



LAKE MACQUARIE YACHT CLUB
ABN 91 000 805 265

Financial Report
For the Year Ended
28 February 2019

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Lake Macquarie Yacht Club

ABN 91 000 805 265

Directors' Report

28 February 2019

Your Directors present their report on Lake Macquarie Yacht Club for the financial year ended 28 February 2019.

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	-	10
Richard Roberts	Vice Commodore	CEO	House Committee	5
Geoff Edman	Rear Commodore	Manager	Sailing Committee	8
Edwin Hillier	Treasurer	Chartered Accountant	House Committee	11
Phillip Cunningham	Club Captain	Retired	House / Sailing Committee	12
Eleanor Cunningham	Director	Retired	House Committee	4
Peter Shaddock	Director	Architect	Sailing Committee	4
Steven Ford	Director	Managing Director	House Committee	1
Sandi Murray	Director	Executive Assistant	House Committee	1

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 operating profit of the Club after providing for income tax amounted to \$ 980,700 (2018: profit of \$ 147,751). The net result of the Club after providing for significant items disclosed in Note 3, amounted to \$193,016 (2018: profit of \$ 146,964).

Review of operations

Profit from bar trading amounted to \$621,705 and gross profit percentage of 65% was obtained from sales of \$1,536,304.

Net gaming revenue amounted to \$101,730 and compares with \$90,582 in 2018.

Lake Macquarie Yacht Club

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Directors' Report

28 February 2019

Meetings of Directors

During the financial year, 12 meetings of Directors, 12 meetings of the sailing committee and 4 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	11 / 12	-	-
Richard Roberts	12 / 12	4 / 4	-
Geoff Edman	11 / 12	-	12 / 12
Edwin Hillier	11 / 12	2 / 4	-
Phillip Cunningham	9 / 12	2 / 4	8 / 12
Eleanor Cunningham	8 / 12	2 / 4	-
Peter Shaddock	12 / 12	-	9 / 12
Steven Ford	10 / 12	1 / 4	-
Sandi Murray	12 / 12	4 / 4	-

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 2019 the collective liability of members was \$73,220 (2018: \$40,460).

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.

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.

Lake Macquarie Yacht Club

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Directors' Report

28 February 2019

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 2019, 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 2019 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.

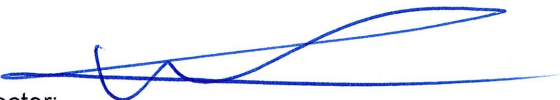
Mandatory Director Training

Under the *Registered Clubs Amendment (Disclosures) Regulation 2019*, the Club is required to disclose to its members certain information relating to mandatory training requirements undertaken by Directors. As the Club has annual gaming machine profits of less than \$1 million, the Regulation prescribes that at least two Directors must complete their mandatory training within 12 months of appointment unless otherwise exempt.

Although the Board has determined that more than two Directors meet the requirements for an exemption based on holding relevant qualifications and past time served on the Clubs' board, two Directors have nominated to complete this training. Details of completed training in excess of minimum requirements has been detailed below:

- Sandi Murray completed approved Director training through the Club Directors Institute in 2018
- Eleanor Cunningham completed approved Director training through the Club Directors Institute in 2018

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

Director: 

Director: 

Dated 1 May 2019

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 2019, there have been:

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

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



N. Nancarrow
Director

NEWCASTLE

24 April 2019

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 2019, 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 2019 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

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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. This description forms part of our auditor's report.

