directors are responsible for the integrity of the 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.

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

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INDEPENDENT AUDIT REPORT TO MEMBERS

Audit Opinion

In our opinion;

- (a) The financial report of Lake Macquarie Yacht Club is in accordance with the Corporations Act 2001, including;
- (i) giving a true and fair view of the Lake Macquarie Yacht Club's financial position as at 29 February 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) as described in Note 1 and the Corporations Regulations 2001;

Brent Perkins - Partner

DFK Crosbie Partners
Chartered Accountants

Dated: 26 April 2016
Warabrook, NSW

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(ACN 000 805 265)

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 9 to 22 are in accordance with the Corporation Act 2001 including:
 - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting obligations; and
 - (b) give a true and fair view of the Company's financial position as at 29 February 2016 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:



William Chaseling - Commodore



Edwin Hillier - Treasurer

Dated: 26 April 2016

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	574,947	272,072
Trade & Other Receivables	6	58,848	48,547
Inventories	7	50,308	42,323
Other Assets	8	117,327	115,871
TOTAL CURRENT ASSETS		801,430	478,813
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	4,074,854	4,204,061
TOTAL NON-CURRENT ASSETS		4,074,854	4,204,061
TOTAL ASSETS		4,876,284	4,682,874
CURRENT LIABILITIES			
Trade and Other Payables	10	169,883	112,850
Borrowings	11	591,955	587,021
Provisions	12	109,926	120,176
Other Liabilities	13	110,748	120,182
TOTAL CURRENT LIABILITIES		982,512	940,229
NON-CURRENT LIABILITIES			
Provisions	12	1,525	1,163
TOTAL NON-CURRENT LIABILITIES		1,525	1,163
TOTAL LIABILITIES		984,037	941,392
NET ASSETS		3,892,247	3,741,482
MEMBERS' FUNDS			
Reserves - Funds Acquired from Club		108,104	108,104
Accumulated Profits		3,784,143	3,633,378
TOTAL MEMBERS' FUNDS		3,892,247	3,741,482

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

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	2016 \$	2015 \$
Bar Sales		975,613	946,074
Cost of Goods Sold		357,044	344,244
Bar Gross Profit (\$)		618,569	601,830
Bar Gross Profit (%)		63.4%	63.6%
Poker Machine Net Revenue		148,387	102,213
Sailing Income		70,867	66,626
Marina Fees		564,111	415,469
Interest Received		628	11,668
Rent Received		103,231	92,121
Member Subscriptions		143,231	119,498
Other		296,400	284,404
Total Trading and Other Income		1,945,424	1,693,829
Expenses			
Bar Direct Expenses		233,242	222,726
Poker Machine Direct Expenses		45,750	46,475
Sailing Expenses		96,073	115,755
Marina Expenses (excluding finance costs)		285,071	138,836
Administration and Other Expenses excluding Finance Costs		1,088,473	1,137,907
Finance Costs		46,050	5,373
Total Expenses		1,794,659	1,667,072
Net Profit/(Loss) Before Income Tax		150,765	26,756
Income Tax Expense	1	-	-
Net Profit/(Loss) After Income Tax		150,765	26,756
Other Comprehensive Income			
Total Comprehensive Income/(Loss)		150,765	26,756

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

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Receipts from Members and Guests		2,504,067	2,260,164
Payments to Suppliers and Employees		(2,059,249)	(2,002,172)
Interest Received		628	11,668
Interest Paid		(46,050)	(5,373)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	19	<u>399,396</u>	<u>264,287</u>
Cash Flows from Investing Activities			
Payments for Plant, Equipment and Development Expenses		(140,835)	(1,887,199)
Proceeds from Share Trading		-	500
<i>Net Cash Flows provided by (used in) Investing Activities</i>		<u>(140,835)</u>	<u>(1,886,699)</u>
Cash Flows from Financing Activities			
Proceeds from Borrowings		106,208	627,751
Repayments of Borrowings		(101,274)	(92,121)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		<u>4,934</u>	<u>535,630</u>
Net Increase/(Decrease) in Cash Held		263,495	(1,086,782)
Cash and Cash Equivalents at the Beginning of the Financial Year		272,072	1,358,854
Cash and Cash Equivalents at the End of the Financial Year	19	<u>535,567</u>	<u>272,072</u>

