

2019-2020 Commodore's Report

Commodore's report to the LMYC 2020 AGM

The season's racing

Firstly I wish to thank the previous Commodore, Bill Chaseling, and Board for the handing over the helm with the club in very good condition.

I also wish to thank up front all the club officers, employees and volunteers and in particular our CEO who has carried out his duties so well over the report year.

2019-2020 was a great year for LMYC with a number of challenges met and milestones celebrated.

September 2019 saw the completion of the internal renovations of the club with the new amenities being a great improvement of the dated facilities. Renovations and repairs to the deck area continued over the 2019-2020 period completed during the Covid-19 forced shutdown. These improvements have been well received by our members and visitors.

September marked the 90th Anniversary of the formation of LMYC. This significant milestone was celebrated with:

- the opening of the new renovations by Albert Mitchell and Ray Kiely was attended by many club members as well as representatives from most of the yacht and sailing clubs on Lake Macquarie and Newcastle Yacht Club.
- A Sail Past and special 90th anniversary race was held following the opening. Our fleet was joined by WASC and RMYCT for a combined race around Pulbah Island. Over a hundred boats had nominated for the race however, the weather on the day saw numbers drop slightly.
- Past Commodores and Life Members were invited to a special lunch to mark the anniversary and was well attended with all in attendance remarking on a great event with requests to repeat in future years.

2019 drought brought some significant water restrictions to our region with restrictions being placed on us. Thanks to all our members who assisted in reducing the water usage on the marina. With the drought came the bushfires. LMYC joined in as a hub for the firefighter's family sailing day in February. Unfortunately, the weather on the day caused the event to be postponed.

The Covid-19 pandemic hit us all and restrictions placed on us all meant the shortening of our sailing season as well as the forced closure of the club, postponement of the AGM and presentation night. As mentioned earlier we took the opportunity to complete the repairs to the deck area.

Rectification of the marina wave wall has been an ongoing effort for the board. The engineered design has been completed and is far more complex than we expected. From this design tenders were called from likely contractors with Hunter Wharf and Barge being the preferred tender. There has been much discussion between the board, contractor and the engineers over the period, with Covid-19 slowing the process, to develop the rebuild schedule. We have decided to affect the repair in two phases. Firstly, the western arm and approximately half the Southern and Northern arms. Finance for the build has been sorted and approved and as I write this report, we are expecting to sign the contract within the next few days with work on site to commence in September due to lead time for materials and fabrication of required steelwork.

Finally, thank you to all our members for their support and understanding over the last twelve months particularly with the disruptions during the deck repair and the forced shutdown

Geoff Edman
Commodore
1 July 2020

LAKE MACQUARIE YACHT CLUB
TREASURERS REPORT

I am pleased to refer to financial statements of the club prepared by Cutcher and Neale for year ended 29 February 2020. The directors report discloses a loss for the year in the amount of \$47,621. The previous year was a profit of \$193,016 after allowing for adjustment due to legal claim received and other adjustments. Note 3 details the effect of these adjustments on the last year result. This result is largely affected by depreciation on the recent large improvements made to the club and marina expenditure. The surplus before depreciation and interest was \$532,385. For the previous year EBITDA was \$543,858 after adjusting for abnormal items last year as per note 3.

Also as disclosed on page 2 of the director's report profit from bar trading amounted to \$662,961 at a gross profit percentage of 66%. Bar sales were \$1,674,657 an increase of 9% over the previous year's bar turnover of \$1,536,304. This gross profit % is excellent based on industry standards.

Net gaming revenue also increased from \$101,730 to \$120,738.

Please also refer page 13 of the financial statements which contains the cash flow. The bank balance at 29 February was \$1,628,683 largely due to receipt of legal claim proceeds in regards to the marina.

Note 10 on page 27 of the financial statements discloses that the clubs lease has now been capitalised on to the balance sheet under non-current assets in the amount of \$763,965 and a lease liability of \$750,985 shown under non-current liabilities and \$28,354 under current liabilities. The note also discloses the effect on the result of the club of this treatment.

Please refer note 12 to the financial statements which discloses that the club has a bank loan in the amount of \$1,236,981. These funds were used for the club renovation.

Overall the performance of the club has been excellent once again with bar turnover and poker machine revenue increasing. The objective is now to repair the marina so that it can be fully occupied with a resultant increase in marina revenue. The club has recently re-commenced trading in full with little effect on the bank balance due to covid government incentives received.

Ed Hillier BCom CA

Honorary club treasurer

Lake Macquarie Yacht Club
Vice Commodore's Report

My first year as Vice Commodore has seen Lake Macquarie Yacht Club both enjoy celebrations and face challenges: my term commenced with preparations for the Club's 90 year celebration but more recently our facilities experienced forced closure for a 10 week period whilst contending with a world-wide pandemic.

The 2019-20 year has seen significant improvements to the Club's facilities. The second stage of the clubhouse renovations, including upgraded offices, reception area, entrance lobby, landscaped forecourt and new toilet facilities, have all now been completed. Special thanks to Tony and Les from Belmont Bay Building for their continued commitment to this project.

