

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

**FINANCIAL REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2017**

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LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 28 February 2017.

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		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	8
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.	3
Geoff Edman	Rear Commodore	Sailing Committee	Associate Diploma Mechanical Engineering, Certificate Structural Engineering General Manager 11 years. 15 years project manager/ project coordinator in heavy & manufacturing Industry.	6
Phillip Cunningham	Club Captain	House & Sailing Committee	50 years electrical trade, Advanced Diploma in Electrical Engineering.	10
Edwin Hillier	Treasurer	House Committee	Bachelor of Commerce at University of Newcastle. 35 years in public practice.	9
Geoffrey Burt	Director	House Committee	Retired Company Director of an International Supervisory Control and Data Acquisition Solutions Company. Electrical Engineer by profession.	12
Noel Jenkins	Director	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.	14
Eleanor Cunningham	Director	House Committee	20 year sailing member. Assistant Chief radiographer Calvary hospital. Diploma of Society of radiographers (London) B.A Uni of Newcastle.	2
Peter Shaddock	Director	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.	2

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 \$322,675 (2016 \$150,765).

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 28 February 2017 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 28 February 2017 the collective liability of members was \$40,100.

7. Financial Report

The financial report was authorised for issue on 2 May 2017. The Company has the power to amend and re-issue the financial report.



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 28 February 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: 2 May 2017
Warabrook, NSW

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A member firm, of DA^A International a worldwide association of independent accounting firms and business advisers

Newcastle

Cnr Pacific Hwy and Warabrook Blvd,
 Warabrook, NSW 2304
 Box 29 Hunter Region MC NSW 2310
 Ph: 02 4923 4000 | F: 02 4923 4040
www.dfkrosbie.com.au

Gold Coast

Level 2, 7 Short Street Southport QLD 4215
 PO Box 2147 Southport QLD 4215
 Ph: 07 5591 4444 | F: 07 5531 1000
www.dfkrosbie.com.au

Sydney

Level 1, Suite 107 Edgecliff Centre
 203 New South Head Rd Edgecliff NSW 2027
 Ph: 02 9301 5200 | F: 02 9363 0335
www.dfkrosbie.com.au



INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Lake Macquarie Yacht Club

Report on the Financial Report

Opinion

We have audited the financial report of Lake Macquarie Yacht Club, which comprises the statement of financial position as at 28 February 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Lake Macquarie 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 28 February 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 28 February 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.

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Newcastle

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Warabrook, NSW 2304
Rm 20 Hunter Region MC NSW 2310
Ph: 02 4923 4000 | F: 02 4923 4040
www.dkcrosble.com.au

Gold Coast

Level 2, 7 Short Street Southport QLD 4215
PO Box 2147 Southport QLD 4215
Ph: 07 5591 4444 | F: 07 5531 1000
www.dkcrosble.com.au

Sydney

Level 1, Suite 107 Edgecliff Centre
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LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

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.

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

Shaun Mahony - Partner

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

DFK Crosbie Partners
 Chartered Accountants

Dated: 2 May 2017
Warabrook, NSW

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LAKE MACQUARIE YACHT CLUB
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DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes, as set out on pages 9 to 20 are in accordance with the Corporation Act 2001 including:

- (a) comply with Australian 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 28 February 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:


