

**Cruising Yacht Club
of South Australia**

The Cruising Yacht Club of SA Incorporated & Controlled Entities

Financial Report

For the Year Ended 31 May 2018

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

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The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

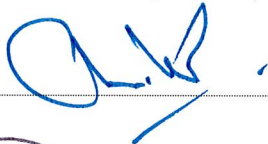
STATEMENT BY THE BOARD OF MANAGEMENT

In the opinion of the Board of Management, the Financial Report as set out on pages 4 to 22:

1. Presents fairly the financial position of The Cruising Yacht Club of SA Incorporated & its Controlled Entities (the "consolidated group") as at 31 May 2018 and its performance for the year ended on that date in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations), mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they fall due.
3. In accordance with Section 35(5) of the *Associations Incorporation Act 1985*, the Board of the consolidated group hereby states that during the year ended 31 May 2018:
 - Other than disclosed in Note 19 in the financial statements, no officer of the consolidated group has, since the end of the previous financial year, received, or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the officers of the consolidated group shown in the financial report) as a result of a contract between the officer or a firm of which they are a member or an entity in which has a substantial financial interest in the consolidated group;
 - No officer of the consolidated group has, since the end of the previous financial year, received directly or indirectly from the consolidated group, any payment or other benefit of a pecuniary value (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the officers of consolidated group shown in the financial report).

This statements is made in accordance with a resolution of the Board of Management and is signed for and on behalf of the Board of Management by:

President



Treasurer



Dated this



day of July 2018

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
REVENUE			
Revenue	2	3,924,180	3,668,445
Other revenue	2	36,024	134,535
TOTAL REVENUE		3,960,204	3,802,980
EXPENSES			
Employee benefits expense		1,389,793	1,295,276
Depreciation	8	444,815	406,737
Other expenses	3	972,975	948,529
Finance costs		34,189	10,359
Cost of sales		533,548	467,698
Insurance		99,704	82,618
Repairs & maintenance		140,282	184,834
TOTAL EXPENSES		3,615,306	3,396,051
NET PROFIT / (LOSS)		344,898	406,929
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		344,898	406,929

The accompanying notes form part of these financial statements.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	40,436	384,953
Trade and other receivables	5	53,895	67,912
Inventories	6	70,921	55,140
Other assets	7	249,768	185,271
TOTAL CURRENT ASSETS		415,020	693,276
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,396,016	20,361,634
TOTAL NON-CURRENT ASSETS		20,396,016	20,361,634
TOTAL ASSETS		20,811,036	21,054,910
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	601,775	673,440
Borrowings		-	-
Short-term provisions	10	234,575	182,430
TOTAL CURRENT LIABILITIES		836,350	855,870
NON-CURRENT LIABILITIES			
Trade and other payables	9	4,698,318	4,846,449
Borrowings	11	940,648	1,348,830
Long-term provisions	10	7,791	22,380
TOTAL NON-CURRENT LIABILITIES		5,646,757	6,217,659
TOTAL LIABILITIES		6,483,107	7,073,529
NET ASSETS		14,327,929	13,981,381
EQUITY			
Issued capital	12	6,137,387	6,135,737
Reserves	14	1,447,534	1,361,470
Retained earnings		6,743,008	6,484,174
TOTAL EQUITY		14,327,929	13,981,381

The accompanying notes form part of these financial statements.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2018

	Contributed Equity	Retained Earnings	Premium Reserve	Club House Reserve	Marine Academy Reserve	Total
Consolidated Group						
Balance at 1 June 2016	\$ 6,135,537	\$ 5,830,455	\$ 1,343,350	\$ 264,910	\$ -	\$ 13,574,252
Contributed (Reduction) in Capital	200	-	-	-	-	200
Operating Result for the Year	-	406,929	-	-	-	406,929
Transfer Between Reserves	-	246,790	-	(264,910)	18,120	-
Balance at 31 May 2017	6,135,737	6,484,174	1,343,350	-	18,120	13,981,381
Balance at 1 June 2017	6,135,737	6,484,174	1,343,350	-	18,120	13,981,381
Contributed (Reduction) in Capital	1,650	-	-	-	-	1,650
Operating Result for the Year	-	344,898	-	-	-	344,898
Transfer Between Reserves	-	(86,064)	77,150	-	8,914	-
Balance at 31 May 2018	6,137,387	6,743,008	1,420,500	-	27,034	14,327,929