An official opening of these building renovations, held in October 2019, was presided over by Ray Kiely and Albert Mitchell, and not only signified unveiling of these works, but also celebrated the Lake Macquarie Yacht Club's 90th anniversary. The Club's 90th anniversary was also marked by a "Foundation Day" Luncheon held on 26th September and attended by many Members past and present, with thanks to Phil Cunningham for his enthusiastic organisation of this event.

During the recent close down period of the club and marina areas we have taken the opportunity to fully replace structural components of the deck areas that were well overdue for attention, upgrade the handrails, widened the walkway to the new marina, replaced planking on the old marina, and generally tidied the aging facilities. Realising the importance of continual maintenance to ensure that our facilities remain in good condition within a harsh marine environment, the Club has now also initiated a contract for repair and upgrade works to be undertaken on a regular basis.

Other improvements planned over the next few months include the arrival of a new external block of toilet and shower facilities to replace the temporary ones, and also the commencement of rectification works to wave attenuators on the new marina.

So, despite world events, Lake Macquarie Yacht Club's improved facilities stand ready for the resumption of sailing, and the upgrades ensure longevity well into the future. The changing framework of COVID-19 requirements continues to provide challenges which are met by the Board, the CEO and Club Staff.

Sincere thanks to Board Members, the CEO and the Club Members for their patience during both the construction phases and mandated closures, and their support throughout this year.

Vice Commodore Peter Shaddock

Rear Commodores Report

2019/20

Sailing Committee

When I started as Rear Commodore in May 2019, sailing at LMYC was in excellent shape thanks to the tireless work of Geoff Edman, Ross Ahrens and the Sailing Committee over several years. John Morgan and Peter Shaddock retired from the sailing committee, and I would like to thank John and Peter for their many years of service to the Club on the sailing committee. Thanks also to the members of the previous sailing committee who have volunteered again. John Anderson, Noel Jenkins and Dale Sharp joined the Sailing Committee.

The Sailing Committee for 2020/21 was –

- Steven Ford (Chair)
- Ross Ahrens
- John Anderson
- Dave Anstey
- Phil Blanch
- Eleanor Cunningham (Club Captain)
- Phil Cunningham
- Noel Jenkins
- Mark Holmes (Director)
- Dale Sharp

The Sailing Committee and Ross Ahrens have provided great support for me as I have navigated my way through my new role in LMYC. Thanks for your guidance and wise counsel.

2019/20 Season Overview

2019/20 marked the 90th season of racing at LMYC. We had 49 boats nominated for the 2019/20 Saturday Summer Season. Division 1 had 14 boats, Division 2 had 16 boats, and Division 3 had 19 boats. Each Division was a mixed fleet of both Spinnaker and Non-Spinnaker Boats based on the TCF. We endeavoured to have three fleets of reasonably equal numbers that would facilitate competitive and fair racing for all. We also introduced a staged nomination process where boats were advised of the provisional TCF and Divisional allocation prior to the finalisation of TCFs and Divisions. A big thank you to Ken Semple and Phil Blanch who have re-handicapped the whole lake fleet this year. The work that Ken and Phil do every year ensures we have fair and competitive racing. Due to work commitments, Ken Semple retired as handicapper late in the season and was replaced by Warren Hodgkins. Thanks for volunteering Warren.

The Summer Saturday racing was scheduled to have 25 races with the season finishing on 28 March 2020 with:

- 6 RKR Inter-Club races
- 6 Inter-Club Windward Leeward races
- 4 Bay Races
- 4 Pulbah Races (including the 90th anniversary race)
- 5 Pursuit Races

However, we had a false start to our 2019/20 Saturday racing when the sailing gods dished up a 30-40 knot westerly for opening day, and all racing was abandoned. Consequently, the annual opening day sail past we also postponed to the 90th Anniversary Pulbah race on 12 October. We also had to abandon Race 7 and Race 23 due to bad weather then Covid-19 and the closure of the Club meant the last race of the season was abandoned.

The Wednesday racing also had some weather issues with three races being abandoned and Covid-19 impacting on the last two races of the Summer Season.

Friday Night twilights were undertaken on most Fridays in the Daylight Saving period, but it too was impacted by some bad weather.

We had 90th Anniversary celebratory races on Wednesday 9 October, Friday 11 October and Saturday 12 October to coincide with the official opening of the new Club on 12 October.

The 90th Anniversary race to Pulbah that followed the official opening of the new Club was well supported by our Club, Wangi and RMYC Toronto. While the weather wasn't looking very good, the rain stopped for long enough, and we got the sail past done. Plenty of crews dressed up their boats with flags and decoration. We had some pirates, Romans and a crew of Wallys. The best-dressed boat was Misha, and the judges couldn't split So Farr or Ubulukuu for the best-dressed crew, so we awarded two prizes. We had a fleet of 67 boats racing, and several boats cruised in company; however, I expect a few people were put off by the poor weather in the morning. In the end the weather was relatively kind with only a few showers. It was a great sight with the fleet sailing back to Belmont under spinnaker. Many crews came back to the Club after racing, and it was great to see a big crowd in the Club. The prizemoney generously donated by the Club was spread around all of the clubs.