William Chimodo, e

Edwin Hillier - Treasurer

Dated: 2 May 2017

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)
STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	869,115	574,947
Trade & Other Receivables	6	181,819	58,848
Inventories	7	55,446	50,308
Other Assets	8	103,983	117,327
TOTAL CURRENT ASSETS		1,210,363	801,430
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	3,961,441	4,074,854
TOTAL NON-CURRENT ASSETS		3,961,441	4,074,854
TOTAL ASSETS		5,171,804	4,876,284
CURRENT LIABILITIES			
Trade and Other Payables	10	183,830	169,883
Borrowings	11	562,977	591,955
Provisions	12	87,987	109,926
Other Liabilities	13	117,981	110,748
TOTAL CURRENT LIABILITIES		952,775	982,512
NON-CURRENT LIABILITIES			
Provisions	12	4,107	1,525
TOTAL NON-CURRENT LIABILITIES		4,107	1,525
TOTAL LIABILITIES		956,882	984,037
NET ASSETS		4,214,922	3,892,247
MEMBERS' FUNDS			
Reserves - Funds Acquired from Club		108,104	108,104
Accumulated Profits		4,106,818	3,784,143
TOTAL MEMBERS' FUNDS		4,214,922	3,892,247

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 28 FEBRUARY 2017

	Note	2017 \$	2016 \$
Bar Sales		1,266,488	975,613
Cost of Goods Sold		435,100	357,044
Bar Gross Profit (\$)		831,388	618,569
Bar Gross Profit(%)		65.6%	63.4%
Poker Machine Net Revenue		125,577	148,387
Sailing Income		73,995	70,867
Marina Fees		590,194	564,111
Interest Received		399	628
Rent Received		134,131	103,231
Member Subscriptions		129,708	143,231
Other		300,465	296,400
Total Trading and Other Income		<u>2,185,857</u>	<u>1,945,424</u>
Expenses			
Bar Direct Expenses		277,435	233,242
Poker Machine Direct Expenses		54,502	45,750
Sailing Expenses		135,160	96,073
Marina Expenses (excluding finance costs)		230,303	285,071
Administration and Other Expenses excluding Finance Costs		1,128,479	1,088,473
Finance Costs		37,303	46,050
Total Expenses		<u>1,863,182</u>	<u>1,794,659</u>
Net Profit/(Loss) Before Income Tax		<u>322,675</u>	<u>150,764</u>
Income Tax Expense			
Net Profit/(Loss) After Income Tax		<u>322,675</u>	<u>150,764</u>
Other Comprehensive Income			
Total Comprehensive Income/(Loss)		<u>322,675</u>	<u>150,764</u>

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 28 FEBRUARY 2017

	Note	2017 \$	2016 \$
Cash Flows from Operating Activities			
Receipts from Members and Guests		2,854,712	2,504,067
Payments to Suppliers and Employees		(2,338,375)	(2,059,249)
Interest Received		399	628
Interest Paid		(37,303)	(46,050)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	18	<u>479,433</u>	<u>399,396</u>
Cash Flows from Investing Activities			
Payments for Plant and Equipment		(168,607)	(101,455)
Proceeds from Sale of Plant and Equipment		12,320	
<i>Net Cash Flows provided by (used in) Investing Activities</i>		<u>(156,287)</u>	<u>(101,455)</u>
Cash Flows from Financing Activities			
Proceeds from Borrowings		63,516	106,208
Repayments of Borrowings		(92,494)	(101,274)
<i>Net Cash Flows provided by (used in) Financing Activities</i>		<u>(28,978)</u>	<u>4,934</u>
Net Increase/(Decrease) in Cash Held		294,168	302,875
Cash and Cash Equivalents at the Beginning of the Financial Year		574,947	272,072
Cash and Cash Equivalents at the End of the Financial Year	18	<u>869,115</u>	<u>574,947</u>

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

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017

	Note	Retained Earnings \$	Reserves \$	Total \$
Balance 1 March 2015		3,633,378	108,104	3,741,482
Net Profit/(Loss) for year		150,765		150,765
Balance 28 February 2016		3,784,143	108,104	3,892,247
Net Profit/(Loss) for year		322,675		322,675
Balance 28 February 2017		4,106,818	108,104	4,214,922

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 28 FEBRUARY 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*. 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

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) 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	30 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 28 FEBRUARY 2017

(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 28 FEBRUARY 2017

(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) 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.

2 Significant Accounting Judgements, Estimates and Assumptions

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:

Useful lives of non-current assets

The useful life of Property, 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.