The accompanying notes form part of these financial statements.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2018

	Note	Consolidated Group	
		2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		4,187,329	3,967,565
Interest received		5,468	3,579
Payments to suppliers and employees		(3,527,397)	(3,090,062)
Interest paid		(34,189)	(2)
Net cash provided by (used in) operating activities		631,211	881,080
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(485,407)	(1,958,908)
Net cash provided by (used in) investing activities		(485,407)	(1,958,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (Repayments) from borrowings	11	(491,971)	1,348,630
Proceeds / (Redemption) from issue of units in Unit Trust		1,650	200
Net cash provided by (used in) financing activities		(490,321)	1,348,830
Net increase / (decrease) in cash held		(344,517)	271,002
Cash and cash equivalents at beginning of financial year		384,953	113,951
Cash and cash equivalents at end of financial year	4	40,436	384,953

The accompanying notes form part of these financial statements.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 4 July 2018 by the Board of Directors.

Basis of Preparation

The Cruising Yacht Club of SA Inc. (the Club) & Controlled Entities comprising the Club, CYC (SA) Unit Trust and CYC Ramp Trust, as a consolidated group (the economic entity), applies Australian Accounting Standards (AASB) – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Associations Incorporation Act 1985*. The economic entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Income Tax

The entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. Under current income tax legislation, the CYC (SA) Unit Trust and the CYC Ramp Trust are not liable to income tax provided their taxable income is fully distributed to beneficiaries.

b. Property, Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The cost of fixed assets constructed within by the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 – 3 %
Marina & Walkways	2 – 7 %
Plant and Equipment	5 – 50 %
Inner Breakwater	1%

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

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur.

c. Leases

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

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount 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 the period.

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d. Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the entity recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

De-recognition

Financial assets are derecognised when the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of Assets

At the end of each reporting period, the Group 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

f. 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 or less, and bank overdrafts.

g. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

h. Non-current Assets Held For Sale

The Marina Berth held for sale is classified separately from other assets in Note 7 of the statement of financial position as its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

i. Revenue and Other Income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risk and reward of ownership of the goods and the cessation of all involvement in those goods.

Annual member subscriptions and fees raised by the economic entity during the year are recognised as gross revenue.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

License rental income to occupy Marina West berths have been accounted for in accordance with AASB 117 *Leases*. In accordance with that standard, the license to occupy a berth income received is proportionately recognised over a 40 year period. The amount of license income received that represents income to be earned in future accounting periods is disclosed in the Statement of Financial Position as being revenue received in advance.

The accounting policy for the historic sale of Marina East Berths was to recognise the entire License Income in the year received.

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

j. **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 as expenses in the period in which they are incurred.

k. **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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

l. **Comparative Figures**

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

m. **Accounts Payable and Other Payables**

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

n. **New and Amended Accounting Policies Adopted by the Entity**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the entity has decided not to early adopt. The entity does not expect these requirements to have any material effect on the entity's financial statements.

o. **Disposal of North Haven Boat Ramp Assets – 2018/19 Financial Year**

The entity signed a contract with the Minister of Transport and Infrastructure on 23 February 2018 to sell the North Haven Boat Ramp. Proceeds from the sale are expected to be \$5.45 million. Settlement of the sale is subject to, and conditional on a number of conditions being met per the sales contract relating to a 'Plan of Division' that requires to be lodged and approved. At the time of issuing these financial statements, a Plan of Division has been lodged with the State Commission Assessment Panel (SCAP) and awaiting approval. Once approval is granted by SCAP, the certified plan of division will be lodged with the Lands Titles Office with settlement expected to occur at this time. Subject to all contract conditions being met, settlement is expected to occur in the 2018/19 financial year.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

p. Key Estimates

(i) *Impairment*

The economic entity assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Consolidated Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