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	Retained Earnings \$	Reserves \$	Total \$
Balance 1 March 2014		3,606,622	108,104	3,714,726
Net Profit/(Loss) for year		26,756	-	26,756
Balance 28 February 2015		3,633,378	108,104	3,741,482
Net Profit/(Loss) for year		150,765	-	150,765
Balance 29 February 2016		3,784,143	108,104	3,892,247

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

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

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*. Lake Macquarie Yacht Club is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals 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

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standard ("A-IFRS"). A statement of compliance with IFRS cannot be made due to the application of not for profit sector specific requirements contained in AIFRS.

(c) Income Tax

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

(d) Inventories

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

(e) 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 estimated useful lives of the improvements or the remaining term of the lease, including any option period.

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

Leasehold Improvements	10 to 50 years
Plant and Equipment	3 to 7 years
Motor Vehicles	8 years
Poker Machines	3 to 4 years
Club Boats	6 to 8 years
Marina	25 years

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.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

(f) Borrowing Costs

Borrowing Costs are recognised as an expense when incurred.

(g) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance leases), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Profit or Loss and Other Comprehensive Income in the periods in which they are incurred.

(h) 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.

(i) Cash and Cash Equivalents

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 Cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) 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.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Revenue from membership subscriptions is recognised upon receipt of money for the period in which the membership relates.

Dividend income is recognised when it is received.

Interest income is recognised as it accrues.

The profit or loss on disposal of assets are brought to account at the date an unconditional contract is signed.

Other revenue is recognised as it accrues.

(k) 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 Statement of Financial Position 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.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

(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) Comparative Figures

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

(n) 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.

(o) Deficiency in Working Capital

As at balance date, current assets totalled \$801,430 compared to current liabilities of \$982,512 with the entire balance of the ANZ Loan being stated as a current liability due to the agreement with the Bank containing a review 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. The Club has generated a net profit of \$150,765 and a positive operating cashflow of \$399,396 for the year ended 29 February 2016. Cashflows going forward are expected to be more than sufficient to cover the loan obligations and the Directors do not foresee any issues in continuing to meet the loan terms and conditions. It is on this basis that the Directors have determined that the going concern basis is appropriate.

2 Limited by Guarantee

The Club is an incorporated body having no share capital and the liability of Members is limited by guarantee. The registered address of the Club is Ada Street Belmont NSW 2280.

3 Operating Revenue

	2016	2015
	\$	\$
Bar Sales	975,613	946,074
Poker Machine Net Revenue	148,387	102,213
Keno Commission	4,860	4,160
Interest Received/Receivable	628	11,668
Rent Received	103,231	92,121
Marina Fees	564,111	415,469
Sailing Operations Income	70,867	66,626
Slipway Operations Income	66,806	74,125
Functions Operations Income	127,235	121,773
Membership Subscriptions	143,231	119,498
Profit on Sale of Property, Plant and Equipment	-	153
Other	97,499	84,347
Total	2,302,468	2,038,226

