The Cruising Yacht Club of SA Incorporated

ABN: 63 536 595 624

Financial Report

For the Year Ended 31 May 2020

CONTENTS

CONTENTS	Page Number

The Cruising Yacht Club of SA Incorporated

ABN: 63 536 595 624

For the year ended 31 May 2020

STATEMENT BY THE BOARD OF MANAGEMENT

In the opinion of the Board of Management, the Financial Report as set out on pages 4 to 20:

1. Presents fairly the financial position of The Cruising Yacht Club of SA Incorporated as at 31 May 2020 and its performance for the year ended on that date in accordance with 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 Cruising Yacht Club of SA Incorporated 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 Cruising Yacht Club of SA Incorporated hereby states that during the year ended 31 May 2020:

    - Other than disclosed in Note 21 in the financial statements, no officer of the Club 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 Club 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 and the Club;
    - No officer of the Club has, since the end of the previous financial year, received directly or indirectly from the Club, 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 the Club shown in the financial report).

This statement 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 D.A. Roper ....

Dated this 20th day of August 2020

The Cruising Yacht Club of SA Incorporated

ABN: 63 536 595 624

For the year ended 31 May 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2020

	Note	2020	2019
		$	$
REVENUE			
Revenue	2	2,952,164	3,217,153
Other revenue	2	863,056	2,930,904
TOTAL REVENUE		**3,815,220**	**6,148,057**
EXPENSES			
Employee benefits expense		1,441,442	1,455,583
Depreciation	9	239,881	240,361
Other expenses	3	795,922	830,699
Cost of sales		469,475	589,044
Insurance		111,219	112,559
Rates & taxes		194,283	137,263
Repairs & maintenance expenses		158,282	174,984
TOTAL EXPENSES		**3,410,504**	**3,540,493**
NET PROFIT / (LOSS)		**404,716**	**2,607,564**
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		**404,716**	**2,607,564**

The accompanying notes form part of these financial statements.

The Cruising Yacht Club of SA Incorporated

ABN: 63 536 595 624

For the year ended 31 May 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

	Note	2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,586,349	303,649
Trade and other receivables	5	92,688	66,935
Inventories	6	40,177	43,480
Other assets	7	315,190	174,442
Financial Assets	8	2,296,462	5,548,344
TOTAL CURRENT ASSETS		**6,330,866**	**6,136,850**
NON-CURRENT ASSETS			
Trade and other receivables	5	3,678,321	3,646,231
Property, plant and equipment	9	7,030,071	6,950,113
TOTAL NON-CURRENT ASSETS		**10,708,392**	**10,596,344**
TOTAL ASSETS		**17,039,258**	**16,733,194**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	542,695	483,383
Borrowings	11	-	-
Short-term provisions	12	133,567	159,908
TOTAL CURRENT LIABILITIES		**676,262**	**643,291**
NON-CURRENT LIABILITIES			
Trade and other payables	10	4,402,056	4,550,187
Borrowings	11	2,872,994	2,872,994
Long-term provisions	12	37,062	20,554
TOTAL NON-CURRENT LIABILITIES		**7,312,112**	**7,443,735**
TOTAL LIABILITIES		**7,988,374**	**8,087,026**
NET ASSETS		**9,050,884**	**8,646,168**
EQUITY			
Reserves	16	58,640	43,790
Retained earnings		8,992,244	8,602,378
TOTAL EQUITY		**9,050,884**	**8,646,168**

The accompanying notes form part of these financial statements.

The Cruising Yacht Club of SA Incorporated

ABN: 63 536 595 624

For the year ended 31 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Retained Earnings $	Ramp Trust Distribution Reserve $	Marine Academy Reserve $	Total $
Balance at 1 June 2018	4,556,759	-	27,034	4,583,793
Transfer to/(from) Reserves	1,438,055	(1,454,811)	16,756	**-**
Operating Result for the Year	2,607,564	-	-	2,607,564
Capital Distributions Received	-	1,454,811	-	1,454,811
Balance at 31 May 2019	**8,602,378**	**-**	**43,790**	**8,646,168**
Balance at 1 June 2019	8,602,378	-	43,790	8,646,168
Transfer to/(from) Reserves	(14,850)	-	14,850	-
Operating Result for the Year	404,716	-	-	404,716
Capital Distributions Received	-	-	-	-
Balance at 31 May 2020	**8,992,244**	**-**	**58,640**	**9,050,884**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2020

