



LAKE MACQUARIE YACHT CLUB  
ABN 91 000 805 265

Financial Report  
For the Year Ended  
28 February 2018

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# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Directors' Report

28 February 2018

Your Directors present their report on Lake Macquarie Yacht Club for the financial year ended 28 February 2018.

### Directors

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

Name	Position	Occupation	Special Responsibilities	Years Service
William Chaseling	Commodore	Chartered Accountant	-	9
Richard Roberts	Vice Commodore	CEO	House Committee	4
Geoff Edman	Rear Commodore	Manager	Sailing Committee	7
Edwin Hillier	Treasurer	Chartered Accountant	House Committee	10
Phillip Cunningham	Club Captain	Retired	House / Sailing Committee	11
Eleanor Cunningham	Director	Retired	House Committee	3
Peter Shaddock	Director	Architect	Sailing Committee	3
Steven Ford	Director	Managing Director	House Committee	Appointed 30/05/2017
Sandi Murray	Director	Executive Assistant	House Committee	Appointed 30/05/2017
Noel Jenkins	-	-	-	Resigned 30/05/2017
Geoff Burt	-	-	-	Resigned 30/05/2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Club secretary

The following person held the position of Club secretary at the end of the financial year:

Mark Norden, who is also the General Manager of the Club, has been the Club secretary since 11 March 2016.

### Principal activities

The principal activities of Lake Macquarie Yacht Club during the financial year were:

- The promotion and conduct of organised and recreational water-based activities for members;
- The leasing of Marina berths;
- The operation of a Licensed Club.

No significant changes in the nature of the Club's activity occurred during the financial year.

### Operating results

The profit of the Club after providing for income tax amounted to \$ 147,751 (2016: profit of \$ 322,675).

### Review of operations

Profit from bar trading amounted to \$579,244 and gross profit percentage of 64% was obtained from sales of \$1,406,640.

Net gaming revenue amounted to \$90,582 and compares with \$125,577 in 2017.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Directors' Report

28 February 2018

### Meetings of Directors

During the financial year, 12 meetings of Directors, 12 meetings of the sailing committee and 5 meetings of the house committee were held. Attendances by each director during the year were as follows:

	Directors' Meetings	House Committee	Sailing Committee
	Attended / Eligible	Attended / Eligible	Attended / Eligible
William Chaseling	12 / 12	-	-
Richard Roberts	11 / 12	5 / 5	-
Geoff Edman	11 / 12	-	12 / 12
Edwin Hillier	9 / 12	4 / 5	-
Phillip Cunningham	11 / 12	3 / 5	8 / 12
Eleanor Cunningham	10 / 12	3 / 5	-
Peter Shaddock	12 / 12	-	9 / 12
Steven Ford (appointed 30/05/2017)	8 / 9	3 / 4	-
Sandi Murray (appointed 30/05/2017)	8 / 9	5 / 5	-
Noel Jenkins (resigned 30/05/2017)	2 / 3	-	-
Geoff Burt (resigned 30/05/2017)	2 / 3	-	-

### Members guarantee

Lake Macquarie Yacht Club is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$20, subject to the provisions of the Club's constitution.

At 28 February 2018 the collective liability of members was \$40,460 (2017: \$40,100).

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Club during the year.

### After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

### Environmental issues

The Club's operations are subject to environmental regulations under the laws of the Commonwealth and State of Australia. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

# Lake Macquarie Yacht Club

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## Directors' Report

28 February 2018

### Short and long term objectives

The Club has established short and long term objectives as outlined in the Club's business plan which is reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards providing a comfortable and secure environment to its members that continues to meet their needs. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the Club industry. No information is included on the likely developments in the operations of the Club and the expected results of those operations.

### Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 28 February 2018, the Directors have determined that the property of the Club shall be classified as follows:

Address	Current Usage	Classification
9 Ada Street, Belmont	Club Premises & Marina	Core
180 Ross Street, Belmont	Slipway	Core

### Auditors independence declaration

The lead auditors independence declaration for the year ended 28 February 2018 has been received and can be found on page 4 of the financial report.


### Indemnification and insurance of officers

The Club has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Club, other than conduct involving a wilful breach of duty in relation to the Club.