There were several changes made to the racing operations including:

- When the 16 Footer skiff/junior/regatta courses starting and finishing lines are in operation, they will be prohibited areas for other boats and failure to observe will result in a penalty. Importantly, this new rule was been adopted by all Lake Yacht Clubs.
- The practice of using series handicap for series placings was discontinued. The series placings are now determined from the annual point score race. This was an issue raised at last year's annual boat owners meeting.
- There was a change to the SI's for handicap starts to negate the effects on other competitors of late signals for boats starting early.
- There was a requirement for all boats to carry radios and turn them on so that all boats are aware of Start Boat communications as well as advising race officials when a boat is leaving the course
- The Windward Leeward series became a combined club series with separate courses run by LMYC, WASC and RMYCT.
- The RKR remains a combined club event as per previous years, but with an on-water finish and change of courses.
- The RKR and the Windward Leeward series were also open to monohull and multihull competitors.

Almost 50% of all Saturday racing was done with the Wangi and RMYC Toronto fleets.

While we had many changes to the sailing program this year, the results of the end of season boat owners survey were very supportive of most of the changes. Thanks to the fifty eight people who provided responses. There is some great feedback in the responses, and this will assist the Sailing

Committee as we plan future seasons. The results were sent out to all boat owners but if anybody would like to see these results, please use this link: <https://www.surveymonkey.com/results/SM-L28ZVDM7/>

Covid-19 brought the season to an abrupt end, with several events cancelled or postponed at the Club including:

- The annual Boat Owners meeting on Saturday the 21st of March.
- The She Sails event at the end of March.
- The Friendship Cup with NCYC in early April.
- Presentation Night on the 9th of May.

A big thank you to Damian Boldyrew who presented a very informative session on the key racing rules of sailing. We had about forty sailors present, and there were plenty of question and scenarios posed.

I like to thank the many volunteers that make our club work, in particular the Sailing Committee, the Handicappers, the Protest Committee and the Course Committee. The racing team lead by Ross Ahrens are an invaluable part of our Club and Ross makes my job as Rear Commodore much easier.

I would like to thank all skippers and crew that have sailed with us over the 2019/20 Summer Season and last Winter. Congratulations to the point score winners and placegetters.

Racing Results

Lady Skippers Series

The Ladies Skippers five race series was run in conjunction with the Friday Twilights and Sandi Gardiner on Flying Colours was the winner.

Wednesday

In Division 1 the winner was Dee One (Ken Buckingham) on 25.5 points from Squid4Woodsy (Steve Liddell) on 27.5 points and Dreadnaught (Ed Hillier) on 30.5 points.

In Division 2, the winner was Mirage (David Kelty) on 22 points from The Apple (Warren Hodgkins) on 25 points and Scaramouche (John Skillicorn) on 37 points.

Saturday – Summer Series

In 1st Division, the winner was So Farr (Dale Sharp) on 33.5 points from Rhumb (Bob & Ian Humphris) on 42 points and The Raging Bull (Andrew Turner) on 48 points.

In 2nd Division the winner was Anarchie (Paul Hannan) on 26 points from Excess (Bruce Dobinson) on 27 points and Pogue Mahone (Scott Hamilton) on 28 points.

In 3rd Division, the winner was Even Keel (Peter Shaddock) on 34 points from Mirage (David Kelty) on 42 points and Liaison (Micheal Wilkins) on 44 points

Saturday – Annual Point score

In 1st Division, the winner was Rhumb (Robert & Ian Humphris) on 73 points from So Farr (Dale Sharp) on 80.5 points and Stampede (Michael McDonald) on 87 points.

In 2nd Division, the winner was Excess (Bruce Dobinson) on 57.5 from Pogue Mahone (Scott Hamilton) on 60 points and Tenacity (David Young) on 65.5 points.

In 3rd Division, the winner was Topaz (Greg Nolan) on 72 points from Even Keel (Peter Shaddock) points on 73 points and Mirage (David Kelty) on 76 points.

Pulbah Series

In 1st Division, the winner was Squid4Woodsy (Steve Liddell) on 19 points from Morticia on 21 points and Stampede (Michael McDonald) on 23 points.

In 2nd Division, the winner was Pogue Mahone (Scott Hamilton) on 16 points from Tenacity (David Young) on 18 points and Echo Beach (Phillip Matthews) on 23 points.

In 3rd Division, the winner was Topaz (Greg Nolan) on 15 points on a countback from Pentangle (Brian Varnum) also on 15 points and Liaison (Michael Wilkins) on 19 points.

Bay Series

In 1st Division, the winner was Fathom (David Berryman) on 7 points on a countback from Squid4Woodsy (Steve Liddell) also on 7 points and Finished Dreamin (Stephen Schutz) on 8 points.

In 2nd Division, the winner was Echo Beach (Phillip Matthews) on 4 points from Hoi Polloi (Phil Blanch) on 9 points and Excess (Bruce Dobinson) on 10 points.