Recoverability of other debtors

The Club is in dispute with P Geddes Constructions Pty Limited trading as Hunter Wharf and Barge Pty Limited ('HWB') who were contracted to design and construct the Marina Extension which was substantially completed in 2015. Since year end the Club has lodged a Statement of Claim in the Supreme Court alleging breach of contract by HWB. Further it is envisaged that the Club will also seek to recover damages against Northrop Consulting Engineers Pty Limited for negligent design of the Marina Extension.

The Directors have obtained legal advice and based on this advice and negotiations to date believe that the Club will be successful in obtaining a settlement which will result in the repair of the damaged sections of the Marina and recovery of the Clubs costs associated with the dispute. As such the costs incurred to date of \$96,141 in engaging legal and other experts have been recognised as a receivable and included in 'Debtors Other'. In addition, no further liability for legal and other costs expected to be incurred to settle the matter have been recognised, nor has any impairment of the Marina Extension asset been recognised.

LAKE MACQUARIE YACHT CLUB
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017	2016
	\$	\$
3 Operating Revenue		
Bar Sales	1,266,488	975,613
Poker Machine Net Revenue	125,577	148,387
Keno Commission	5,816	4,860
Interest Received/Receivable	399	628
Rent Received	134,131	103,231
Marina Fees	590,194	564,111
Sailing Operations Income	73,995	70,867
Slipway Operations Income	75,080	66,806
Functions Operations Income	142,076	127,235
Membership Subscriptions	129,708	143,231
Other	77,493	97,500
Total	<u>2,620,957</u>	<u>2,302,468</u>
4 Operating Profit		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
Credits		
Interest Received/Receivable	399	628
Profit on Sale of Property, Plant and Equipment	6,869	
Charges		
Depreciation		
- Marina	132,389	153,584
- Buildings and Improvements	35,383	36,163
- Plant & Equipment	69,418	76,450
Interest Paid	37,303	46,050
Loss on Sale of Assets		3,845
Employee Benefits		
-Wages	672,281	577,781
- Superannuation	65,042	53,065
- Leave Provisions	10,875	(5,088)
5 Cash and Cash Equivalents		
Cash on Hand and at Call	869,115	574,947
	<u>869,115</u>	<u>574,947</u>
6 Trade & Other Receivables		
Current		
Debtors Trade	79,589	55,143
Debtors Other	102,230	3,705
	<u>181,819</u>	<u>58,848</u>
7 Inventories		
Stock on Hand - at Cost	55,446	50,308
	<u>55,446</u>	<u>50,308</u>
8 Other Assets		
Current		
Prepayments	103,983	117,327
	<u>103,983</u>	<u>117,327</u>

LAKE MACQUARIE YACHT CLUB
{ACN 000 805 265}

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

9 Property, Plant and Equipment

	Work In Progress	Marina	Building and Improvements	Plant & Equipment	Total
	\$	\$	\$	\$	\$
Year ended 28 February 2017					
At 1 March 2016					
Net of Accumulated Depreciation/Amortisation	417,396	2,948,395	295,978	413,085	4,074,854
Additions	250	9,901		158,456	168,607
Transfers					
Disposals		(39,379)		(5,451)	(44,830)
Depreciation/Amortisation		(132,389)	(35,383)	(69,418)	(237,190)
At 28 February 2017					
Net of Accumulated Depreciation/Amortisation	417,646	<u>2,786,528</u>	<u>260,595</u>	<u>496,672</u>	<u>3,961,441</u>
At 1 March 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	<u>2,948,395</u>	<u>295,978</u>	<u>413,085</u>	<u>4,074,854</u>
At 28 February 2017					
Cost or Fair Value	417,646	3,507,692	800,432	1,810,564	6,536,334
Accumulated Depreciation/Amortisation		(721,164)	(539,837)	(1,313,892)	(2,574,893)
Net Carrying Amount	417,646	<u>2,786,528</u>	<u>260,595</u>	<u>496,672</u>	<u>3,961,441</u>