NOTE 2: REVENUE AND OTHER INCOME

	Consolidated Group	
	2018	2017
	\$	\$
Revenue		
Sale of goods – food & beverage, retail	1,240,897	1,102,391
Event hire income	37,202	25,727
Commissions	113,966	98,619
Corporate fees	1,283,224	1,256,004
Membership subscriptions	546,472	545,025
Income – Marine Academy	89,599	75,715
Ramp income	130,528	117,592
Licence fees – Marina West	148,131	148,131
Interest	2,570	3,579
Slipping income	92,402	82,774
Sponsorship	15,500	-
Equipment hire	15,051	14,612
Lease income	38,390	37,061
Marketing	24,726	22,226
Racing association income	116,507	111,443
Social activities income	18,686	17,814
Cruising association income	4,000	4,000
Fishing association income	6,329	5,732
	3,924,180	3,668,445
Other Revenue		
Other income	36,024	134,535

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 3: OTHER EXPENSES

	Consolidated Group	
	2018	2017
	\$	\$
Advertising and marketing	45,868	44,309
Audit fees	13,200	13,312
Bank charges	30,637	28,244
Club publications	23,201	16,951
Computer expenses	66,744	49,907
Cruising association expenses	384	789
Fishing association expenses	5,813	5,128
Marine Academy Expenses	75,103	69,370
Operational expenses	209,622	211,824
Racing association expenses	101,662	99,696
Rates & taxes	280,001	308,608
Social activities expenses	18,624	16,154
Utilities	102,116	84,237
	972,975	948,529

NOTE 4: CASH & CASH EQUIVALENTS

Cash on hand	40,017	2,495
Cash at bank	419	382,458
	40,436	384,953

The effective interest rate on the savings account was 0.01% (2017: 0.95%)

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

- Cash and cash equivalents	40,436	384,953
- Bank overdraft	-	-
	40,436	384,953

The Cruising Yacht Club of SA Incorporated & Controlled Entities

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Trade receivables	74,895	88,912
Provision for impairment	(21,000)	(21,000)
	53,895	67,912

Provision for Impairment

Current trade receivables are non-interest bearing loans and generally are receivable within 7 to 30 days. A provision for impairment is recognised against trade receivables where there is objective evidence that an individual trade receivable is impaired. These amounts have been listed separately as impairment expenses.

Movement in the provision for impairment of receivables is as follows:

Opening provision for impairment	21,000	21,000
Charge for the year	-	-
Closing provision for impairment	21,000	21,000

NOTE 6: INVENTORIES

At lower of cost or net realisable value

- Stock on hand	70,921	55,140
	70,921	55,140

NOTE 7: OTHER ASSETS

Marina Berth held for sale – at cost	150,000	150,000
Prepayments	99,768	35,271
	249,768	185,271

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2018	2017
	\$	\$
Land – At Deemed Cost	6,800,000	6,800,000
Leased Asset – At Deemed Cost	-	32,800
Accumulated Depreciation	-	(32,800)
	-	-
Buildings – At Deemed Cost	3,615,897	3,615,896
Accumulated Depreciation	(698,068)	(575,190)
	2,917,829	3,040,706
Plant and Equipment – At Deemed Cost	1,230,249	1,121,927
Accumulated Depreciation	(874,124)	(811,428)
	356,125	310,499
Office Equipment – At Deemed Cost	191,844	179,040
Accumulated Depreciation	(149,980)	(126,308)
	41,864	52,732
Marina and Improvements (Marina West) – At Deemed Cost	8,491,416	8,479,186
Accumulated Depreciation	(1,775,816)	(1,614,334)
	6,715,600	6,864,852
Marina and Improvements (Marina East) – At Deemed Cost	2,787,050	2,447,415
Accumulated Depreciation	(1,271,656)	(1,218,573)
	1,515,394	1,228,842
Inner Breakwater – At Deemed Cost	2,100,755	2,100,755
Accumulated Depreciation	(75,374)	(54,366)
	2,025,381	2,046,389
Works-in-Progress (WIP)	23,824	17,615
Total property, plant and equipment	20,396,016	20,361,634

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT.)