	Note	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		3,667,527	3,754,157
Payments to suppliers and employees		(3,269,275)	(3,375,537)
Receipt from investments		213,296	413,759
Interest received		-	970
Net cash provided by (used in) operating activities		**611,548**	**793,349**
CASH FLOWS FROM INVESTING ACTIVITIES			
Transfer – Related Entities		(32,090)	5,143,886
Payment for property, plant and equipment		(319,839)	(125,658)
Proceeds from the sale of investments		3,427,827	-
Purchase of investments		(404,746)	(5,548,344)
Net cash provided by (used in) investing activities		**2,671,152**	**(530,116)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Net cash provided by (used in) financing activities		**-**	**-**
Net increase / (decrease) in cash held		3,282,700	263,233
Cash and cash equivalents at beginning of financial year		303,649	40,416
Cash and cash equivalents at end of financial year	4, 17	**3,586,349**	**303,649**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 20 August 2020 by the Board of Directors.

Basis of Preparation

The Cruising Yacht Club of SA Incorporated (the Club) applies Australian Accounting Standards (AASB) – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* 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 (AASB) and the *Associations Incorporation Act 1985*. The Club 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 Club is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

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 Club 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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 %

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 Club, 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 Club 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.

Leases between related entities aren't recognised as they are cancelled out upon consolidation.

d. Financial Instruments

Initial recognition and measurement

As per AASB 139, 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 Club 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*.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Club 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Impairment of 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 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 Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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 Club during the year are recognised as gross revenue.

License rental income to occupy Marina West berths have been accounted for in accordance with AASB 16 *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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All other borrowing costs are recognised as expenses in the period in which they are incurred.

k. Comparative Figures

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

l. 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 Club 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.

m. 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.

n. Key Estimates

(i) *Impairment*

The Club assesses impairment at the end of each reporting period by evaluation of conditions and events 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 2: REVENUE AND OTHER INCOME

		2020	2019
		$	$
Revenue			
Sale of goods		985,852	1,284,646
Commissions		82,563	73,435
Corporate fees		1,327,231	1,301,818
Membership subscriptions		556,518	557,254
		2,952,164	3,217,153
Other Revenue			
Other income		534,933	417,956
Marina West licence income		148,131	148,131
Sinking Fund Investment income		(12,483)	413,759
Slipping income		114,194	102,772
Distribution from CYC Ramp Trust		78,281	1,848,286
		863,056	2,930,904

NOTE 3: OTHER EXPENSES

Audit fees		11,727	13,464
Advertising and marketing		41,343	49,770
Event hire expenses		23,798	33,301
Rental expenses		146,704	147,318
Utilities		120,463	127,306
Subscriptions		40,163	37,994
Workcover		30,236	30,665
Operational Expenses		381,488	390,880
		795,922	830,698

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank and in hand		37,575	13,185
Savings account		-	88
Cash on hand – Sinking Fund	5	3,548,773	290,376
		3,546,349	303,649

The effective interest rate on the savings account was 0.01% (2019: 0.01%)

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		3,546,349	303,649
- Bank overdraft		-	-
		3,546,349	303,649

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 5: TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
CURRENT		
Trade receivables	108,502	87,935
Provision for impairment	(15,814)	(21,000)
	92,688	66,935
NON-CURRENT		
Loan account: CYC (SA) Unit Trust (unsecured)	1,731,233	1,789,143
Loan account: CYC Ramp Trust (unsecured)	1,947,088	1,857,088
	3,678,321	3,646,231

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:

	2020	2019
	$	$
Opening provision for impairment	21,000	21,000
Charge for the year	-	-
Written off	(5,186)	-
Closing provision for impairment	**15,814**	21,000

NOTE 6: INVENTORIES

	2020	2019
At lower of cost or net realisable value		
- Stock on hand	40,177	43,480
	40,177	43,480

NOTE 7: OTHER ASSETS

	2020	2019
Marina Berth held for sale – at cost	150,000	150,000
Prepayments	38,885	24,442
Income in advance	126,305	-
	315,190	174,442