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



N. Nancarrow
Director

NEWCASTLE

2 May 2019

Lake Macquarie Yacht Club

ABN 91 000 805 265

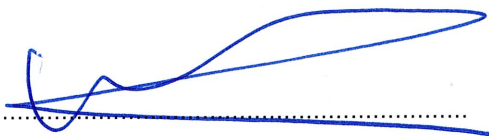
Directors' Declaration

The Directors of the Club declare that:

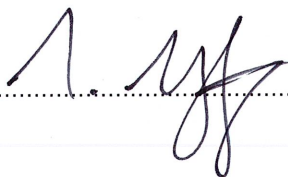
1. The financial statements and notes, as set out on pages 8 to 23, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 28 February 2019 and of 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 1 May 2019

Lake Macquarie Yacht Club

ABN 91 000 805 265

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 28 February 2019

	Note	2019 \$	2018 \$
Bar sales		1,536,304	1,406,640
Less: Bar cost of goods sold		(530,114)	(500,393)
Gross profit		1,006,190	906,247
Gaming machine net clearances		101,730	90,582
Marina and slipway income		648,990	642,956
Sailing income		67,746	70,574
Raffle income		19,820	23,164
Gaming commissions		2,156	5,007
Functions income		267,464	189,107
Other revenue from contracts with customers	2	136,914	132,582
Other revenue from ordinary activities	2	194,847	198,803
Other revenue from non-ordinary activities	2	1,875,000	-
Borrowing cost expense		(49,968)	(38,927)
Bar trading expenses		(384,485)	(327,003)
Gaming machine trading expenses		(57,806)	(53,621)
Marina and slipway expenses		(92,631)	(103,961)
Sailing expenses		(160,189)	(159,226)
Raffle expenses		(21,826)	(27,515)
Gaming commission expenses		(1,828)	(1,553)
Function trading expenses		(268,307)	(218,570)
Club promotion and entertainment expenses		(101,494)	(86,331)
Occupancy expenses		(249,006)	(259,869)
Depreciation and amortisation expenses		(300,874)	(256,093)
Administrative expenses		(940,867)	(578,602)
Other operating expenses from ordinary activities		(710,876)	-
Profit / (loss) before income tax		980,700	147,751
Income tax expense / (benefit)		-	-
Profit / (loss) after income tax		980,700	147,751
Other comprehensive income		-	-
Total comprehensive income / (loss)		980,700	147,751

The accompanying notes form part of these financial statements.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Statement of Financial Position

As At 28 February 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	310,702	792,374
Trade and other receivables	6	2,019,278	300,372
Inventories	7	62,946	59,089
Other assets	8	113,913	107,500
TOTAL CURRENT ASSETS		<u>2,506,839</u>	<u>1,259,335</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,912,176	4,088,718
TOTAL NON-CURRENT ASSETS		<u>4,912,176</u>	<u>4,088,718</u>
TOTAL ASSETS		<u><u>7,419,015</u></u>	<u><u>5,348,053</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	201,506	130,661
Short-term borrowings	11	188,828	576,624
Short-term provisions	12	111,805	108,813
Other liabilities	13	167,677	142,024
TOTAL CURRENT LIABILITIES		<u>669,816</u>	<u>958,122</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	11	1,398,586	20,079
Long-term provisions	12	7,240	7,179
TOTAL NON-CURRENT LIABILITIES		<u>1,405,826</u>	<u>27,258</u>
TOTAL LIABILITIES		<u>2,075,642</u>	<u>985,380</u>
NET ASSETS		<u><u>5,343,373</u></u>	<u><u>4,362,673</u></u>
EQUITY			
Retained earnings		<u>5,343,373</u>	<u>4,362,673</u>
TOTAL EQUITY		<u><u>5,343,373</u></u>	<u><u>4,362,673</u></u>

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 2019

2019

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 March 2018	4,362,673	-	4,362,673
Profit attributable to members of the club	980,700	-	980,700
Balance at 28 February 2019	<u>5,343,373</u>	<u>-</u>	<u>5,343,373</u>

2018

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

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 2019

	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,186,452	2,891,462
Payments to suppliers and employees	(2,773,752)	(2,580,654)
Interest received	93	235
Interest paid	(49,968)	(38,927)
Net cash provided by / (used in) operating activities	<u>362,825</u>	<u>272,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	2,727
Purchase of property, plant and equipment	(1,835,208)	(385,310)
Net cash used by investing activities	<u>(1,835,208)</u>	<u>(382,583)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	1,092,385	71,973
Repayment of borrowings	(101,674)	(38,247)
Net cash provided by / (used in) financing activities	<u>990,711</u>	<u>33,726</u>
Net increase / (decrease) in cash and cash equivalents held	(481,672)	(76,741)
Cash and cash equivalents at beginning of year	<u>792,374</u>	<u>869,115</u>
Cash and cash equivalents at end of financial year	5 <u><u>310,702</u></u>	<u><u>792,374</u></u>

The accompanying notes form part of these financial statements.