### Directors emoluments

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Club, with a Director, a firm of which the Director is a member or an Club in which the Director has a substantial financial interest except for those shown in note 14.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....

Director:  .....

Dated 24 April 2018

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## 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 2018, 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.

Cutcher & Neale Assurance Pty Limited  
(An authorised audit company)



N. Nancarrow  
Director

NEWCASTLE

17 April 2018

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Independent Audit Report to the members of Lake Macquarie Yacht Club

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Lake Macquarie Yacht Club (the Club), which comprises the statement of financial position as at 28 February 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 the Club is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Club's financial position as at 28 February 2018 and of its financial performance for the year ended; and
- (ii) 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 - Reduced Disclosure Requirements. 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 Club 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 Club, 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 .

#### *Other Information*

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in Director's report, (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.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Independent Audit Report to the members of Lake Macquarie Yacht Club

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

### *Responsibilities of Directors for the Financial Report*

The Directors of the Club 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 the Club'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 Club 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 Australian Auditing Standards - Reduced Disclosure Requirements 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

Cutcher & Neale Assurance Pty Ltd  
(An authorised audit company)



N. Nancarrow  
Director

NEWCASTLE

17 April 2018

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# Lake Macquarie Yacht Club

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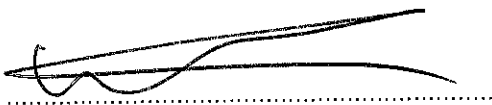
## Directors' Declaration

The Directors of the Club declare that:

1. The financial statements and notes, as set out on pages 8 to 22, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 28 February 2018 and of the performance for the year ended on that date of the Club.
2. In the Directors' opinion, there are reasonable grounds to believe that the Club 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.

Director .....



Director .....



Dated 24 April 2018

# Lake Macquarie Yacht Club

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## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 28 February 2018

	2018	2017	
Note	\$	\$	
Bar sales	1,406,640	1,266,488	
Less: Bar cost of goods sold	(500,393)	(435,100)	
Gross profit	906,247	831,388	
Poker machine net clearances	90,582	125,577	
Marina and slipway income	642,956	665,274	
Sailing income	70,574	70,568	
Raffle income	23,164	22,665	
Gaming commissions	5,007	5,816	
Function income	189,107	159,390	
Other revenue from ordinary activities	2	331,385	316,527
Borrowing cost expenses	(38,927)	(37,303)	
Bar trading expenses	(327,003)	(277,435)	
Poker machine trading expenses	(53,621)	(49,515)	
Marina and slipway expenses	(103,961)	(99,367)	
Sailing expenses	(159,226)	(141,127)	
Raffle expenses	(27,515)	(29,836)	
Gaming commission expenses	(1,553)	(1,622)	
Function trading expenses	(218,570)	(185,218)	
Club promotion and entertainment expenses	(86,331)	(77,032)	
Occupancy expenses	(259,869)	(210,327)	
Depreciation and amortisation expenses	(256,093)	(237,189)	
Administrative expenses	(578,602)	(528,559)	
<b>Profit / (loss) before income tax</b>	<b>147,751</b>	<b>322,675</b>	
Income tax expense / (benefit)	-	-	
<b>Profit / (loss) after income tax</b>	<b>147,751</b>	<b>322,675</b>	
Other comprehensive income	-	-	
<b>Total comprehensive income / (loss)</b>	<b>147,751</b>	<b>322,675</b>	

The accompanying notes form part of these financial statements.

# Lake Macquarie Yacht Club

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## Statement of Financial Position

As at 28 February 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	792,374	869,115
Trade and other receivables	6	300,372	181,819
Inventories	7	59,089	55,446
Other assets	8	107,500	103,983
<b>TOTAL CURRENT ASSETS</b>		<b>1,259,335</b>	<b>1,210,363</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	4,088,718	3,961,441
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,088,718</b>	<b>3,961,441</b>
<b>TOTAL ASSETS</b>		<b>5,348,053</b>	<b>5,171,804</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	130,661	183,830
Short-term borrowings	11	576,624	562,977
Short-term provisions	12	108,813	87,987
Other liabilities	13	142,024	117,981
<b>TOTAL CURRENT LIABILITIES</b>		<b>958,122</b>	<b>952,775</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	11	20,079	-
Long-term provisions	12	7,179	4,107
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27,258</b>	<b>4,107</b>
<b>TOTAL LIABILITIES</b>		<b>985,380</b>	<b>956,882</b>
<b>NET ASSETS</b>		<b>4,362,673</b>	<b>4,214,922</b>
<b>EQUITY</b>			
Reserves - Funds acquired from club		-	108,104
Retained earnings		4,362,673	4,106,818
<b>TOTAL EQUITY</b>		<b>4,362,673</b>	<b>4,214,922</b>

The accompanying notes form part of these financial statements.