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 8: FINANCIAL ASSETS		2020 $	2019 $
CURRENT			
Investments in equity instruments designated as at fair value through comprehensive income - Sinking Fund Investments	8a	2,296,462	5,548,344
Total current assets		**2,296,462**	5,548,344

a. **Investments in equity instruments designated as at fair value through comprehensive income**

Listed investments, at fair value:			
– shares in listed corporations	15	2,296,462	5,548,344
		2,296,462	5,548,344

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 9: PROPERTY, PLANT AND EQUIPMENT	**2020** $	**2019** $
Leased Asset – At Deemed Cost	-	-
Accumulated Depreciation	-	-
	-	-
Plant and Equipment – At Deemed Cost	1,328,780	1,087,045
Accumulated Depreciation	(822,935)	(757,140)
	505,845	329,905
Office Equipment – At Deemed Cost	167,270	144,115
Accumulated Depreciation	(124,691)	(113,298)
	42,579	30,817
Marina and Improvements – At Deemed Cost	8,542,680	8,504,346
Accumulated Depreciation	(2,100,788)	(1,938,095)
	6,441,892	6,566,251
Works-in-Progress (WIP)	**39,755**	23,140
Total property, plant and equipment	**7,030,071**	6,950,113

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:

	Leased Asset $	**Plant and Equipment** $	**Office Equipment** $	**Marina and Improvements** $	**WIP** $	**Total** $
Balance at 1 June 2019	-	329,905	30,817	6,566,251	23,140	6,950,113
Additions/Capitalised Costs	-	241,736	23,155	38,333	37,715	**340,939**
Transfers	-	-	-	-	(21,100)	**(21,100)**
Disposals	-	-	-	-	-	**-**
Depreciation expense	-	(65,796)	(11,393)	(162,693)	-	**(239,881)**
Carrying amount at 31 May 2020	-	**505,845**	**42,579**	**6,441,892**	**39,755**	**7,030,071**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 10: TRADE AND OTHER PAYABLES

	2020	2019
	$	$
CURRENT		
Trade payables	105,038	124,304
Marina West revenue in advance	148,140	148,140
Other payables	289,517	210,939
	542,695	483,383

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.

	2020	2019
NON-CURRENT		
Unsecured Liabilities		
Marina West revenue in advance	4,402,056	4,550,187
	4,402,056	4,550,187

NOTE 11: BORROWINGS

	2020	2019
NON-CURRENT		
Secured Liabilities		
Hire Purchase liabilities	2,872,994	2,872,994
	2,872,994	2,872,994

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 12: PROVISIONS	**2020**	**2019**
	$	**$**
CURRENT		
Provision for annual leave	99,067	95,589
Provision for long service leave	34,500	64,319
	133,567	**159,908**
NON-CURRENT		
Provision for long service leave	37,062	20,554
	37,062	**20,554**

Employee Provisions – Annual Leave Entitlements

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

Based on past experience, the Club 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 Club does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

NOTE 13: EVENTS AFTER THE REPORTING PERIOD

There were no events after reporting date that were required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 14: FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of accounts receivable, shares in listed corporations and payables.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments, as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial assets			
Cash and cash equivalents	4	3,586,349	303,649
Accounts receivable and other debtors	5	3,771,009	3,713,166
Investments in equity instruments designated as at fair value through other comprehensive income:			
Shares in listed corporations	8,15	2,296,462	5,548,344
Total financial assets		**9,565,159**	9,565,159
Financial liabilities			
Financial liabilities at amortised cost:			
– Accounts payable and other payables	10	394,555	335,243
– Hire Purchase liabilities	11	2,872,994	2,872,994
Total financial liabilities		**3,267,549**	3,208,237

NOTE 15: FAIR VALUE MEASUREMENTS

The Association measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Shares in listed corporations at fair value through other comprehensive income.

The association does not subsequently measure any liabilities at fair value on a recurring basis.

a. **Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

NOTE 15: FAIR VALUE MEASUREMENTS

Valuation techniques

The Association selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Association are consistent with one or more of the following valuation approaches:

– *Market approach* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.

– *Income approach* converts estimated future cash flows or income and expenses into a single current (ie discounted) value.

