

# **Drummoyne Sailing Club Ltd**

**ABN 19 000 895 705**

**Financial Statements - 30 June 2017**

# **Drummoyne Sailing Club Ltd**

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**30 June 2017**

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**Drummoyne Sailing Club Ltd**  
**Directors' report**  
**30 June 2017**

The directors present their report, together with the financial statements, on the club for the year ended 30 June 2017.

**Directors**

The following persons were directors of the club during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David V Mitchell  
Mr Alexander C R Palmer  
Mr John M Whitelock  
Mr Tim Valtwies  
Mr Bruce Ivan Moore  
Ms Kim Henley  
Mr Matthew Fisher (appointed 30 October 2016)  
Mr Barry Handley (retired 30 October 2016)

**Vision and Values**

*Vision*

To be recognised as a vibrant and respected sailing club encouraging participation in sailing through all age groups.

*Values*

The core values of the Club as set out in the Strategic Plan include:

Trust and Integrity – make ethical and honest decisions for the benefit of the Club, its members and its stakeholders.

Passionate and Committed – we will deliver quality outcomes to our members and guests.

Respectful and Considerate – we will respect people from all walks of life and be considerate of the needs of our members, guests, the community and environment.

Progressive yet true to our history and traditions – We will continue to be progressive in our thinking to ensure we prosper and grow – while keeping in mind strong links to our past.

Friendship and Fellowship – having a welcoming club atmosphere for members and visitors alike.

**Objectives**

The club's short-term objectives are to continuously strive to improve the club's services and amenities to all members and to promote its sailing activities.

The club's long-term objectives are to continue development and implementation of the Strategic Plan which includes the ongoing viability of the clubhouse and sailing.

**Strategy for achieving the objectives**

To achieve its stated objectives, the club has adopted the following strategies:

- to invest in our infrastructure to support sailing activities;
- to promote the club including the sailing and social activities of the club;
- incorporate financial planning and ensure debt is able to be managed prudently;
- ensure the club remains accessible, comfortable and affordable for members.

**Principal activities**

During the financial year the principal continuing activities of the club consisted of:

- promoting and encouraging sailing and racing of 16-foot and other class sailing vessels within the District of Drummoyne in the State of New South Wales; and
- the provision of meals, refreshments, social, recreational and sporting activities to its members.

**Drummoyne Sailing Club Ltd**  
**Directors' report**  
**30 June 2017**

**Performance measures**

The club measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial performance of the club and whether the club's short-term and long-term objectives are being achieved.

**Information on directors**

Name: David V Mitchell  
Title: President  
Qualifications: Supervisor Waterfront Construction  
Experience and expertise: 3 years as President, 7 years as director and previously 5 years as Commodore.  
Special responsibilities: Building, Finance, Gaming

Name: Alexander C R Palmer  
Title: Vice-President  
Qualifications: Plant Manager  
Experience and expertise: 2 years as Vice-President, 7 years as director  
Special responsibilities: Social and Sailing

Name: John M Whitelock  
Title: Director  
Qualifications: Professor and University Academic  
Experience and expertise: 5 years as Director  
Special responsibilities: Marketing

Name: Tim Valtwies  
Title: Director  
Qualifications: Chartered Accountant and partner at ESV Accounting & Business Advisors  
Experience and expertise: 2 years as Director  
Special responsibilities: Finance and Marketing

Name: Bruce Moore  
Title: Director  
Qualifications: Chartered Accountant and Company Director  
Experience and expertise: 2 years as Director. Previously 11 years as director from 1993 to 2004.  
Special responsibilities: Finance

Name: Kim Henley  
Title: Director  
Qualifications: Workplace Relations  
Experience and expertise: 2 years as Director.  
Special responsibilities: Marketing

Name: Matthew Fisher (appointed 30 October 2016)  
Title: Director  
Qualifications: Lawyer  
Experience and expertise: 1 year as Director  
Special responsibilities: Marketing

Name: Barry F Handley (retired 30 October 2016)  
Title: Director  
Qualifications: Retired supervisor, Department of Lands  
Experience and expertise: 10 years as Director  
Special responsibilities: Sailing

**Drummoyne Sailing Club Ltd**  
**Directors' report**  
**30 June 2017**

**Meetings of directors**

The number of meetings of the club's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Finance sub-committee		Marketing sub-committee		Full Board	
	Attended	Held	Attended	Held	Attended	Held
David V Mitchell	11	11	-	-	11	12
Alexander C R Palmer	-	-	-	-	12	12
Barry F Handley	-	-	-	-	2	4
John M Whitelock	-	-	5	5	7	12
Tim Valtwies	11	11	10	11	11	12
Bruce Moore	10	11	-	-	10	12
Kim Henley	-	-	10	11	11	12
Matthew Fisher	-	-	6	7	7	8

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Contributions on winding up**

The club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the club is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the club. At 30 June 2017, the total amount members of the club are liable to contribute if the club is wound up is \$31,660 (2016: \$29,640).

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



\_\_\_\_\_  
David V Mitchell  
President  
31 August 2017

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF DRUMMOYNE SAILING CLUB  
LIMITED**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

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

A handwritten signature in black ink that reads 'William Buck'.

William Buck  
Chartered Accountants  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'Domenic Molluso'.