# Lake Macquarie Yacht Club

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## Statement of Changes in Equity For the Year Ended 28 February 2018

2018

	Retained Earnings	Reserves	Total
	\$	\$	\$
<b>Balance at 1 March 2017</b>	4,106,818	108,104	4,214,922
Profit attributable to members of the entity	147,751	-	147,751
Transfers from reserves to retained earnings	108,104	(108,104)	-
<b>Balance at 28 February 2018</b>	<b>4,362,673</b>	<b>-</b>	<b>4,362,673</b>

2017

	Retained Earnings	Reserves	Total
	\$	\$	\$
<b>Balance at 1 March 2016</b>	3,784,143	108,104	3,892,247
Profit attributable to members of the entity	322,675	-	322,675
<b>Balance at 28 February 2017</b>	<b>4,106,818</b>	<b>108,104</b>	<b>4,214,922</b>

The accompanying notes form part of these financial statements.

# Lake Macquarie Yacht Club

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## Statement of Cash Flows

For the Year Ended 28 February 2018

	2018	2017
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	2,891,462	2,854,712
Payments to suppliers and employees	(2,580,654)	(2,338,375)
Interest received	235	399
Interest paid	(38,927)	(37,303)
Net cash provided by / (used in) operating activities	<u>272,116</u>	<u>479,433</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	2,727	12,320
Purchase of property, plant and equipment	(385,310)	(168,607)
Net cash used by investing activities	<u>(382,583)</u>	<u>(156,287)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	71,973	63,516
Repayment of borrowings	(38,247)	(92,494)
Net cash provided by / (used in) financing activities	<u>33,726</u>	<u>(28,978)</u>
Net increase / (decrease) in cash and cash equivalents held	(76,741)	294,168
Cash and cash equivalents at beginning of year	<u>869,115</u>	<u>574,947</u>
Cash and cash equivalents at end of financial year	<u>5 792,374</u>	<u>869,115</u>

The accompanying notes form part of these financial statements.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements

For the Year Ended 28 February 2018

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

Key estimates - impairment

The Club assesses impairment at the end of the reporting year by evaluating conditions specific to the Club that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### (c) Comparative figures

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

#### (d) Income tax

The Club is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997. This exemption is subject to the provisions that the legislation does not change and that the objects and activities of the Club do not alter in future years.

# Lake Macquarie Yacht Club

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## Notes to the Financial Statements

For the Year Ended 28 February 2018

### 1 Summary of Significant Accounting Policies

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### (f) Revenue and other income

The Club recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Lake Macquarie Yacht Club's activities as discussed below.

Revenue from the sale of goods is recognised at the point of delivery.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Gaming machine revenue is recognised at the point of sale and represents the difference between the amounts earned through gaming wagers less the payout's from those wagers. Liabilities are recognised for accumulated payout's for progressive jackpots.

Revenue from membership subscriptions is recognised on a straight line basis over the period of the membership.

All revenue is stated net of the amount of goods and services tax (GST).

#### (g) Trade and other receivables

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 14 days from the date of recognition.

Recoverability of trade debtors is reviewed on an ongoing basis. Debts which are known to be unrecoverable are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

#### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements

For the Year Ended 28 February 2018

### 1 Summary of Significant Accounting Policies

#### (i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Club commencing from the time the asset is held ready for use. Land is not depreciated.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Leasehold Improvements	2% - 25%
Plant and Equipment	5% - 50%
Marina	3% - 25%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

#### (j) Impairment of non-financial assets

At the end of each reporting period, the Club assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

#### (k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.



# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 1 Summary of Significant Accounting Policies

#### (l) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value.

Contributions are made by the Club to employee superannuation funds and are charged to expenses when incurred.