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016	2015
	\$	\$
4 Operating Profit		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Credits		
Interest Received/Receivable	628	11,668
Charges		
Depreciation		
- Marina	153,584	52,091
- Buildings and Improvements	36,163	22,719
- Plant & Equipment	76,450	92,962
Interest Paid	46,050	5,373
Loss on Sale of Assets	3,845	-
Employee Benefits		
- Wages	577,781	575,362
- Superannuation	53,065	52,691
- Leave Provisions	(5,088)	16,950
5 Cash and Cash Equivalents		
Cash on Hand and at Call	574,947	272,072
	<u>574,947</u>	<u>272,072</u>
6 Trade & Other Receivables		
Current		
Debtors Trade	55,143	45,676
Debtors Other	3,705	2,871
	<u>58,848</u>	<u>48,547</u>
7 Inventories		
Stock on Hand - at Cost	50,308	42,323
	<u>50,308</u>	<u>42,323</u>
8 Other Assets		
Current		
Prepayments	117,327	115,871
	<u>117,327</u>	<u>115,871</u>

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

9 Property, Plant and Equipment

	Work In Progress	Marina	Building and Improvements	Plant & Equipment	Total
Year ended 29 February 2016					
At 1 March 2015					
Net of Accumulated Depreciation/Amortisation	417,653	3,016,794	329,707	439,907	4,204,061
Additions	85,185	-	3,050	52,600	140,835
Transfers	(85,442)	85,185	-	257	-
Disposals	-	-	(616)	(3,229)	(3,845)
Depreciation/Amortisation	-	(153,584)	(36,163)	(76,450)	(266,197)
At 28 February 2016					
Net of Accumulated Depreciation/Amortisation	417,396	2,948,395	295,978	413,085	4,074,854
At 1 March 2015					
Cost or Fair Value	417,653	3,451,987	802,350	1,741,089	6,413,079
Accumulated Depreciation/Amortisation	-	(435,193)	(472,643)	(1,301,182)	(2,209,018)
Net Carrying Amount	417,653	3,016,794	329,707	439,907	4,204,061
At 29 February 2016					
Cost or Fair Value	417,396	3,537,171	800,432	1,693,609	6,448,608
Accumulated Depreciation/Amortisation	-	(588,776)	(504,454)	(1,280,524)	(2,373,754)
Net Carrying Amount	417,396	2,948,395	295,978	413,085	4,074,854
	Work In Progress	Marina	Building and Improvements	Plant & Equipment	Total
Year ended 28 February 2015					
At 1 March 2014					
Net of Accumulated Depreciation/Amortisation	1,419,329	236,010	323,900	505,742	2,484,981
Additions	1,831,199	-	28,526	27,474	1,887,199
Transfers	(2,832,875)	2,832,875	-	-	-
Disposals	-	-	-	(347)	(347)
Depreciation/Amortisation	-	(52,091)	(22,719)	(92,962)	(167,772)
At 28 February 2015					
Net of Accumulated Depreciation/Amortisation	417,653	3,016,794	329,707	439,907	4,204,061
At 1 March 2014					
Cost or Fair Value	1,419,329	619,111	773,797	1,712,457	4,524,694
Accumulated Depreciation/Amortisation	-	(383,101)	(449,897)	(1,206,715)	(2,039,713)
Net Carrying Amount	1,419,329	236,010	323,900	505,742	2,484,981
At 28 February 2015					
Cost or Fair Value	417,653	3,451,987	802,350	1,741,089	6,413,079
Accumulated Depreciation/Amortisation	-	(435,193)	(472,643)	(1,301,182)	(2,209,018)
Net Carrying Amount	417,653	3,016,794	329,707	439,907	4,204,061