Lake Macquarie Yacht Club

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Notes to the Financial Statements

For the Year Ended 28 February 2019

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.

(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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 28 February 2019

1 Summary of Significant Accounting Policies

(f) Investments and other financial assets

i) Classification

From 1 March 2018, the Club classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Club's business model for managing the financial assets and the contractual terms of the cash flows.

The Club is using the measured at amortised cost method for all its financial assets, namely trade and other receivables. Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on tradedate, the date on which the Club commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

iii) Measurement

Subsequent to initial recognition, financial assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment for expected credit losses are recognised in the profit or loss. Gain or loss on derecognition is recognised in profit or loss.

iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Club considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment, including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Lake Macquarie Yacht Club

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Notes to the Financial Statements

For the Year Ended 28 February 2019

1 Summary of Significant Accounting Policies

(g) Financial liabilities

i) Classification

From 1 March 2018, the Club classified its financial liabilities as those to be measured at amortised cost.

The Club is using the measured at amortised cost method for all its financial liabilities. The financial liabilities of the Club comprise trade payables, bank loans and asset finance.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

The Club measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The Club derecognises financial liabilities when, and only when, the Club's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Revenue and other income

The Club recognises revenue when it transfers control over a product or service to a customer. Revenue is measured based on the amount of consideration expected to be received in exchange for the transfer of the good or service to the customer.

Revenue from contracts with customers

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

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 anticipated payout's for progressive jackpots.

Revenue from membership subscriptions and marina fees are recognised on a straight line basis over the financial year.

Other revenue

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

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

Lake Macquarie Yacht Club

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Notes to the Financial Statements

For the Year Ended 28 February 2019

1 Summary of Significant Accounting Policies

(i) Trade and other receivables

Trade receivables, which have 14 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

(j) Inventories

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

(k) 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:

Class of Fixed Asset	Depreciation Rate
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.

(l) 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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 28 February 2019

1 Summary of Significant Accounting Policies

(m) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Club during the reporting period which remain unpaid at balance date. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) 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.

(o) Gaming Machine Rebate

The Club received a rebate to compensate the loss of gaming machine income due to the introduction of GST. The period which the rebate relates to is from 1 June 2018 to 31 May 2019.

(p) 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.

(q) 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

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Notes to the Financial Statements

For the Year Ended 28 February 2019

1 Summary of Significant Accounting Policies

(r) 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.

(s) Adoption of new and revised accounting standards

During the current year, the Club adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The Club applies, for the first time, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. The application of these new accounting standards did not require current period or retrospective adjustments.

AASB 15: Revenue from Contracts with Customers

The Club has adopted AASB 15 Revenue from Contracts with Customers, with a date of initial application of 1 March 2018. The application of AASB 15 replaces AASB 118 Revenue and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer. The majority of the Club's revenue is derived from the sale of goods or service to a customer. This is consistent with the accounting policies applied in the comparative period, therefore no adjustment to the comparative figures was required.

The Club has updated its accounting policies to reflect the new accounting standard, as disclosed in Note 1(h). The Club has also updated the presentation of revenue to reflect the new disclosure requirements of the standard, as disclosed in Note 2.

The adoption of AASB 15 has not materially impacted on the financial statements.

AASB 9: Financial Instruments

The Club has adopted AASB 9 Financial Instruments, with a date of initial application of 1 March 2018.