#### (m) Poker Machine Rebate

The Club received a rebate to compensate the loss of poker machine income due to the introduction of GST. The period which the rebate relates to is from 1 June 2017 to 31 May 2018.

#### (n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (o) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Club commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 1 Summary of Significant Accounting Policies

#### (o) Financial instruments

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

##### (ii) Financial liabilities

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

##### Impairment

At the end of each reporting period, the Club assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. Impairment losses are recognised through an allowance account for loans and receivables in the statement of profit or loss and other comprehensive income.

#### (p) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the statement of financial position.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements

For the Year Ended 28 February 2018

### 1 Summary of Significant Accounting Policies

#### (q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (r) Authorisation of Financial Statements

The financial statements were authorised for issue on 24 April 2018 by the Directors.

### 2 Revenue

	2018	2017
	\$	\$
Operating activities		
- Trading revenue	2,428,030	2,315,778
Other Revenue from Ordinary Activities		
- Interest received	235	399
- Membership subscriptions	126,672	133,135
- Rent received	166,602	134,131
- Commissions received	16,022	15,565
- Rebate for GST on poker machine duty	9,603	11,348
- Other income	12,251	21,949
	<u>331,385</u>	<u>316,527</u>
<b>Total Revenue</b>	<u><b>2,759,415</b></u>	<u><b>2,632,305</b></u>

### 3 Result for the Year

#### (a) Expenses

Loss on disposal of fixed assets	<u>-</u>	<u>3,845</u>
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### 4 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Lake Macquarie Yacht Club during the year are as follows:

Key management personnel compensation	<u><u>158,400</u></u>	<u><u>126,689</u></u>
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# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	<u>792,374</u>	<u>869,115</u>

### 6 Trade and Other Receivables

CURRENT		
Trade receivables	84,318	79,589
Other receivables	<u>216,054</u>	<u>102,230</u>
	<u>300,372</u>	<u>181,819</u>

### 7 Inventories

CURRENT		
At cost:		
Trading stock on hand	48,756	45,851
Other stock on hand	<u>10,333</u>	<u>9,595</u>
	<u>59,089</u>	<u>55,446</u>

### 8 Other Assets

CURRENT		
Prepayments	<u>107,500</u>	<u>103,983</u>

### 9 Property, Plant and Equipment

LEASEHOLD IMPROVEMENTS		
At cost	909,357	800,432
Accumulated depreciation	<u>(577,265)</u>	<u>(539,837)</u>
Total leasehold improvements	<u>332,092</u>	<u>260,595</u>
CAPITAL WORKS IN PROGRESS		
Capital works in progress		
At cost	<u>419,826</u>	<u>417,646</u>
PLANT AND EQUIPMENT		
At cost	1,995,735	1,810,562
Accumulated depreciation	<u>(1,354,208)</u>	<u>(1,313,889)</u>
Total plant and equipment	<u>641,527</u>	<u>496,673</u>
MARINA		
At cost	3,550,692	3,507,692
Accumulated depreciation	<u>(855,419)</u>	<u>(721,165)</u>
Total marina	<u>2,695,273</u>	<u>2,786,527</u>
Total property, plant and equipment	<u>4,088,718</u>	<u>3,961,441</u>

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 9 Property, Plant and Equipment

#### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Leasehold Improvements	Plant and Equipment	Marina	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	417,646	260,595	496,672	2,786,528	3,961,441
Additions	2,180	108,925	231,205	43,000	385,310
Disposals - written down value	-	-	(1,940)	-	(1,940)
Depreciation expense	-	(37,428)	(84,411)	(134,254)	(256,093)
<b>Balance at 28 February 2018</b>	<b>419,826</b>	<b>332,092</b>	<b>641,526</b>	<b>2,695,274</b>	<b>4,088,718</b>

#### (b) Core & non-core property

As required by the Registered Clubs Act 1976 all Clubs are required to specify core and non-core property of the Club. As at 28 February 2018 the entire balance shown above in Leasehold Improvements and Marina is core property. For further disclosure of core and non-core property refer to page 3 of the financial statements.