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016	2015
	\$	\$
10 Trade and Other Payables		
Current		
Creditors - Trade	145,034	89,447
GST Payable	14,849	2,423
Marina Deposits	-	10,980
Security Deposits - Marina Fees - Related Parties	10,000	10,000
	169,883	112,850
	169,883	112,850
11 Borrowings		
Current		
Loan - ANZ (Secured)	530,000	530,000
Loan - Insurance	61,955	57,021
	591,955	587,021
	591,955	587,021
<p>The Club has a 5 year loan facility of \$700,000 with ANZ Bank Limited of which \$530,000 was utilised at 29 February 2016. The loan has been disclosed as a current liability as the ANZ Bank has a facility review clause that allows the loan to be reviewed and then amended or terminated. 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.</p> <p>The loan is secured by a Registered Mortgage over the lease given by Lake Macquarie Yacht Club over the property situated at 9 Ada Street Belmont and a general security agreement given by Lake Macquarie Yacht Club over all present and after-acquired property.</p>		
12 Provisions		
Current		
Provision for Annual Leave	73,531	82,030
Provision for Long Service Leave	27,195	24,146
Provision for Annual Trophies (Refer Note 20)	9,200	14,000
	109,926	120,176
	109,926	120,176
Non Current		
Provision for Long Service Leave	1,525	1,163
	1,525	1,163
	1,525	1,163
13 Other Liabilities		
Current		
Subscriptions in Advance	31,690	54,879
Marina Fees in Advance	40,296	40,047
Sponsorship in Advance	2,168	3,100
Race Fees in Advance	2,518	-
Advertising Income in Advance	-	3,100
Income in Advance	19,505	4,898
Rent in Advance	14,571	14,158
	110,748	120,182
	110,748	120,182

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	2016	2015
	\$	\$
14 Auditor's Remuneration		
Amounts received, or due to be receivable by the Auditor of the Company for:-		
Audit Services	14,900	14,500
Accounting and Other Services	8,388	20,547
	23,288	35,047

15 Commitments for Expenditure

a) Rental Agreements

Total commitments in respect of rental agreements are as follows:-

Not later than one year	4,176	4,176
Later than one year and not later than five	10,788	14,964
Later than five years	-	-
	14,964	19,140

b) Capital Expenditure

To be expended within one year:

Extension of Marina	-	40,470
	-	40,470

c) Lease and Licence Commitments

(i) The Club's premises are situated on land leased and licensed from the Department of Lands. These agreements are in force until 30 September 2038. The annual rent payable on these agreements are currently \$52,511 and \$13,383 (inclusive of GST) for the lease and licence respectively. The rent is adjusted by C.P.I. each year on the anniversary of the agreements and are subject to 5 yearly market rent reviews. A market review was due in April 2013, however, this has not been performed and as at the date of this report the rental payable going forward has not been determined nor has any back rent to the review date that may be payable.

(ii) The Club leases the slipway and boat maintenance area from Lake Macquarie City Council. This lease is in force until 2 October 2017. The annual rent payable is currently \$33,000 (inclusive of GST). This rent is subject to a 3 yearly market rent review and there is no further rent reviews due before the end of the lease.

16 Contingent Liabilities

The Club has given certain indemnities to relevant public authorities as required under the lease and other agreements made with them. The Directors' are not aware of any past event that is likely to give rise to a claim against the Club under these indemnities given.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

17 Related Parties

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

	2016	2015
	\$	\$
The total of remuneration paid to key management personnel of the Company during the year was as follows:		
Short term employment benefits	110,310	90,007
Long Term employment benefits	542	239
Post employment benefits	8,088	8,551
	118,940	98,797

Related Party Transactions

Certain Directors and Director related persons participate in the Club Sailing activities and receive prizes under the same terms and conditions attached to sailing events as other sailing members.

18 Additional Financial Instrument Disclosure

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and borrowings from banks.

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial assets and liabilities subject to interest rate risk are:

Bank Accounts

As at balance date the Club's main cheque accounts totalled \$149,133, the balance of the Savings Account totalled \$318,201 and the balance of the Keno accounts was \$15,898. Interest is paid for the main accounts when the accounts are in credit and charged when the accounts are in debit at the market variable rate.

Loans

The Club has a 5 year loan facility of \$700,000 for ANZ Bank Limited which was used to partly fund the Marina extension in the prior year. The facility was drawn down to \$530,000 at year end and is subject to a variable interest rate, currently 6.57% per annum.

The Club has a loan used to finance insurance. The interest rate is 4.63% fixed to the term of the loan. This loan will be repaid within one year.