2017

\$

2016

\$

10 Trade and Other Payables

Current

Creditors - Trade	168,133	145,034
GST Payable	15,697	14,849
Security Deposits - Marina Fees - Related Parties		10,000
	<u>183,830</u>	<u>169,883</u>

11 Borrowings

Current

Loan - ANZ (Secured)	530,000	530,000
Loan - Insurance	32,977	61,955
	<u>562,977</u>	<u>591,955</u>

The Club has a 5 year loan facility of \$700,000 with ANZ Bank Limited of which \$530,000 was utilised at 28 February 2017. 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.

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.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017	2016
	\$	\$
12 Provisions		
Current		
Provision for Annual Leave	53,134	73,531
Provision for Long Service Leave	28,690	27,195
Provision for Annual Trophies (Refer Note 19)	6,163	9,200
	87,987	109,926
Non Current		
Provision for Long Service Leave	4,107	1,525
	4,107	1,525
13 Other Liabilities		
Current		
Subscriptions in Advance	41,595	31,690
Marina Fees in Advance	40,481	40,296
Sponsorship in Advance	2,614	2,168
Race Fees in Advance	2,697	2,518
Income in Advance	16,491	19,505
Rent in Advance	14,103	14,571
	117,981	110,748
14 Auditor's Remuneration		
Amounts received, or due to be receivable by the Auditor of the Company for:-		
Audit Services	15,300	14,900
Accounting and Other Services	7,230	8,388
	22,530	23,288

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017	2016
	\$	\$
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	6,612	10,788
Later than five years		
	10,788	14,964

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 \$52,995 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.

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.

	2017	2016
	\$	\$
Key Management personnel		
The total of remuneration paid to key management personnel of the Company during the year was as follows:		
Short term employment benefits	115,702	110,310
Long Term employment benefits	223	542
Post employment benefits	10,764	8,088
	126,689	118,940

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.

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

18 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

	2017	2016
	\$	\$
Cash on Hand and at call	869,115	574,947
<i>2. Reconciliation from the net profit after tax to the net cashflows from operations.</i>		
Operating Profit(Loss) After Tax	322,675	150,765
Non-Cashflow in Operating Profit/(Loss)		
Depreciation and Amortisation	237,190	266,197
Profit on Sale of Assets	(6,869)	
Loss on Sale of Assets		3,845
Net Change in Leave Provisions	(16,320)	(5,088)
Net Change in Provision for Annual Trophies	(3,037)	(4,800)
	533,639	410,919
<u>Changes</u> in Assets and Liabilities		
(Increase)/Decrease in Trade and Other Debtors	(122,971)	(10,301)
(Increase)/Decrease in Inventories	(5,138)	(7,985)
(Increase)/Decrease in Prepayments	13,344	(1,456)
Increase/(Decrease) in Trade Creditors and Accruals	53,326	17,653
Increase/(Decrease) in Income in Advance	7,233	(9,434)
Net Cash From Operating Activities	479,433	399,396

As at 28 February 2017 the Club had a credit card facility with a total limit of \$5,000.

19 Provision for Annual Trophies

A provision of \$9,200 has been recognised for the expected prize money accrued as at 28 February 2017 for the 2016/2017 sailing season. It is expected that this expenditure will be incurred in the next annual reporting period.

Carrying value 1/03/2016	9,200
Expended 1/03/15-28/02/16	(6,602)
Unused 2017 provision reversed	(2,598)
2016/2017 provision recognised	6,163
Balance 28/02/2017	6,163