### 10 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	103,607	151,216
Other payables and accrued expenses	11,153	16,917
GST payable	15,901	15,697
	<b>130,661</b>	<b>183,830</b>

### 11 Borrowings

CURRENT		
Unsecured liabilities:		
Insurance loan	34,583	32,977
Secured liabilities:		
Bank loan	530,000	530,000
Goods loan	12,041	-
	<b>576,624</b>	<b>562,977</b>

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 11 Borrowings

	2018	2017
	\$	\$
NON-CURRENT		
Secured liabilities:		
Goods loan	<u>20,079</u>	-
<b>(a) Total current and non-current secured liabilities</b>		
Bank loan	530,000	530,000
Goods loan	<u>32,120</u>	-
	<u><u>562,120</u></u>	<u><u>530,000</u></u>

### (b) Security

The bank 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.

The goods loan is secured by the actual asset purchased.

### 12 Provisions

CURRENT		
Employee benefits	102,650	81,824
Provisions for annual trophies	<u>6,163</u>	<u>6,163</u>
	<u><u>108,813</u></u>	<u><u>87,987</u></u>
NON-CURRENT		
Employee benefits	<u>7,179</u>	<u>4,107</u>

### 13 Other Liabilities

CURRENT		
Subscriptions in advance	47,723	41,596
Marina fees in advance	57,903	40,481
Other amounts received in advance	<u>36,398</u>	<u>35,904</u>
	<u><u>142,024</u></u>	<u><u>117,981</u></u>

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 14 Related Party Transactions

The Club's main related parties are as follows:

#### Directors

The names of the persons who were Directors of Lake Macquarie Yacht Club at any time during the year are as they appear in the attached Directors Report and attached Directors meeting attendances.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated.

#### Other transactions

Some Director's and Director related persons participate in the Club's sailing activities and are eligible to receive prizes under the same terms and conditions as other sailing members.

A Director, Mr. P Shaddock, company provided services to the Club on normal commercial terms.

### 15 Capital and Leasing Commitments

#### (a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2018	2017
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	53,411	52,316
- between 1 year and 5 years	937,901	969,412
	<u>991,312</u>	<u>1,021,728</u>

An operating lease was taken out in October 2014 for a Photocopier with a term of 5 years.

The Club premises of Lake Macquarie Yacht Club is situated on land leased from the Department of Lands. The current rent payable on this agreements is \$49,235 ex. GST with the agreement in place until 30 September 2038. Rent is adjusted on an annual basis based on CPI increases and is subject to a 5 yearly market rent review. The above calculation is based on current year rent payable.

# Lake Macquarie Yacht Club

ABN 91 000 805 265

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 16 Lessor Commitments

#### Operating lease commitments receivable - Club as lessor

Lake Macquarie Yacht Club leases out its restaurant facilities under a commercial license. This license had a term of 1 year commencing from 1 January 2017 with an option for a 3 year extension. In 2018, this option was executed extending the licence to 31 December 2020. Rental lease payments are determined based on restaurant turnover therefore the below calculation has been based on the previous 12 months as future turnover is unforeseeable.

The future minimum lease payments under non-cancellable leases are:

	2018	2017
	\$	\$
- no later than 1 year	158,500	158,500
- between 1 year and 5 years	317,000	-
Total minimum lease payments	<u>475,500</u>	<u>158,500</u>



## **LMYC AGM 2018**

### **Commodores Report**

**AGM - Tuesday 29 May 2018**

Firstly, I thank my fellow Board members, voluntary committee members and other members who assist with our club activities in a voluntary capacity. Their assistance is vital to successfully operate the club activities. I also thank our dedicated General Manager and his team who ensure that the club functions on a day to day basis.

Our financial results for this year whilst down on the prior year still leaves the club in a strong financial position. The club continues to meet or exceed "clubland" benchmarks. Our treasurer will comment further on the clubs financial performance in his report.