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

	Land Assets	Buildings Assets	Plant and Equipment	Office Equipment	Marina and Improvements Marina West	Marina and Improvements Marina East
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 1 June 2017	6,800,000	3,040,706	310,499	52,732	6,864,852	1,228,842
Additions	-	-	108,321	12,803	12,230	339,635
WIP Capitalised	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation expense	-	(122,877)	(62,695)	(23,671)	(161,482)	(53,083)
Carrying amount at 31 May 2018	6,800,000	2,917,829	356,125	41,864	6,715,600	1,515,394

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 9: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Trade payables	180,914	175,979
Marina West revenue in advance	148,140	148,140
Other payables	272,721	349,322
	601,775	673,441

Terms and conditions of the above financial liabilities are as follows:

- Trade payables and non-interest bearing and are normally settled on a 60 day terms.

NON-CURRENT

Unsecured Liabilities

Marina West revenue in advance	4,698,318	4,846,449
	4,698,318	4,846,449

NOTE 10: PROVISIONS

CURRENT

Provision for annual leave	149,410	120,151
Provision for long service leave	85,165	62,279
	234,575	182,430

NON-CURRENT

Provision for long service leave	7,791	22,380
	7,791	22,380

Employee Provisions – Annual Leave Entitlements

The provision for employee benefits represents amounts accrued for annual leave.

Based on past experience, the economic entity expects the full amount of annual leave balance to be settled within the next 12 months. Further, these amounts must be classified as current liabilities since the economic entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 11: BORROWINGS

	Consolidated Group	
	2018	2017
	\$	\$
Westpac Loan – Bar & Patio Redevelopment	940,648	1,348,830
	940,648	1,348,830

The entity borrowed \$1.349 million to fund the Bar & Patio Redevelopment Project.

The loan is structured as an interest only loan for an initial term of 3 years (expiring in September 2019) which upon expiry will require monthly principal and interest repayments to be made and repaid over a 10 year loan term.

As at 31 May 2018, the entity had access to \$480,000 of undrawn funds available from the Westpac Loan facility.

NOTE 12: ISSUED CAPITAL

Settled Capital	592	592
122,185 (2017: 122,148) fully paid issued units at \$50 each	6,109,250	6,107,600
27,545 (2017: 27,545) fully paid issued units at \$1 each	27,545	27,545
	6,137,387	6,135,737

NOTE 13: EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to 31 May 2018 that needed to be disclosed in the financial statements.

NOTE 14: RESERVES

The Marina Academy Donations reserve was established in the 2016/17 financial year with the express purpose of recognising donations received from Members and committing these funds towards future expenditure on the development of the Club's Marine Academy.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 15: CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated Group	
		2018	2017
		\$	\$
Operating Lease Commitments			
Payable – minimum lease payments:			
No later than 12 months		7,870	7,306
Between 1 – 5 years		39,460	34,050
		47,330	41,356
Capital Expenditure Commitments			
No later than 12 months		-	-
Between 1 – 5 Years		-	-
		-	-

NOTE 16: FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payables. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	4	40,436	384,953
Accounts receivable and other debtors	5	53,896	67,911
		94,332	452,864

Financial Liabilities

Financial liabilities at amortised cost:

Accounts payable and other payables	9	453,635	525,301
Borrowings	11	940,648	1,348,830
		1,394,283	1,874,131

The economic entity has a bank overdraft facility amounting to \$100,000. This may be terminated at any time at the option of the bank. At 31 May 2018, \$Nil of this facility was used (2017: \$Nil). Interest rates are variable.

The entity has \$480,000 available in undrawn funds with the Westpac Bar and Patio loan facility. The total limit of the facility is \$1.349 million.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 17: CONTINGENT LIABILITIES

A bill discount line is provided to CYC (SA) Management Pty Ltd as trustee for the CYC (SA) Unit Trust. Cross guarantees in support of the facility have been provided over the non-current assets of CYC (SA) Unit Trust. As at 31 May 2018 \$Nil was drawn down on the bill facility (2017: \$Nil).

A bank overdraft facility of \$100,000 is provided to the Cruising Yacht Club of SA Inc., which is secured by an unlimited interlocking guarantee for CYC (SA) Management Pty Ltd as trustee for the CYC (SA) Unit Trust and CYC Ramp Pty Ltd as trustee for the CYC Ramp Trust. The facility was drawn down at \$Nil at 31 May 2018 (2017: \$Nil).

The entity has an undrawn bank overdraft facility as at 31 May 2018 of \$100,000 held with the Westpac Banking Corporation.