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

TRADING ACCOUNT	2017	2016
	\$	\$
STATEMENT OF BAR TRADING		
Sales	1,266,488	975,613
LESS COST OF SALES		
Opening Stock	40,616	32,409
Purchases	440,335	<u>365,251</u>
	480,951	397,660
Closing Stock	45,851	40,616
	435,100	<u>357,044</u>
GROSS PROFIT	831,388	<u>618,569</u>
DIRECT EXPENSES		
Cleaning	856	537
Bar Miscellaneous	7,841	4,836
Freight and Cartage	4,723	4,114
Stocktake		1,400
Repairs and Maintenance	4,512	2,847
Replacement of Glasses	3,484	2,970
Superannuation	22,329	17,870
Wages	233,690	198,668
DIRECT EXPENSES	277,435	<u>233,242</u>
NET PROFIT	553,953	<u>385,327</u>
STATEMENT OF GAMING OPERATIONS		
Net Revenue	125,577	148,387
Keno Commission	5,816	<u>4,860</u>
	131,393	153,247
DIRECT EXPENSES		
Depreciation	15,333	12,368
Keno Maintenance & Analysis	1,622	1,777
Maintenance & Analysis	10,378	9,867
Central Monitoring Fees	7,672	7,459
Superannuation	2,589	2,333
Less: Gaming Tax Rebate	(11,348)	(13,874)
Wages	28,256	<u>25,820</u>
DIRECT EXPENSES	54,502	45,750
NET PROFIT	<u>76,891</u>	<u>107,497</u>

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

STATEMENT OF SAILING OPERATIONS	2017	2016
	\$	\$
Race Fees	18,727	16,243
Race Fees - Sweepstakes	20,759	17,909
Regatta Income	12,136	16,514
Safety Inspection	1,093	995
Y.A. Sales	3,427	
Sponsorship	17,853	19,206
	73,995	<u>70,867</u>
DIRECT EXPENSES		
Regatta Expenses	8,130	4,340
Y.A. Fees Expenses	16,477	13,636
Trophies - Annual	20,918	17,082
Repairs & Maintenance Club Boats/Permanent Marks	6,322	5,979
Sailing Assistant Wages	62,733	34,529
Sailing Promotion Expenses	5,532	8,458
Management Fees Sailing		
Printing - Sailing Material	3,027	6,116
Equipment & Sundry Expenses	5,989	2,759
Superannuation	6,032	3,174
	135,160	<u>96,073</u>
GROSS PROFIT/(LOSS)	<u>(61,165)</u>	<u>(25,206)</u>
MARINA OPERATIONS		
Income Marina Fees	542,731	507,148
Other Marina Income:		
Work Berth & Crane Fees	6,068	3,325
Hardstand Income	16,673	28,378
Mooring Income	13,832	14,611
Dinghy Income	10,890	10,649
	590,194	<u>564,111</u>
DIRECT EXPENSES		
NSW Maritime Authority Fees		
Marine Finance Costs	35,338	40,984
Repairs & Maintenance	22,782	54,193
Rental of Leasehold Land	61,294	60,707
Superannuation	1,101	1,279
Wages	12,737	14,121
Amortisation Charge	132,389	154,771
DIRECT EXPENSES	265,641	<u>326,055</u>
NET PROFIT	<u>324,553</u>	<u>238,056</u>

Detailed Profit and Loss Statement

Not Covered by Audit Report on Pages 6 & 7

Prepared for the information of Members in the Annual Report

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

STATEMENT OF SLIPWAY OPERATIONS	2017	2016
	\$	\$
Slipway Income		
Slippings	52,354	45,834
Hardstand	20,036	18,982
Sandblasting Levy	218	136
Environmental Levy	2,472	1,854
	<u>75,080</u>	<u>66,806</u>
 DIRECT EXPENSES		
Cleaning	1,341	1,071
Depreciation	718	1,897
Ground Maintenance	1,160	1,177
Rent	30,254	32,885
Rates & Land Tax	1,256	974
Repairs & Maintenance	1,884	8,849
Superannuation	1,428	914
Wages	12,779	10,545
	50,820	<u>58,312</u>
 NET PROFIT	 <u>24,260</u>	 <u>8,494</u>
 STATEMENT OF FUNCTION OPERATIONS		
Function Income		
Packages	21,775	32,885
Catering	103,315	77,305
Room Hire	16,986	17,045
	142,076	<u>127,235</u>
 Direct Expenses		
Superannuation	3,334	3,521
Wages	42,734	41,593
Beverage Package	1,420	1,546
Catering	103,315	77,471
Decorating Package	7,682	4,853
Cleaning Costs	2,327	2,814
Other Expenses	8,072	23,113
	168,884	<u>154,911</u>
 NET PROFIT	 <u>(26,808)</u>	 <u>(27,676)</u>