In 3rd Division, the winner was The Shed (Roger Parker) on 8 points on a countback from Wedgewood (Roger Geary) also on 8 points from Even Keel (Peter Shaddock) on 9 points.

She Sails Regatta

NCYC hosted the She Sails regatta on Newcastle Harbour in November. Sixteen teams of 3-4 ladies sailed identical Elliot 6 boats over four races. She Sails is a great initiative initially started by NCYC and now with the support of Australian Sailing to increase female participation in sailing. Our Club Captain Eleanor Cunningham is the LMYC rep. The Gold Division was won by a crew from RANSA, Natalie Butterworth helmed a mixed NCYC/LMYC crew of Sarah Gamble and Tracey Hanson to 2nd place and the NCYC crew came in 3rd. LMYC was represented by Susie Wright (Helm), Eleanor Cunningham (main) and Kath Johnson (foredeck) and they were 4th in the gold division. Well done ladies

Lady Sailor of the Year

The Lady Sailor of the year was Natalie Butterworth. Natalie crewed on So Farr in club races and this boat performed very well throughout the year. In addition, Natalie helmed a combined NCYC/LMYC crewed Elliot 6 to 2nd place in the She Sails Regatta. Natalie also competed in the J24 States and Nationals, the NSW IRC Championships and NSW Country Championships.

International and National Sailing

Chris Villa and Mark Holmes competed in the Flying 15 World Championship in Ireland, and they finished 29th out of 72 boats. Well done on a very credible result in a very competitive class. Mark said that the sailing was great, and the sailing facilities and the Irish hospitality was first class.

The Wind Warriors had a Trans-Tasman Challenge with the Victorians and the Kiwis for the unofficial world championship on 16/17 November. After a total of forty races completed Grant McKinnon (NZ) 1st held off the challengers with Terry Farrell (AU) 2nd and our own Dave Anstey (AU) 3rd. The Australian Championship results were Terry Farrell 1st, Dave Anstey 2nd and Richie Robinson 3rd. The Trans Tasman Championship Shield was won by Australia and the Trans Tasman Club Series Shield was won by Clarks Beach Yacht Club (NZ).

Ian White and the crew on Kite competed Airlie Beach Race Week where they finished 13th in Cruising Division 3 and Magnetic Island race week where they finished 16th in Division 3.

Tim Cummings, Anthony Paterson, and Gary Van Dyke raced the Melges 24 Kraken at Airlie Beach Raceweek and were 2nd in Performance racing.

Scott McGufficke and Bobby Walker raced Gigi, a 43' Jeanneau Charter Boat from Sunsail at Hamilton Island Race Week where they finished 2nd in the Non-Spinnaker White Division. They also won the Sunsail and Whitsunday Rent-a-Yacht Perpetual Trophy for most outstanding charter boat performance.

The Sydney to Hobart race also attracted a number of sailors from the Club. LMYC and NCYC were represented by the Inglis/Jones 39 She's The Culprit which is owned by Glen Bulmer (Tac), Glen Picasso (Cyril) and David O'Dowd with a crew of mostly from LMYC and NCYC members. LMYC member Michael Graham took his Swan 43 Santana to Hobart also with a crew of mostly LMYC and NCYC sailors.

As always, there were several local sailors crewing on other boats including Tom Braidwood on Chinese Whisper, Anthony Patterson, Gary Van Dijk, Tim Cummins and Tony May on Stay Calm Hungary. Wade Morgan was skipper on Gweilo, which was 2nd on IRC and 3rd on ORCi. Well done Wade on your 16th trip to Hobart and 1st as skipper. Lucas Chapman and Chris Nicholson were on Infotrac, Beynon Leask and Stephen Chapman were on Frantic which was skippered by Mick Martin.

One of our Junior members, Cameron Burt, sailed in the Waszp Nationals over the January long weekend at Salamander Bay, and he placed 3rd in the 6.9m/Junior Division. Cameron has also represented LMYC at the Waszp State Championships held at RPAYC in February. Cameron won the 6.9 / Junior division at the regatta, finishing ahead of the same competitors that were first and second in Nationals.

Tom Braidwood and the crew of *Backchat* from Lake Macquarie Yacht Club won the 2020 Adams 10 Australian Championship sailed on Sydney Harbour. Congrats to Tom and his crew.

It has been another great year at LMYC, and I look forward to the new season in 2020/21.



Steven Ford
Rear Commodore



LAKE MACQUARIE YACHT CLUB
ABN 91 000 805 265

Financial Report
For the Year Ended
29 February 2020

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Lake Macquarie Yacht Club

ABN 91 000 805 265

Directors' Report

29 February 2020

Your Directors present their report on Lake Macquarie Yacht Club for the financial year ended 29 February 2020.