NOTE 18: LEASE AGREEMENT

The Minister for Transport has leased the Port Vincent Marina Basin to the Yorke Peninsula Council for a term of 99 years commencing from 1 May 2003. The Council has agreed to under lease that portion of the marina basin on which the Marina is situated to CYC (SA) Management Pty Ltd for an annual rent of \$500 per annum with an annual CPI increase every year after (if demanded) for a term of 99 years less one day commencing on 1 May 2003. CYC (SA) Management Pty Ltd has under leased the area it is leasing to the Cruising Yacht Club of South Australia Inc. (the Club) for the same nominal rent and on the same terms and conditions for a term of 99 years less 2 days commencing 1 May 2003.

The lease is of the land without the infrastructure. The infrastructure is separately hired from the developer Paradise Developments (Investments) Pty Ltd. The Club is acquiring the infrastructure pursuant to a hire purchase agreement in which each hire instalment is paid when the Club sells a licence to occupy a berth to a Club member and CYC (SA) Management Pty Ltd issues units in CYC (SA) Unit Trust to a value which in aggregate equals the hire instalment amount. The Club can require transfer of ownership of each marina finger when one half of the berths which use that marina finger for access have been licensed to Club members.

CYC Ramp Pty Ltd, as trustee for the CYC Ramp Trust, has leased the Western Marina Basin to the CYC (SA) Management Pty Ltd, as trustee for the CYC (SA) Unit trust, for a term commencing on 1 November 2008 and ending on 1 October 2083, at the same rent.

The lease is of the land without the infrastructure. The infrastructure has been separately acquired from the CYC Ramp Pty Ltd, as trustee for the CYC Ramp Trust. The Club has acquired the infrastructure pursuant to a hire purchase agreement to which each hire instalment is paid when the Club sells a license to occupy a berth to a Club member and CYC (SA) Management Pty Ltd issues units in CYC (SA) Unit Trust.

The Cruising Yacht Club of SA Incorporated & Controlled Entities

For the year ended 31 May 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTE 19: KEY MANAGEMENT PERSONNEL

	Salary \$	Superannuation Contributions \$	Non-Cash Benefits \$
2018	161,980	15,388	520
2017	159,820	15,183	495

The Club's Chief Executive Officer's remuneration is the only employee reflected in the above figures disclosed.

NOTE 20: RELATED PARTY TRANSACTIONS

No Board Members, through entities associated with them, provided goods and/or services during the year to the Club. As reported in the 2016/17 financial statements, the following Board member did under normal commercial terms and conditions, provide goods and/or services to the value of:

	2018 \$	2017 \$
- W. Coonan	-	1,308
	-	1,308

NOTE 21: CLUB'S DETAILS

The registered office and principal place of business of the economic entity is:

Cruising Yacht Club of South Australia Inc.

Lady Gowrie Drive

NORTH HAVEN SA 5018

INDEPENDENT AUDITOR'S REPORT

To the members of the Cruising Yacht Club of SA Inc. & Controlled Entities

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Cruising Yacht Club of SA Inc. & Controlled Entities (the economic entity), which comprises the Statement of Financial Position as at 31 May 2018, the Statement of Comprehensive Income, the Statements of Changes in Equity, the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Directors on the annual statements giving a true and fair view of the financial position and performance of the economic entity.

In our opinion, the accompanying financial report of the Cruising Yacht Club of SA Inc. & Controlled Entities is in accordance with the requirements of the *Associations Incorporation Act (SA) 1985*, including;

- (i) giving a true and fair view of the economic entity's financial position as at 31 May 2018 and of its performance for the year then ended; and
- (ii) that the financial records kept by the economic entity are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the economic entity in accordance with the auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the need of the directors. Management's responsibility also includes such internal control as Management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the economic entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the economic entity or to cease operations, or has no realistic alternative but to do so.

The directors of Cruising Yacht Club of SA Inc. & Controlled Entities are responsible for overseeing the economic entity's financial reporting process.

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 the audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the economic entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the economic entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the economic entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the economic entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DEAN NEWBERY & PARTNERS
CHARTERED ACCOUNTANTS



SAMANTHA ALLARD
PARTNER

Signed on the 12th day of July 2018,
at 214 Melbourne Street, North Adelaide