– *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Association's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy:

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
2020					
Recurring fair value measurements					
Financial assets at fair value through other comprehensive income:					
– shares in listed corporations	8, 14	2,296,462	-	-	2,296,462
Total financial assets recognised at fair value on a recurring basis		2,296,462	-	-	2,296,462
2019					
Recurring fair value measurements					
Financial assets at fair value through other comprehensive income:					
– shares in listed corporations	8, 14	5,548,344	-	-	5,548,344
Total financial assets recognised at fair value on a recurring basis		5,548,344	-	-	5,548,344

There were nil transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2019: nil transfers).

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 16: RESERVES

Marine Academy

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.

During the financial year, the Club transferred an additional $14,850 to the reserve.

Ramp Trust Distribution Reserve

The sale of the boat ramp assets in 2018/19 resulted in a net cash proceeds (after settlement costs) of $5.45M. The carrying value of boat ramp trust assets were $3.68M. A profit on disposal was recorded in the 2018/19 year being $1.77M by the Ramp Trust.

The carrying value of the assets disposed had previously been revalued. The difference between the original cost of $2.22M and the revalued amount of $3.67M resulted in a capital profit in 2018/19 of $1.45M.

This amount was distributed by the Ramp Trust as a capital distribution. As a result the Club has treated this amount as capital and has been applied directly to retained earnings.

NOTE 17: CASH FLOW INFORMATION

	2020	2019
	$	$
Reconciliation of Cash		
Cash at end of the financial year as shown in the cash flow statement is reconciled to the items in the Statement of Financial Position as follows:		
- Cash and cash equivalents	3,586,349	303,649
	3,586,349	303,649

NOTE 18: CAPITAL AND LEASING COMMITTMENTS

	2020	2019
(a) Operating Lease Commitments		
Payable – minimum lease payments:		
- No later than 12 months	7,320	7,870
- Between 1 – 5 years	9,760	19,120
	17,080	26,990
(b) Capital Expenditure Commitments		
- No later than 12 months	-	-
- Between 1 – 5 Years	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 19: CONTINGENT LIABILITIES

A bill discount line is provided to CYC (SA) Management Pty Ltd as trustee for the CYC (SA) Unit Trust. As a result, fully interlocked guarantees have been provided by CYC Ramp Pty Ltd as trustee for the CYC Ramp Trust, Cruising Yacht Club of SA Inc. and CYC (SA) Management Pty Ltd as trustee for the CYC (SA) Unit Trust. At 31 May 2020 $Nil (2019: $Nil) was drawn down on the bill discount line. In addition, a registered mortgage has been provided over the non-current assets of CYC (SA) Unit Trust.

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 of $Nil at 31 May 2020 (2019: $Nil).

The Club has an undrawn bank overdraft facility as at 31 May 2020 of $100,000 held with the Westpac Banking Corporation.

NOTE 20: HIRE PURCHASE 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

NOTE 21: KEY MANAGEMENT PERSONNEL

	Salary $	Superannuation Contributions $	Non-Cash Benefits $
2020	**116,327**	**11,051**	**753**
2019	208,141	11,629	210

The Club's position of General Manager remuneration is the only position reflected in the above figures disclosed. The 2019 salary figure includes leave entitlement payouts for the then departing Chief Executive Officer.

NOTE 22: RELATED PARTY TRANSACTIONS

No Board Members, through entities associated with them, provided goods and/or services during the year to the Club.

NOTE 23: CLUB'S DETAILS

The registered office of the Club is:

Cruising Yacht Club of South Australia Inc.

Lady Gowrie Drive

NORTH HAVEN SA 5018

Dean Newbery & Partners
CHARTERED ACCOUNTANTS

214 Melbourne Street
North Adelaide SA 5006

PO Box 755
North Adelaide SA 5006

T: (08) 8267 4777
F: (08) 8239 0895
E: admin@deannewbery.com.au

ABN: 30 164 612 890

INDEPENDENT AUDITOR'S REPORT

To the members of the Cruising Yacht Club of SA Inc.

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. (the Association), which comprises the Statement of Financial Position as at 31 May 2020, 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 Association.

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

(i) giving a true and fair view of the Association's financial position as at 31 May 2020 and of its performance for the year then ended; and

(ii) that the financial records kept by the Association 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The directors of Cruising Yacht Club of SA Inc. are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

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 CRETEN
PARTNER

Signed on the 27th day of August 2020,
at 214 Melbourne Street, North Adelaide