The Cruising Yacht Club of SA Incorporated
& Controlled Entities

Financial Report

For the Year Ended 31 May 2020

CONTENTS

CONTENTS	Page Number
Statement by the Board of Management	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Independent Auditor’s Report	25

The Cruising Yacht Club of SA Incorporated & Controlled Entities

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 24:

1. Presents fairly the financial position of The Cruising Yacht Club of SA Incorporated & its Controlled Entities (the "consolidated group") as at 31 May 2020 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 2020:

   - Other than disclosed in Note 23 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 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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2020

	Note	Consolidated Group	
		2020	2019
		$	$
REVENUE			
Revenue	2	3,040,049	3,948,033
Other revenue	2	784,774	453,700
Profit on Sale	3	-	1,772,103
TOTAL REVENUE		**3,824,823**	**6,173,836**
EXPENSES			
Employee benefits expense		1,441,442	1,455,583
Depreciation	10	462,033	449,149
Other expenses	4	949,224	974,472
Finance costs		15,097	16,110
Cost of sales		469,475	589,044
Insurance		111,219	112,559
Repairs & maintenance		160,864	140,341
TOTAL EXPENSES		**3,609,354**	**3,737,258**
NET PROFIT / (LOSS)		**215,469**	**2,436,578**
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		**215,469**	**2,436,578**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

	Note	Consolidated Group	
		2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,586,369	303,669
Trade and other receivables	6	92,688	66,935
Inventories	7	40,177	43,480
Other assets	8	315,191	174,442
Financial assets	9	2,296,462	5,548,344
TOTAL CURRENT ASSETS		**6,330,887**	**6,136,870**
NON-CURRENT ASSETS			
Property, plant and equipment	10	16,984,680	16,768,717
TOTAL NON-CURRENT ASSETS		**16,984,680**	**16,768,717**
TOTAL ASSETS		**23,315,567**	**22,905,587**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	564,862	505,851
Short-term provisions	12	133,567	159,908
TOTAL CURRENT LIABILITIES		**698,429**	**665,759**
NON-CURRENT LIABILITIES			
Trade and other payables	11	4,424,920	4,550,187
Borrowings	13	1,175,648	905,648
Long-term provisions	12	37,062	20,554
TOTAL NON-CURRENT LIABILITIES		**5,637,630**	**5,476,389**
TOTAL LIABILITIES		**6,336,059**	**6,142,148**
NET ASSETS		**16,979,508**	**16,736,439**
EQUITY			
Issued capital	14	6,136,919	6,136,319
Reserves	16	1,479,140	1,464,290
Retained earnings		9,363,449	9,162,830
TOTAL EQUITY		**16,979,508**	**16,763,439**

The accompanying notes form part of these financial statements.

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

	Contributed Equity	Retained Earnings	Premium Reserve	Marine Academy Reserve	Total
Consolidated Group	**$**	**$**	**$**	**$**	**$**
Balance at 1 June 2018	**6,137,387**	**6,743,008**	**1,420,500**	**27,034**	**14,327,929**
Contributed (Reduction) in Capital	(1,068)	-	-	**-**	**(1,068)**
Operating Result for the Year	-	2,436,578	-	**-**	**2,436,578**
Transfer Between Reserves	-	(16,756)	-	16,756	**-**
Balance at 31 May 2019	**6,136,319**	**9,162,830**	**1,420,500**	**43,790**	**16,763,439**
Balance at 1 June 2019	**6,136,319**	**9,162,830**	**1,420,500**	**43,790**	**16,763,439**
Contributed (Reduction) in Capital	600	-	-	**-**	**600**
Operating Result for the Year	-	215,469	-	**-**	**215,469**
Transfer Between Reserves	-	(14,850)	-	14,850	**-**
Balance at 31 May 2020	**6,136,919**	**9,363,449**	**1,420,500**	**58,640**	**16,979,508**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2020

	Note	Consolidated Group	
		2020	**2019**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		3,677,129	4,174,120
Interest received		-	970
Payments to suppliers and employees		(3,208,313)	(3,664,037)
Receipt from investments		213,296	413,759
Interest paid		(15,097)	(16,110)
Net cash provided by (used in) operating activities		**667,015**	**908,702**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	5,450,378
Payments for property, plant and equipment		(677,996)	(511,434)
Purchase of investments		(404,746)	(5,548,344)
Proceeds from the sale of investments		3,427,827	-
Net cash provided by (used in) investing activities		**2,345,085**	**(609,400)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (Repayments) from borrowings	13	270,000	(35,001)
Proceeds / (Redemption) from issue of units in Unit Trust		600	(1,068)
Net cash provided by (used in) financing activities		**270,600**	**(36,069)**
Net increase / (decrease) in cash held		3,282,700	263,233
Cash and cash equivalents at beginning of financial year		303,669	40,436
Cash and cash equivalents at end of financial year	5	**3,586,369**	**303,669**