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
Geoff Edman	Commodore	Retired	House / Sailing Committee	9
Peter Shaddock	Vice Commodore	Architect	House / Sailing Committee	5
Steven Ford	Rear Commodore	Managing Director	Sailing Committee	2
Edwin Hillier	Treasurer	Chartered Accountant	House Committee	12
Eleanor Cunningham	Director	Retired	House / Sailing Committee	5
Sandi Murray	Director	Office Manager	House Committee	2
Mark Holmes	Director	Managing Director	Sailing Committee	Appointed 28/05/19
Ian Murray	Director	RAAF	House Committee	Appointed 28/05/19
Gary Van Dijk	Director	Director		Appointed 28/05/19
William Chaseling				Resigned 28/5/19
Phillip Cunningham				Resigned 28/5/19
Richard Roberts				Resigned 28/5/19

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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Directors' Report

29 February 2020

Operating results

The operating loss of the Club after providing for income tax amounted to \$ 47,621 (2019: profit of \$ 980,700). The net result of the Club after providing for significant items disclosed in Note 3, amounted to \$47,621 (2019: profit of \$ 193,016).

Review of operations

Profit from bar trading amounted to \$662,961 and gross profit percentage of 66% was obtained from sales of \$1,674,657.

Net gaming revenue amounted to \$120,738 and compares with \$101,730 in 2019.

Meetings of Directors

During the financial year, 12 meetings of Directors, 11 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	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Geoff Edman	12	11	4	4	3	3
Peter Shaddock	12	11	4	4	2	2
Steven Ford	12	11	-	-	11	9
Edwin Hillier	12	10	4	4	-	-
Eleanor Cunningham	12	10	4	4	10	8
Sandy Murray	12	11	4	3	-	-
Mark Holmes (appointed 28/05/2019)	9	6	-	-	11	7
Ian Murray (appointed 28/05/2019)	9	8	4	4	-	-
Gary Van Dijk (appointed 28/05/2019)	9	9	-	-	-	-
William Chaseling (resigned 28/5/2019)	3	3	-	-	-	-
Phillip Cunningham (resigned 28/5/2019)	3	3	4	4	11	8
Richard Roberts (resigned 28/05/2019)	3	3	-	-	-	-

Members guarantee

Lake Macquarie Yacht Club is a Club limited by guarantee. In the event of, and for the purpose of winding up of the Club, 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 29 February 2020 the collective liability of members was \$79,640 (2019: \$73,220).

Significant changes in state of affairs

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

Lake Macquarie Yacht Club

ABN 91 000 805 265

Directors' Report

29 February 2020

After balance date events

During the week beginning 16 March 2020, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19 ("measures"), which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.).

Subsequent to these measures on 22 March 2020 it was announced that all registered Clubs were to cease operating from midday the following day. The Club followed this directive and management have stood down the vast majority of permanent and casual staff.

Management is still in the process of quantifying the financial impact of the enforced closure, however it is working with employees and creditors to minimise this as much as possible. The Board also recognises that the situation associated with the management of COVID-19 continues to evolve on a daily basis and it is difficult to estimate with any degree of certainty how long the Club will remain closed.

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

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 29 February 2020, 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 29 February 2020 has been received and can be found on page 5 of the financial report.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Directors' Report

29 February 2020

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 26 May 2020

Lake Macquarie Yacht Club

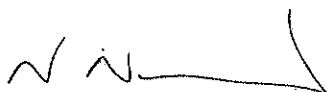
ABN 91 000 805 265

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 29 February 2020, 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

19 May 2020

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 29 February 2020, 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 29 February 2020 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.

Emphasis of Matter

We draw attention to Note 1(b) post balance date events to the financial statements, which describes the uncertainties and possible effect on Lake Macquarie Yacht Club Limited arising from its management of the ongoing issues related to COVID-19. Our opinion is not modified in respect of this matter.

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 Directors' report, (but does not include the financial report and our auditor's report thereon).

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Lake Macquarie Yacht Club

ABN 91 000 805 265

Independent Audit Report to the members of Lake Macquarie Yacht Club

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed 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.

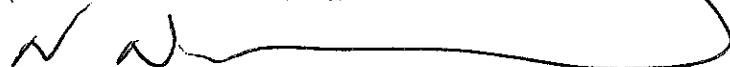
Lake Macquarie Yacht Club

ABN 91 000 805 265

Independent Audit Report to the members of Lake Macquarie Yacht Club

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

27 May 2020

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 10 to 30, 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 29 February 2020 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 26 May 2020