The board has continued to deal with significant issues during the year. Some highlights of the year included:

1. New marina attenuator defect. Unfortunately, the new marina occupation is still being hampered by ongoing contract issues. We are now well down the road in undertaking legal proceedings to obtain compensation for legal and other costs and pursue the costs of rectification. We are confident that we will reach a successful finalisation this calendar year. Despite this set back the existing marina occupation rate is making a positive contribution to the clubs financial position.
2. The slipway Lake Macquarie City Council lease came to an end during the financial year. In addition, the EPA, after an inspection of the slip, made recommendations that the club had to implement. This has impacted significantly on slip operations and profitability. The future of the slip lease and operations will be determined as soon as possible.
3. The Board and Management continue to be committed to making improvements to the existing club facilities. These are required to place the club in the best position to enhance profit and member and patron experiences. The club recently received approval from the Lands Department to undertake major repairs and renovations. Members will see these approvals implemented over the next year.
4. Our club sailing activities continue to be successful. This has been accomplished by our tireless and dedicated Sailing Management team led by our Rear Commodore Geoff Edman. I personally thank them for their efforts which, this year have been outstanding.
5. The clubs strong cruising division, currently led by skipper Ken Archer continues to be very active and provides valuable support and activities to the clubs cruising fleet.

6. Swansea Channel continues to be a major issue for the club. The restriction of access to the lake has a negative impact on the clubs sailing and marina operations. We continue to monitor dredging activities and where possible lobby the NSW Government to provide adequate dredging of the channel. Better access to the Lake will certainly assist the clubs sailing and cruising activities and flow through to our financial performance.

Again, thanks to everyone who has assisted me during the year. The future prosperity of our yacht club is only possible with the assistance of a dedicated board, active club members and dedicated management and staff.

**Bill Chaseling**  
**Commodore**

## **LAKE MACQUARIE YACHT CLUB** **VICE COMMODORE REPORT**

### **2018 AGM 29 MAY 2018**

Once again, the last 12 months have proven to be an extremely productive and busy period for the Club's board of Directors, the House Committee, the Sailing Committee and all of the Club's staff and those of our caterers at Crusoe's.

The Club has again established itself as a preferred venue of choice with strong growth in visitations and associated food and beverage revenue. It is particularly pleasing to see members and guests continuing to visit the club outside of our normal Saturday and Sunday busy periods, something the Club hasn't experienced in a while.

Whilst feedback has been overwhelmingly positive we are aware that increased patronage does involve some compromise of access to facilities for members particularly during busy times. The Board and House Committee are cognisant of any diminution of member's amenity and have made and will continue to make improvements and changes to ensure the core activities and values of the Club are maintained and respected. Increased patronage and revenue are increasingly vital for the Club as we face challenges brought about by the unrelenting cost of repairing and maintaining the Club and the old marina. It is important that our physical assets are preserved and improved to ensure the Club remains self-sufficient for our future membership. Whilst this is our immediate focus the Club's tradition and core activities of being a yacht club, its sailing programme and its sailors remain at the forefront of decisions we make concerning the club.

Many small and large improvements and repairs to the Club have been planned over the preceding twelve months some of which have already begun. The new marquee has been a tremendous addition and the view from this area is quite spectacular providing a considerable boost to our appeal as a functions venue. Special thanks should go to Peter Shaddock who with Mark Norden arranged the demolition of the old marquee and construction of the new seamlessly and quickly. Peter has also been instrumental in planning and gaining of approvals for a number of coming improvements which we anticipate will provide significantly increased amenity for members and guests. With improvements and repairs to the main auditorium, the replacement of the main bar and the relocation of the poker machine room in the coming months, the look and feel of the Club will be transformed.

Poker machine revenue has fallen below industry benchmarks despite the addition of new machines and the refurbishment of others. It is our view that this is mostly due to the poor

location and appearance of the poker machine environment. We are confident that the new purpose built room will provide an amenity more conducive to casual gaming and revenues will substantially improve. This has certainly been the case at other venues where the location and structure of the gaming space have been more carefully considered. Whilst gaming remains a good source of revenue for our Club we haven't relied on this revenue in the past nor are there immediate plans to seek to establish ourselves as a high-volume gaming venue. We do however believe it important to provide a comfortable gaming environment for members and guests and to provide a platform for a suitable gaming return.

This year has seen the introduction of a new more user-friendly website which provides quicker access to information and race results. We have also commenced a programme reviewing analytics and improving our SEO with the objective of increasing our web presence with respect to functions and events. We have also continued our activity on social media with regular Facebook posts. This activity has been piggybacked with Crusoe's own Facebook posting as they continue an excellent social media presence with extremely positive outcomes.