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 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 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:

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 %
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

At inception of a contract, The CYC Incorporated & Controlled Entities assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by The CYC Incorporated & Controlled Entities where The CYC Incorporated & Controlled Entities is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

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.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, The CYC Incorporated & Controlled Entities uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentionec above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 *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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

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

NOTE 2: REVENUE AND OTHER INCOME	**Consolidated**	**Group**
	2020	**2019**
	$	**$**
Sale of goods – food & beverage, retail	965,722	1,284,646
Sundry Function income	20,130	71,335
Commissions	82,563	73,435
Corporate fees	1,327,231	1,301,818
Membership subscriptions	556,518	557,254
Income – Marine Academy	66,947	87,049
Ramp income	87,885	101,963
Licence fees – Marina West	148,131	148,131
Interest	-	970
Slipping income	114,194	102,272
Sponsorship	17,978	6,789
Equipment hire	15,685	15,112
Lease income	30,105	29,076
Marketing	14,201	27,204
Racing association income	94,472	128,097
Social activities income	3,095	-
Cruising association income	4,000	4,000
Fishing association income	11,016	8,882
Other income – Investment revenue	(12,483)	413,759
Other income	277,433	39,941
	3,824,823	4,401,733

NOTE 3: OTHER COMPREHENSIVE INCOME		**2020**	**2019**
		$	**$**
Profit from sale of Boat Ramp	(16)	-	1,772,103
		-	**1,772,103**

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

NOTE 4: OTHER EXPENSES

	Consolidated Group	
	2020	2019
	$	$
Advertising and marketing	41,343	49,770
Audit fees	11,727	13,464
Bank charges	27,702	29,382
Club publications	12,785	24,363
Computer expenses	72,227	62,000
Marine Academy Expenses	53,186	47,344
Operational expenses	231,343	224,386
Racing association expenses	88,989	122,196
Rates & taxes	289,459	274,262
Utilities	120,463	127,306
	949,224	974,472

NOTE 5: CASH & CASH EQUIVALENTS

	Note	2020	2019
Cash on hand		7,198	6,535
Cash at bank		30,398	6,758
Cash at bank – Sinking Fund	9	3,548,773	290,376
		3,586,369	303,669

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:

	2020	2019
- Cash and cash equivalents	3,586,369	303,669
- Bank overdraft	-	-
	3,586,369	303,669

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

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2020	**2019**
	$	**$**
CURRENT		
Trade receivables	108,502	87,935
Provision for impairment	(15,814)	(21,000)
	92,688	66,935

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	(5,186)	-
Closing provision for impairment	**15,814**	21,000

NOTE 7: INVENTORIES

At lower of cost or net realisable value

- Stock on hand	40,177	43,480
	40,177	43,480

NOTE 8: OTHER ASSETS

Marina Berth held for sale – at cost	150,000	150,000
Prepayments	38,885	24,442
Income in advance	126,306	-
	315,191	174,442

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

NOTE 9: FINANCIAL ASSETS

CURRENT			
Investments in equity instruments designated as at fair value through comprehensive income - Sinking Fund Investments	9a	2,296,462	5,548,344
Total current assets	*(1)*	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	18	2,296,462	5,548,344
		2,296,462	5,548,344

(1) *The combined value of the Sinking Fund including investments and cash is $5,845,235 (2018 $5,838,720). The Sinking Fund was established in November 2018 subsequent to the sale of the Boat Ramp. The Board initially set up an Investment Committee to advise the Board on strategies and investment decisions and to oversee the performance of the Fund. During the year the Committee was wound up and the Board engaged the firm Ord Minnett to manage the Fund. The only fees paid to Ord Minnett are brokerage fees on trading activities.*