AASB 9 replaces the provisions of AASB 139 *Financial Instruments* that relate to the recognition, classification and measurement of financial assets and financial liabilities, including derecognition and impairment. AASB 9 also amends other standards dealing with financial instruments such as AASB 7 *Financial Instruments: Disclosures*.

The adoption of AASB 9 did not result in a significant change to the recognition or measurement of financial instruments for the Club as presented in the financial report.

Lake Macquarie Yacht Club

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Notes to the Financial Statements

For the Year Ended 28 February 2019

1 Summary of Significant Accounting Policies

(s) Adoption of new and revised accounting standards

On adoption of AASB 9 Lake Macquarie Yacht Club has also reclassified its financial assets as subsequently measured at amortised cost or fair value depending on the business model for those assets and the contractual cash flow characteristics. There was no change in the classification or measurement of financial liabilities.

The principal impact on Lake Macquarie Yacht Club's financial assets at 1 March 2018 are:

- the reclassification of the trade receivables from 'loans and receivables' under AASB 139 to 'financial assets at amortised cost' under AASB 9. This did not change the balance of trade receivables recognised in the comparative year.

In relation to the reclassification of financial assets and liabilities, there was no impact on the statement of profit or loss and other comprehensive income, statement of financial position or , the statement of changes in equity on adoption of AASB 9.

See Note 1(f), (g), (i) and (m) for the detailed accounting policies.

(t) Authorisation of Financial Statements

The financial statements were authorised for issue on 1 May 2019 by the Directors.

2 Revenue

	2019 \$	2018 \$
Revenue from contracts with customers		
- Trading revenue	2,644,210	2,428,030
Other revenue from contracts with customers		
- Membership subscriptions	132,767	126,672
- Regalia income	4,147	5,910
Total other revenue from contracts with customers	136,914	132,582
Total revenue from contracts with customers	2,781,124	2,560,612
Other revenue from ordinary activities		
- Rent received	158,927	166,602
- Interest received	93	235
- Rebate for GST on gaming machine duty	8,263	9,603
- Commissions received	13,604	16,022
- Other income	13,960	6,341
Total other revenue from ordinary activities	194,847	198,803
Other revenue from non-ordinary activities		
- Marina settlement claims	1,875,000	-
Total Revenue	4,850,971	2,759,415

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Notes to the Financial Statements

For the Year Ended 28 February 2019

3 Result for the Year

(a) Significant Items

	2019	2018
	\$	\$
Net (profit) / loss on disposal of property, plant and equipment	25,453	(787)
Impairment of fixed assets and works in progress	685,423	-
Marina settlement legal expenses	376,440	-
Marina settlement claim income	(1,875,000)	-
Net impact of significant items	(787,684)	(787)

The following transactions have been recorded as impairment of fixed assets and works in progress:

The Directors determined that the value of the Marina in its current state was overstated and as such, have raised an impairment expense of \$265,597 to reduce its carried forward value at 28 February 2019.

The Club had previously carried forward planning and development costs incurred in prior years relating to the renovation and extension of the clubhouse as capital works in progress. The Directors determined that these works were no longer of benefit for the recent renovations in 2019 or in the future and as such have written off costs amounting to \$419,826 in 2019.

4 Interests of Key Management Personnel

The total remuneration paid to the key management personnel of the Club during the year is as follows:

Key management personnel compensation	<u>147,525</u>	<u>158,400</u>
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5 Cash and Cash Equivalents

Cash at bank and in hand	<u>310,702</u>	<u>792,374</u>
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6 Trade and Other Receivables

CURRENT		
Trade receivables	144,278	84,318
Other receivables	1,875,000	216,054
	<u>2,019,278</u>	<u>300,372</u>

7 Inventories

At cost		
Trading stock on hand	53,685	48,756
Other stock on hand	9,261	10,333
	<u>62,946</u>	<u>59,089</u>

8 Other Assets

Prepayments	<u>113,913</u>	<u>107,500</u>
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Lake Macquarie Yacht Club

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Notes to the Financial Statements