Lake Macquarie Yacht Club

ABN 91 000 805 265

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 29 February 2020

		2020	2019
	Note	\$	\$
Bar sales		1,674,657	1,536,304
Less: Bar cost of goods sold		(576,576)	(530,114)
Gross profit		1,098,081	1,006,190
Gaming machine net clearances		120,738	101,730
Marina and slipway income		587,141	648,990
Sailing income		74,260	67,746
Raffle income		22,454	19,820
Gaming commissions		2,977	2,156
Functions income		325,791	267,464
Other revenue from contracts with customers	2	148,096	136,914
Other revenue from ordinary activities	2	247,222	194,847
Other revenue from non-ordinary activities	2	-	1,875,000
Borrowing cost expense		(137,397)	(49,968)
Bar trading expenses		(435,120)	(384,485)
Gaming machine trading expenses		(62,260)	(57,806)
Marina and slipway expenses		(87,630)	(92,631)
Sailing expenses		(161,369)	(160,189)
Raffle expenses		(26,635)	(21,826)
Gaming commission expenses		(2,106)	(1,828)
Function trading expenses		(328,511)	(268,307)
Club promotion and entertainment expenses		(127,473)	(101,494)
Occupancy expenses		(215,289)	(249,006)
Depreciation and amortisation expenses		(442,609)	(300,874)
Administrative expenses		(647,982)	(940,867)
Other operating expenses from ordinary activities		-	(710,876)
Profit / (loss) before income tax		(47,621)	980,700
Income tax expense / (benefit)		-	-
Profit / (loss) after income tax		(47,621)	980,700
Other comprehensive income		-	-
Total comprehensive income / (loss)		(47,621)	980,700

The accompanying notes form part of these financial statements.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Statement of Financial Position

As At 29 February 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,628,683	310,702
Trade and other receivables	6	123,171	2,019,278
Inventories	7	68,969	62,946
Other assets	8	107,328	113,913
TOTAL CURRENT ASSETS		1,928,151	2,506,839
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,388,015	4,912,176
Right of use asset	10	763,965	-
TOTAL NON-CURRENT ASSETS		6,151,980	4,912,176
TOTAL ASSETS		8,080,131	7,419,015
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	241,258	201,506
Short-term borrowings	12	231,819	188,828
Short-term provisions	13	131,119	111,805
Other liabilities	14	138,018	167,677
Lease liabilities		28,354	-
TOTAL CURRENT LIABILITIES		770,568	669,816
NON-CURRENT LIABILITIES			
Long-term borrowings	12	1,247,364	1,398,586
Long-term provisions	13	15,462	7,240
Lease liabilities		750,985	-
TOTAL NON-CURRENT LIABILITIES		2,013,811	1,405,826
TOTAL LIABILITIES		2,784,379	2,075,642
NET ASSETS		5,295,752	5,343,373
EQUITY			
Retained earnings		5,295,752	5,343,373
TOTAL EQUITY		5,295,752	5,343,373

The accompanying notes form part of these financial statements.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Statement of Changes in Equity For the Year Ended 29 February 2020

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 March 2019	5,343,373	5,343,373
Profit attributable to members of the Club	(47,621)	(47,621)
Balance at 29 February 2020	<u>5,295,752</u>	<u>5,295,752</u>

2019

	Retained Earnings	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>5,343,373</u>

The accompanying notes form part of these financial statements.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Statement of Cash Flows

For the Year Ended 29 February 2020

	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,293,326	3,186,452
Receipts from marina settlement claim	1,875,000	-
Payments to suppliers and employees	(2,701,775)	(2,773,752)
Interest received	-	93
Interest paid	(137,397)	(49,968)
Net cash provided by / (used in) operating activities	<u>2,329,154</u>	<u>362,825</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	25,000	-
Payment for property, plant and equipment	(900,874)	(1,835,208)
Net cash used by investing activities	<u>(875,874)</u>	<u>(1,835,208)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	98,899	1,092,385
Repayment of borrowings	(207,130)	(101,674)
Repayment of lease liabilities	(27,068)	-
Net cash provided by / (used in) financing activities	<u>(135,299)</u>	<u>990,711</u>
Net increase / (decrease) in cash and cash equivalents held	1,317,981	(481,672)
Cash and cash equivalents at beginning of year	310,702	792,374
Cash and cash equivalents at end of financial year	<u>5 1,628,683</u>	<u>310,702</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 29 February 2020

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) Significant changes

Impact of COVID-19 on Club Operations

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

During the week beginning 16 March 2020, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.).

Subsequent to these measures on 22 March 2020 it was announced that all registered clubs were to cease operating from midday the following day. The Club followed this directive and management stood down the vast majority of permanent and casual staff.

The Board and Management have implemented a range of operational and financial strategies in order to minimise the impact of this enforced closure including, but not limited to:

- Accessing available NSW and federal government stimulus measures to assist the Club's cashflow.
- Employing government initiatives, in particular with respect to ensuring that our employees can remain employed at the Club via JobKeeper payments.
- Engaging with the Club's financial institution leading to revised repayments of loans (if applicable).
- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure and stalling of discretionary major projects at this time. Management have suspended and / or reduced contracts and supplier payments where possible.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

The Board and Management also recognises that the situation associated with the management of COVID-19 continues to evolve on a daily basis and it is difficult to estimate with any degree of certainty how long the Club will remain closed.

(c) 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 16: Leases. The application of this new accounting standard did not have an impact on the Club's accounting policies, nor did it require current period or retrospective adjustments.

Initial application of AASB 16: Leases

The Club has adopted AASB 16: Leases with a date of initial application of 1 March 2019. As a result, the Club has changed its lease accounting policy as detailed in the significant accounting policies note.

AASB 16 replaces the provisions of AASB 117: Leases and provides a new lessee accounting model. The new model requires a lessee to recognise a right of use asset and lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessor accounting remains the same under AASB 16 when compared to the requirements of AASB 117.