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

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2020	**2019**
	$	**$**
Land – At Deemed Cost	**5,138,296**	5,138,296
Buildings – At Deemed Cost	3,650,056	3,615,896
Accumulated Depreciation	(949,950)	(820,945)
	2,700,106	2,794,950
Plant and Equipment – At Deemed Cost	1,462,133	1,220,397
Accumulated Depreciation	(908,337)	(835,874)
	553,796	384,523
Office Equipment – At Deemed Cost	167,270	144,115
Accumulated Depreciation	(124,691)	(113,298)
	42,579	30,817
Marina and Improvements (Marina West) – At Deemed Cost	8,542,680	8,504,347
Accumulated Depreciation	(2,100,788)	(1,938,095)
	6,441,892	6,566,252
Marina and Improvements (Marina East) – At Deemed Cost	3,473,877	3,172,826
Accumulated Depreciation	(1,428,287)	(1,342,088)
	2,045,590	1,830,738
Right-of-Use Asset	22,947	-
Accumulated Depreciation	(280)	-
	22,667	-
Total property, plant and equipment	**16,984,680**	16,768,717

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

NOTE 10: 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	Right of Use Asset	WIP	Total
	$	$	$	$	$	$	$	$	$
Consolidated Group									
Balance at 1 June 2019	**5,138,296**	**2,794,951**	**384,523**	**30,817**	**6,566,252**	**1,830,738**	**-**	**23,140**	**16,768,717**
Additions	-	34,159	241,735	23,156	38,333	301,051	22,947	-	**661,381**
WIP Capitalised	-	-	-	-	-	-	-	37,715	**37,715**
Disposals	-	-	-	-	-	-	-	(21,100)	**(21,100)**
Depreciation expense	-	(129,004)	(72,463)	(11,393)	(162,693)	(86,200)	(280)	-	**(462,033)**
Carrying amount at 31 May 2020	**5,138,296**	**2,700,106**	**553,795**	**42,580**	**6,441,892**	**2,045,589**	**22,667**	**39,755**	**16,984,680**

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

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2020	**2019**
	$	**$**
CURRENT		
Trade payables	105,038	124,304
Marina West revenue in advance	148,140	148,140
Other payables	311,684	233,407
	564,862	505,851

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	4,424,920	4,550,187
	4,424,920	4,550,187

NOTE 12: PROVISIONS

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 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.

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

NOTE 13: BORROWINGS

	Consolidated Group	
	2020	**2019**
	$	**$**
Westpac Loan – Bar & Patio Redevelopment	1,175,648	905,648
	1,175,648	905,648

In 2016/17, the entity borrowed $1.349 million to fund the Bar & Patio Redevelopment Project.

The loan was extended in November 2019 for $1,450,000 for a further term of 3 years and is structured as an interest only loan (expiring in November 2022) 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 2020, the entity had access to $375,000 of undrawn funds available from the Westpac Loan facility and Westpac Overdraft Facility.

NOTE 14: ISSUED CAPITAL

Settled Capital	592	592
122,185 (2019: 122,173) fully paid issued units at $50 each	6,109,250	6,108,650
27,077 (2019: 27,077) fully paid issued units at $1 each	27,077	27,077
	6,136,919	6,136,319

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to 31 May 2020 that needed to be disclosed in the financial statements.

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 treated this amount as capital and applied it directly to retained earnings.

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

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated Group	
		2020	**2019**
		$	**$**
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
Capital Expenditure Commitments			
No later than 12 months		-	-
Between 1 – 5 Years		-	-
		-	-

NOTE 18: FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, accounts receivable, shares in listed corporations 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:

	Note	2020	2019
Financial Assets			
Cash and cash equivalents	5	3,586,349	303,669
Accounts receivable and other debtors	6	92,688	66,935
Investments in equity instruments designated as at fair value through other comprehensive income:			
shares in listed corporations	9,19	2,296,462	-
Total financial assets		**5,975,499**	5,918,948
Financial Liabilities			
Financial liabilities at amortised cost:			
Accounts payable and other payables	11	394,555	335,243
Borrowings	13	1,175,648	905,648
Total financial liabilities		**1,570,203**	1,240,891

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 2020, $Nil of this facility was used (2019: $Nil). Interest rates are variable.

The entity has $275,000 available in undrawn funds with the Westpac loan facility. The total limit of the facility is $1.450 million.

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

NOTE 19: FAIR VALUE MEASUREMENTS

The entity has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition.

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

	Note	2020	2019
Recurring fair value measurements		**$**	**$**
Financial assets			
Financial assets at fair value through comprehensive income:			
– shares in listed corporations	9,18	2,296,462	5,548,344
Total financial assets recognised at fair value on a recurring basis		**2,296,462**	5,548,344

For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

NOTE 20: 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 2020 $Nil was drawn down on the bill facility (2019: $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 2020 (2019: $Nil).

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

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

NOTE 21: 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.

NOTE 22: 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 23: RELATED PARTY TRANSACTIONS

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

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

NOTE 24: 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

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. & 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 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 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 2020 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 CRETEN
PARTNER

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