For the Year Ended 28 February 2019

9 Property, Plant and Equipment

	2019 \$	2018 \$
LEASEHOLD IMPROVEMENTS		
At cost	2,291,966	909,357
Accumulated depreciation	(585,623)	(577,265)
Total leasehold improvements	1,706,343	332,092
CAPITAL WORKS IN PROGRESS		
Capital works in progress		
At cost	-	419,826
PLANT AND EQUIPMENT		
At cost	2,280,616	1,995,735
Accumulated depreciation	(1,389,076)	(1,354,208)
Total plant and equipment	891,540	641,527
MARINA		
At cost	3,262,797	3,550,692
Accumulated depreciation	(948,504)	(855,419)
Total marina	2,314,293	2,695,273
Total property, plant and equipment	4,912,176	4,088,718

(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	419,826	332,092	641,527	2,695,273	4,088,718
Additions	-	1,439,341	375,762	20,105	1,835,208
Disposals - written down value	-	(15,766)	(9,687)	-	(25,453)
Impairment loss	(419,826)	-	-	(265,597)	(685,423)
Depreciation expense	-	(49,324)	(116,062)	(135,488)	(300,874)
Balance at 28 February 2019	-	1,706,343	891,540	2,314,293	4,912,176

(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 2019 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.

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Notes to the Financial Statements

For the Year Ended 28 February 2019

10 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	174,536	103,607
Other payables and accrued expenses	14,592	11,153
GST payable	12,378	15,901
	<u>201,506</u>	<u>130,661</u>

11 Borrowings

CURRENT		
Unsecured liabilities:		
Insurance loan	37,622	34,583
	<u>37,622</u>	<u>34,583</u>
Secured liabilities:		
Bank loan	101,371	530,000
Chattel mortgage	35,231	-
Goods loan	14,604	12,041
	<u>151,206</u>	<u>542,041</u>
	<u>188,828</u>	<u>576,624</u>
NON-CURRENT		
Secured liabilities:		
Bank loan	1,233,027	-
Chattel mortgage	159,123	-
Goods loan	6,436	20,079
	<u>1,398,586</u>	<u>20,079</u>
Total Borrowings	<u>1,587,414</u>	<u>596,703</u>
(a) Total current and non-current secured liabilities		
Bank loan	1,334,398	530,000
Chattel mortgage	194,354	-
Goods loan	21,040	32,120
	<u>1,549,792</u>	<u>562,120</u>

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Notes to the Financial Statements

For the Year Ended 28 February 2019

11 Borrowings

(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 and chattel mortgage are secured by the actual assets purchased.

12 Provisions

	2019	2018
	\$	\$
CURRENT		
Employee benefits	105,642	102,650
Provision for annual trophies	6,163	6,163
	<u>111,805</u>	<u>108,813</u>
NON-CURRENT		
Employee benefits	<u>7,240</u>	<u>7,179</u>

13 Other Liabilities

CURRENT		
Subscriptions in advance	59,392	47,723
Marina fees in advance	58,472	57,903
Other amounts received in advance	49,813	36,398
	<u>167,677</u>	<u>142,024</u>

14 Related Party Transactions

The Club's main related parties are as follows:

(a) Key Management Personnel of the Club

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Club, directly or indirectly, including any Director (whether executive or otherwise) of the Club, is considered key management personnel. Refer to Note 4.

(b) Other Related Parties of the Club

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.

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Notes to the Financial Statements

For the Year Ended 28 February 2019

14 Related Party Transactions

(b) Other Related Parties of the Club

Transactions and Outstanding Balances with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following relationships and/or transactions occurred with related parties:

- 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

	2019	2018
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	52,685	53,411
- between 1 year and 5 years	904,482	937,901
	957,167	991,312

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 \$50,249 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.

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 has a term of 3 years commencing expiring on 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:

- no later than 1 year	158,927	158,500
- between 1 year and 5 years	158,927	317,000
Total minimum lease payments	317,854	475,500