All other financial assets of the Club which have been recognised on the Statement of Financial Position are not subject to interest rate risk as they are non-interest bearing.

b) Credit Risk

The credit risk in financial assets of the Club which have been recognised on the Statement of Financial Position, is the carrying amount net impairment losses.

The Club has reviewed the credit quality of its financial assets and expects all receivables to be recovered within due collection periods. No collateral or security is held in respect of any receivables.

c) Liquidity Risk

The risk that the Club will encounter difficulties in meeting its obligations associated with its financial liabilities is managed by ensuring sufficient funds are available at all times to cover its financial liabilities. All such financial liabilities are due within 12 months.

d) Net Fair Value of Financial Assets and Liabilities

The Club's financial assets and liabilities included in the Statement of Financial Position are carried at amounts that approximate net fair value.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

19 Notes to Statement of Cashflows

1. Reconciliation of Cash

For the purpose of the statement of cashflows, cash includes cash on hand and at call deposits with a bank or financial institution, net of bank overdrafts if any, and excludes investments with a maturity of greater than three months

	2016	2015
	\$	\$
Cash on Hand and at call	574,947	272,072

2. Reconciliation from the net profit after tax to the net cashflows from operations.

Operating Profit/(loss) After Tax	150,765	26,756
<u>Non-Cashflow in Operating Profit/(Loss)</u>		
Depreciation and Amortisation	266,197	167,772
Profit on Sale of Assets	-	(153)
Loss on Sale of Assets	3,845	-
Net Change in Leave Provisions	(5,088)	16,950
Net Change in Provision for Annual Trophies	(4,800)	(3,000)
	410,919	208,325
<u>Changes in Assets and Liabilities</u>		
(Increase)/Decrease in Trade and Other Debtors	(10,301)	15,102
(Increase)/Decrease in Inventories	(7,985)	2,955
(Increase)/Decrease in Prepayments	(1,456)	2,977
Increase/(Decrease) in Trade Creditors and Accruals	57,033	26,096
Increase/(Decrease) in Income in Advance	(9,434)	8,832
Net Cash From Operating Activities	438,776	264,287

As at 29 February 2016 the Club had a credit card facility with a total limit of \$5,000.

20 Provision for Annual Trophies

A provision of \$9,200 has been recognised for the expected prize money accrued as at 29 February 2016 for the 2015/2016 sailing season. It is expected that this expenditure will be incurred in the next annual reporting period.

Carrying value 1/03/2015	14,000
Expended 1/03/15-28/02/16	(9,134)
Unused 2016 provision reversed	(4,866)
2015/2016 provision recognised	9,200
Balance 28/02/2016	9,200

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

21 New Accounting Standards and Interpretation

Title of Standard	Impact	Application Date**
AASB 9 Financial Instruments AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments AASB 2014-1 Amendments to Australian Accounting Standards AASB 2014–7 Amendments to Australian Accounting Standards arising from AASB 9 AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9	While the Company has not yet undertaken a detailed assessment of the classification and measurement of financial assets and liabilities, given the limited nature of its financial assets and liabilities it is not expected that there will be a significant change to the basis of accounting for these assets and liabilities.	1 January 2018
AASB 15 Revenue from Contracts with Customers	The changes in revenue recognition requirements may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.	1 January 2018

The application of the following standards is not expected to affect any of the amounts recognised in the financial statements, but will result in changes to the additional information disclosed in the financial statements.

Title of Standard	Application Date**
2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB1031 Materiality	1 July 2015
2015-1 Annual Improvements (2012 - 2014 cycle)	1 January 2016
2015-2 Disclosure Initiative - Amendment to AASB 101	1 January 2016
AASB 1057 Application of Australian Accounting Standards	1 January 2016
AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application paragraphs	1 January 2016
** Applicable to reporting periods commencing on or after the given dates.	
No standards have been early adopted.	

End of Audited Financial Statements