Our team at the Club have continued to do a fantastic job throughout the year. Mark has been a pleasure to work with and his professional and positive approach to some significant challenges is appreciated and admired by those of us on the Board. He has done a terrific job in managing the rectification works of the Club and the marina whilst continuing to operate a vibrant, successful and friendly registered Club. Mark continues to bring a determined and fresh approach to the venue and its recent growth and success is largely due to his dedication.

Mark has been ably supported by a dedicated Board of Directors and the House Committee and more importantly his team led by Christine, Natalie and Patrick who continue to just get things done forming the backbone of the Club. Special thanks should go to outgoing Functions Manager Emily Henderson who brought the sparkle back to functions and marketing at the Club and a big welcome to Kristen Ladmore who has taken to the role quickly and efficiently.

The entire Crusoe's team have again performed miracles this year consistently producing thousands of meals from a kitchen which was never really designed for such volume. Feedback has been overwhelmingly positive and the contribution Paul and his team have made to the Club should not be underestimated.

The coming year will bring together several years of planning and by this time next year we hope to be holding the AGM in a vastly different space after another season of sailing and lucrative summer trade. I look forward to the challenge of working through these improvements and am confident Mark and the team can minimise any disruption caused.

I feel privileged to have the opportunity to again contribute to the coming year and thank the members for their support. I am confident the upcoming twelve months will bring both commercial success and significant improvement to the Club amenity for members and guests.

**Richard Roberts**  
**Vice Commodore**

**TREASURERS REPORT LAKE MACQUARIE YACHT CLUB  
YEAR ENDED 28 FEBRUARY 2018**

I present my report on the 2018 financial report of the Lake Macquarie Yacht Club being a club limited by guarantee as noted in the Director's Report to the financial statements. For year ended 28 February 2018 the club's financial statements disclose a profit for the year of \$147,751 compared to \$322,675 during the previous year. Earnings before interest, tax and depreciation was \$ 442,536 compared to \$ 596,768 during the previous 12 months.

This result has been mainly affected by the following factors: -

**Reduction in gaming revenue.**

Poker machine net clearances have decreased from \$125,577 the previous year to \$90,582 for the current year. This is being addressed by the moving of the gaming room to the northern side of the club and the addition of a smoking area.

**Reduction in marina and slipway income.**

This has decreased from \$665,274 in 2017 to \$642,956 in 2018. As you are no doubt aware there have been issues with the marina and the slip. The marina issue is progressing through the Supreme Court and the slipway issue is currently being negotiated with council.

**Increase in operating costs.**

Sailing expenses have increased from \$141,127 (2017) to \$159,226 (2018). This mainly relates to the appointment of a sailing administrator.

Occupancy expenses have increased from \$ 210,327 (2017) to \$259,869 (2018). This mainly relates to hire of the new ablution block and outdoor heating in order to make the deck area more amenable during the winter months. There was also considerable repair carried out to the building which is ongoing. These will hopefully have a positive impact on revenue in the future.

An increase in wages has also occurred relevant to the increase in bar turnover and administration wages.

It is worth noting that bar turnover has increased from \$1,266,488 in 2017 to \$1,406,640 for the current year representing a 11% increase.

It is anticipated that considerable expenditure is to be made improving and securing the club premises into the future. This is considered to be both necessary for the survival of the club and in order to provide amenity to the members thus hopefully increasing patronage and increase in turnover in order to ensure the continued successful operation of the club.

**Ed Hillier  
Treasurer**

**Rear Commodore's report to the LMYC 2018 AGM**  
**The season's racing**

This year we changed our Divisional racing structure. Moving away from a dedicated Non-Spinnaker division, with all yachts handicapped based on their performance and split into three divisions. The Sailing Committee has provided a very comprehensive year of sailing including:

- Yearly, Spring & Summer Point Score series for Divisions 1 to 3 with miniseries run within the yearly point score based on the following type of racing
- 5 race Bay scratch start series, 4 race Bay pursuit series, a 6 race R.K Robertson Memorial Trophy series, and a 3 race Pulbah Series and a 6 race 'Windward – Leeward' series run over 3 race days.
- Etchells' Fleet Championship & Point Score series
- Non-Point score sweepstake races were scheduled for most days that we did not have a point score race scheduled.
- There was no LMYC offshore series run this year as there were no nominations for the series. This was due to the very poor state of the channel and I believe is the first year that we have not run offshore racing for many decades.
- The Friendship Cup, annual interclub challenge with NCYC, was cancelled also cancelled this year due to the channel depth. This is the first time that the race has not been run since its inception. We will be discussing alternatives with NCYC to see what we can do to keep this friendly competition between the two clubs.
- Four Wednesday Point Score series throughout the year.
- Friday twilight series during daylight saving months.
- The Lady Skipper Series was run again this season and run as a serious competition.
- Winter series.
- Accountants' Day
- Hosted the Catalina Rendezvous
- Wind Warriors continue to race on Thursday evenings and Saturdays afternoon over the winter period.
- There was no abandonment to Saturday racing this past season.

**Fleet numbers**

We started the season with 47 entries in the Divisional Point Score series (16 in Division 1, 19 in Division 2 and 12 in Division 3.). This is compared to 46 entries during the 2016-2017 season

The actual number of yachts starting each race day was however less than the entries but fairly consistent over the whole season with an average of 37 yachts each week. At the end of the season the numbers remained about the same

The Etchells fleet started with 5 entries and averaged 4 racing regularly increasing to 7 for the last few weeks of the season.

**Regattas.**

LMYC organised and ran the following regattas:

- RTC Group Lakefest regatta was moved from a mid-week regatta to a weekend with the expectation of increased entries. However, the entries remained similar to previous years.
- VX One Australian Championship

### **Outside Lake Macquarie.**

LMYC was well represented in many of the 'Classics' as well as other regattas., Sydney to Hobart, Pittwater to Gold Coast Race, Newport to Coffs Harbour, Sail Port Stephens and the Heaven Can Wait Regatta.

### **LMYC Juniors**

The Junior Sailors was re-established this past season with a very enthusiastic and capable group of young sailor sailors who have performed quite well in regattas under the LMYC burgee.

### **Feedback**

As usual a boat owners/ skippers meeting was held after the season with opportunity for emailed submissions. In general, there was positive support for the changes that had been made in the 2017-2018 season. There was some criticism of the three week break in the point score races at the end of February and some concerns regarding the difference in the handicaps between the mini-series handicap and the annual point score handicap.

### **LMYC Sailors**

Thank you to all the skippers and crew who participated in the racing program and who made it all worthwhile. Thank you also for your feedback generally and through the boat owners' meeting.

### **Communications with sailors**

Regular newsletters and updates on sailing matters were combined with the regular Broadcast and emailed throughout the year.

### **Sailing Management**

Thank you to all who have contributed to a successful sailing season and particularly to:

The management and staff of the Club including the Sailing Administrators, the race officers and tender drivers;

The Sailing Committee comprising of:

Peter Shaddock, Phil Cunningham, John Morgan, Ian Tunks, David Anstey and Mark Holmes.

Our team of equipment auditors, handicap committee and members of the protest committee.

**The Cruising Division Supplement**  
**C/O Ken Archer CD Skipper.**

Cruising Division Report to LMYC 2018

The Cruising Division continues to grow and develop new and interesting activities and experiences to keep the Club fresh and attractive to both continuing and new members.

The year has also been one of consolidation, assisted by the use of Facebook as a primary source of communication between our members, and the continued publication of the Cruise letter, as the standard bearer for Club news and as an important means of recording our activities for future reference

It is also encouraging to see a steady number of new members being attracted to the Club, and particularly pleasing that they are keen to join in our activities. Our current membership stands at approximately 88 boats and 179 individual members.

This year, our regular monthly cruises and major outings such as the Ivan Irwin Lake Cruise and Pittwater Cruise were great successes. The addition of the cruise to Port Stephens this year, in lieu of the Newcastle Cruise, was also well attended and should be considered as a regular event on our calendar.

Our CD is also indebted to the LMYC for their continued support for the Cruising Division, both in providing venues for our meetings and activities, and for donations of prizes and refreshments at selected functions. Our seat on the LMYC House Committee has also proven to be an excellent means of directly communicating any CD issues and in receiving firsthand knowledge of the broader activities and policy initiatives of the LMYC.

**Geoff Edman**  
**Rear Commodore**