Under AASB 16, a lessee is required to recognise, at the commencement date of the lease, the present value of non-cancellable lease payments as a lease liability on the statement of financial position with a corresponding right-of-use asset. The unwind of the financial charge on the lease liability and the amortisation of the leased asset are recognised in the statement of comprehensive income based on the incremental borrowing rate and contract term respectively.

The Club did not restate prior year amounts reported, electing to use the modified retrospective approach at 1 March 2019 with the opening right-of-use asset for each lease equal to the corresponding lease liability.

Upon adoption of AASB 16, right-of-use assets of \$806,407 and a corresponding lease liability of \$806,407 were recognised at 1 March 2019. These adjustments are derived from the calculation of the present value of non-cancellable lease payments remaining at 1 March 2019 on leases of office premises and equipment.

The lease liabilities were discounted using the incremental borrow rate of 4.65%.

Practical expedients applied

In applying AASB 16 for the first time, the Club has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 March 2019.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(c) Adoption of new and revised accounting standards

- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 March 2019 as short-term leases.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Club has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Club relied on its assessment made applying AASB 117 and *Interpretation 4: Determining whether an Arrangement contains a Lease*.

(i) Measurement of lease liabilities

Operating lease commitments disclosed as at 28 February 2019	16(a)	957,167
Less: Short term leases not recognised as a liability		(2,436)
Add: Marina Licence		245,233
Add: Increase for Clubhouse Land Lease		15,922
Discounted using the lessee's incremental borrowing rate of 4.65% at the date of Initial application		<u>(409,479)</u>
Lease liability recognised as at 1 March 2019		<u>806,407</u>
Of which are:		
Current lease liabilities		27,068
Non-current lease liabilities		<u>779,339</u>
Total		<u>806,407</u>

(ii) Measurement of right-of-use assets

The associated right-of-use assets recognised for the first time with the adoption of AASB 16 were measured at the amount equal to the lease liability, adjusted by the amount of any period of accrued lease payments relating to the lease recognised in the balance sheet as at 31 March 2020.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(c) Adoption of new and revised accounting standards

(iii) Adjustments recognised in the balance sheet on 1 March 2019

The change in accounting policy affected the following items in the balance sheet on 1 March 2019:

+ PP&E – decrease by \$-

+ ROU assets – increase by \$806,407

+ Lease liabilities – increase by \$806,407

The net impact on retained earnings on 1 March 2019 was an increase/decrease of \$-.

(d) 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.

Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgment that the Club will make. The Club determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future operations of the Club.

(e) Comparative figures

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

(f) 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

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(g) 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.

(h) Investments and other financial assets

i) Classification

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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(h) Investments and other financial assets

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.

(i) Financial liabilities

i) Classification

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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(j) 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).

(k) 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.

(l) 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 29 February 2020

1 Summary of Significant Accounting Policies

(m) 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.

(n) 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.

(o) 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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(p) 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.

(q) 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 2019 to 31 May 2020.

(r) 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.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements

For the Year Ended 29 February 2020

1 Summary of Significant Accounting Policies

(s) Leases

Comparative year

Leases of property, plant & equipment where the Club, as lessee, had substantially all the risks and rewards of ownership 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 fair value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of 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. Operating leases are not recognised in the statement of financial position, however future non-cancellable payments are disclosed at Note 16(a) as lease commitments (for the comparative year only).

Current year

As explained in Note 1(c) above with the adoption of AASB 16: Leases, the Club has changed its accounting policy for leases where the Club is the lessee. The new policy, along with the impact, is described at Note 1(c).

The lease accounting policy for finance leases has not changed from the comparative year.

(t) 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.

(u) Authorisation of Financial Statements

The financial statements were authorised for issue on 26 May 2020 by the Directors.

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements For the Year Ended 29 February 2020

2 Revenue

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Trading revenue	2,808,018	2,644,210
Other revenue from contracts with customers		
- Membership subscriptions	142,816	132,767
- Regalia income	5,280	4,147
Total other revenue from contracts with customers	148,096	136,914
Total revenue from contracts with customers	2,956,114	2,781,124
Other revenue from ordinary activities		
- Rent received	167,085	158,927
- Interest received	-	93
- Rebate for GST on gaming machine duty	14,604	8,263
- Commissions received	12,770	13,604
- Other income	14,302	13,960
- Insurance recoveries	38,461	-
Total other revenue from ordinary activities	247,222	194,847
Other revenue from non-ordinary activities		
- Marina settlement claims	-	1,875,000
Total Revenue	3,203,336	4,850,971

Lake Macquarie Yacht Club

ABN 91 000 805 265

Notes to the Financial Statements For the Year Ended 29 February 2020

3 Result for the Year

(a) Significant Items

	2020	2019
	\$	\$
Net (profit) / loss on disposal of property, plant and equipment	-	25,453
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)

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	187,123	147,525
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5 Cash and Cash Equivalents

Cash at bank and on hand	1,628,683	310,702
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6 Trade and Other Receivables