LAKE MACQUARIE YACHT CLUB
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DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

STATEMENT OF COURTESY BUS OPERATIONS	2017	2016
	\$	\$
Sales	2,045	1,802
Direct Expenses		
Superannuation	1,617	1,584
Wages	16,230	16,534
Other Expenses	2,479	1,652
Fuel	<u>1,734</u>	<u>1,246</u>
	22,060	21,016
NET PROFIT	<u>(20,015)</u>	<u>(19,214)</u>
TOTAL TRADING PROFIT	<u>871,669</u>	<u>667,278</u>

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

INCOME	2017	2016
	\$	\$
TOTAL TRADING PROFIT	871,669	667,278
Members Subscriptions	129,708	143,231
Commissions	1,194	1,436
Commission - ATM	14,371	11,330
Interest Earned on Investments	399	628
Profits on Sale of Assets	6,869	
Insurance Recoveries		29,942
Rents Received	134,131	103,231
Regalia	4,880	6,029
Advertising	5,824	11,841
Functions & Raffles	39,979	19,259
Sundry Income	2,331	15,860
TOTAL INCOME	1,211,355	1,010,065
LESS EXPENSES		
OPERATING EXPENSES		
Salaries - Administration	242,883	210,793
Audit & Accountancy	22,530	23,288
Advertising	3,865	4,180
Bank Charges	13,229	10,767
Bad Debts	1,251	1,138
Cleaning	59,932	58,123
Computer Software & Main!	17,537	11,630
Club Promotion	4,970	9,721
Donation	885	
Marketing Wages	21,550	19,555
Cruising Division Expenses	668	655
Depreciation & Amortisation	88,749	97,295
Electricity, Gas , Heating	35,683	31,817
Entertainment - Club Functions	34,160	35,028
Free Drinks	2,603	2,155
Garbage Collection	9,500	10,176
Insurance	108,824	134,021
Insurance Claims and Excess		1,818
Interest - Insurance Loan	1,965	5,066
Loss on Sale of Assets		3,610
Legal Fees	1,661	4,929
Long Service Leave	4,077	3,410
Membership Badges	3,327	1,530
0 H & S Expenses	3,651	2,116

Detailed Profit and Loss Statement

Not Covered by Audit Report on Pages 6 & 7

Prepared for the information of Members in the Annual Report

LAKE MACQUARIE YACHT CLUB
(ACN 000 805 265)

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017	2016
	\$	\$
Postage	3,725	1,703
Printing & Stationery	9,183	8,162
Rates	27,769	26,045
Regalia Purchases	2,846	2,558
Rental of Equipment	416	1,144
Repairs & Maintenance - Clubhouse	13,847	22,839
Repairs & Maintenance - Wages	20,239	25,178
Security & Door Costs	6,885	8,082
Functions & Raffles	54,668	32,132
Staff Training	8,462	5,949
Subscriptions	4,857	5,296
Superannuation	26,612	22,390
Sundry Expenses	7,946	1,114
Telephone	13,927	8,596
Travelling & Motor Vehicle Expenses	2,854	5,232
Uniforms	944	59
TOTAL EXPENSES	888,680	859,300
	322,675	150,765
OPERATING PROFIT/(LOSS)		
INCOME TAX EXPENSE		
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR	3,784,143	3,633,378
TRANSFER ASSET REVALUATION RESERVE TO EQUITY		
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR	4,106,818	3,784,143