CURRENT

Trade receivables	95,242	144,278
Other receivables	27,929	1,875,000
	123,171	2,019,278

7 Inventories

At cost

Trading stock on hand	59,374	53,685
Other stock on hand	9,595	9,261
	68,969	62,946

8 Other Assets

Prepayments	107,328	113,913
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Lake Macquarie Yacht Club

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Notes to the Financial Statements For the Year Ended 29 February 2020

9 Property, Plant and Equipment

	2020	2019
	\$	\$
LEASEHOLD IMPROVEMENTS		
At cost	2,846,504	2,291,966
Accumulated depreciation	(702,955)	(585,623)
Total leasehold improvements	<u>2,143,549</u>	<u>1,706,343</u>
CAPITAL WORKS IN PROGRESS		
Capital works in progress		
At cost	<u>275,222</u>	-
PLANT AND EQUIPMENT		
At cost	2,162,800	2,280,616
Accumulated depreciation	(1,432,440)	(1,389,076)
Total plant and equipment	<u>730,360</u>	<u>891,540</u>
MARINA		
At cost	3,317,147	3,262,797
Accumulated depreciation	(1,078,263)	(948,504)
Total marina	<u>2,238,884</u>	<u>2,314,293</u>
Total property, plant and equipment	<u><u>5,388,015</u></u>	<u><u>4,912,176</u></u>

(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	-	1,706,343	891,540	2,314,293	4,912,176
Additions	275,222	554,538	16,764	54,350	900,874
Disposals - written down value	-	-	(24,868)	-	(24,868)
Depreciation expense	-	(117,332)	(153,076)	(129,759)	(400,167)
Balance at 29 February 2020	<u>275,222</u>	<u>2,143,549</u>	<u>730,360</u>	<u>2,238,884</u>	<u>5,388,015</u>

(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 29 February 2020 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 29 February 2020

10 Right-of-use Assets

The Club's lease portfolio includes the Clubhouse land and Marina from Crown Lands. These leases have a term of 40 years.

	2020	2019
	\$	\$
Leased Clubhouse Land and Marina	806,407	-
Accumulated amortisation	(42,442)	-
	<u>763,965</u>	<u>-</u>
AASB 16 related amounts recognised in the statement		
Amortisation change related to right-of-use assets	42,442	-
Interest expense on lease liabilities	36,926	-
Short-term expense	2,436	-

11 Trade and Other Payables

CURRENT

Unsecured liabilities:

Trade payables	186,220	174,536
Other payables and accrued expenses	39,068	14,592
GST payable	15,970	12,378
	<u>241,258</u>	<u>201,506</u>

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Notes to the Financial Statements For the Year Ended 29 February 2020

12 Borrowings

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities:		
Insurance loan	75,309	37,622
	<u>75,309</u>	<u>37,622</u>
Secured liabilities:		
Bank loan	111,075	101,371
Chattel mortgage	37,665	35,231
Goods loan	7,770	14,604
	<u>156,510</u>	<u>151,206</u>
	<u>231,819</u>	<u>188,828</u>
NON-CURRENT		
Secured liabilities:		
Bank loan	1,125,906	1,233,027
Chattel mortgage	121,458	159,123
Goods loan	-	6,436
	<u>1,247,364</u>	<u>1,398,586</u>
Total Borrowings	<u>1,479,183</u>	<u>1,587,414</u>
(a) Total current and non-current secured liabilities		
Bank loan	1,236,981	1,334,398
Chattel mortgage	159,123	194,354
Goods loan	7,770	21,040
	<u>1,403,874</u>	<u>1,549,792</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 and chattel mortgage are secured by the actual assets purchased.

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Notes to the Financial Statements For the Year Ended 29 February 2020

13 Provisions

	2020	2019
	\$	\$
CURRENT		
Employee benefits	123,194	105,642
Provision for annual trophies	7,925	6,163
	<u>131,119</u>	<u>111,805</u>
NON-CURRENT		
Employee benefits	<u>15,462</u>	<u>7,240</u>

14 Other Liabilities

CURRENT		
Subscriptions in advance	42,296	59,392
Marina fees in advance	48,980	58,472
Other amounts received in advance	46,742	49,813
	<u>138,018</u>	<u>167,677</u>

15 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.

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

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Notes to the Financial Statements For the Year Ended 29 February 2020

16 Capital and Leasing Commitments

(a) Operating lease commitments

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

	2019
	\$
Payable - minimum lease payments:	
- no later than 1 year	52,685
- between 1 year and 5 years	904,482
	<u>957,167</u>

The Club has adopted AASB 16: *Leases*, from 1 March 2019. Details of the transition to the new standard are disclosed in Note 1(c), with lease liabilities now disclosed in the statement of financial position.

(b) Capital expenditure commitments

	2020	2019
	\$	\$
Capital expenditure commitments contracted for:		
Outdoor Decks	158,000	-
	<u>158,000</u>	<u>-</u>

17 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	139,238	158,927
- between 1 year and 5 years	-	158,927
Total minimum lease payments	<u>139,238</u>	<u>317,854</u>