Domenic Molluso  
Principal

Dated this 31<sup>st</sup> day of August 2017

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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**Drummoyne Sailing Club Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2017**

	<b>Note</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Revenue</b>			
Revenue	4	4,487,481	4,270,815
Total revenue		<u>4,487,481</u>	<u>4,270,815</u>
<b>Expenses</b>			
Cost of goods sold		(880,387)	(833,917)
Direct costs attributable to trading revenue		(1,046,829)	(1,036,670)
Administrative and members expenses		(1,937,468)	(1,745,102)
Depreciation and amortisation expense	5	(441,384)	(417,536)
Finance costs	5	(3,990)	(6,527)
Total expenses		<u>(4,310,058)</u>	<u>(4,039,752)</u>
<b>Surplus before income tax expense</b>		177,423	231,063
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus after income tax expense for the year attributable to the members of Drummoyne Sailing Club Ltd</b>		177,423	231,063
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the members of Drummoyne Sailing Club Ltd</b>		<u><u>177,423</u></u>	<u><u>231,063</u></u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Drummoyne Sailing Club Ltd**  
**Statement of financial position**  
**As at 30 June 2017**

	<b>Note</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	577,745	372,355
Trade and other receivables	7	142,613	113,170
Inventories	8	82,636	83,313
Prepayments	9	104,802	78,515
Total current assets		<u>907,796</u>	<u>647,353</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>3,891,500</u>	<u>3,921,381</u>
Total non-current assets		<u>3,891,500</u>	<u>3,921,381</u>
<b>Total assets</b>		<u>4,799,296</u>	<u>4,568,734</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	382,335	304,592
Borrowings	12	21,569	48,124
Provisions	13	251,444	216,440
Other	14	34,729	31,412
Total current liabilities		<u>690,077</u>	<u>600,568</u>
<b>Non-current liabilities</b>			
Borrowings	15	23,127	44,970
Provisions	16	7,286	18,660
Other	17	33,025	36,178
Total non-current liabilities		<u>63,438</u>	<u>99,808</u>
<b>Total liabilities</b>		<u>753,515</u>	<u>700,376</u>
<b>Net assets</b>		<u>4,045,781</u>	<u>3,868,358</u>
<b>Equity</b>			
Reserves	18	25,259	9,959
Retained surpluses		<u>4,020,522</u>	<u>3,858,399</u>
<b>Total equity</b>		<u>4,045,781</u>	<u>3,868,358</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*



**Drummoyne Sailing Club Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2017**

	<b>Support Vessel Reserve \$</b>	<b>Retained Surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	4,559	3,632,736	3,637,295
Surplus after income tax expense for the year	-	231,063	231,063
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	231,063	231,063
Transfer to reserves	5,400	(5,400)	-
Balance at 30 June 2016	<u>9,959</u>	<u>3,858,399</u>	<u>3,868,358</u>

Note: Prior year adjustment of \$5,400 has been recorded to recognise Support vessel levy income (note 4) and a reclassification from Retained Surpluses to the Support Vessel Reserve.

	<b>Support Vessel Reserve \$</b>	<b>Retained Surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	9,959	3,858,399	3,868,358
Surplus after income tax expense for the year	-	177,423	177,423
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	177,423	177,423
Transfer to reserves	15,300	(15,300)	-
Balance at 30 June 2017	<u>25,259</u>	<u>4,020,522</u>	<u>4,045,781</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Drummoyne Sailing Club Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2017**

	<b>Note</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		4,860,455	4,817,209
Payments to suppliers and employees (inclusive of GST)		<u>(4,190,266)</u>	<u>(4,159,792)</u>
		670,189	657,417
Interest received		1,302	537
Finance cost		<u>(3,990)</u>	<u>(6,527)</u>
Net cash from operating activities		<u>667,501</u>	<u>651,427</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	<u>(413,713)</u>	<u>(542,579)</u>
Net cash used in investing activities		<u>(413,713)</u>	<u>(542,579)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	95,690
Repayment of borrowings		<u>(48,398)</u>	<u>(103,012)</u>
Net cash used in financing activities		<u>(48,398)</u>	<u>(7,322)</u>
Net increase in cash and cash equivalents		205,390	101,526
Cash and cash equivalents at the beginning of the financial year		<u>372,355</u>	<u>270,829</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>577,745</u></u>	<u><u>372,355</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. General information**

The financial statements cover Drummoyne Sailing Club Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Drummoyne Sailing Club Ltd's functional and presentation currency.

Drummoyne Sailing Club Ltd is an unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2017. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The club has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

The Yacht Division, 16ft Skiff, Juniors, Hartley TS16 and Models (hereafter referred to collectively as "Sub Clubs") have been incorporated into the financial statements of the club.

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.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the club's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the club and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*

Revenue from the sale of goods is recognised upon the delivery of goods to members and visitors.

*Rendering of services*

Revenue from the rendering of services is recognised upon the delivery of the service to members and visitors.

*Licence income*

Licence revenue is recognised in accordance with the terms and conditions outlined in the underlying licence agreements.

**Note 2. Significant accounting policies (continued)**

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Income tax**

No provision for income tax has been raised as the club is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the club's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the club's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the club will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Inventories**

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Property, plant and equipment**

Land and buildings is stated at historical cost less accumulated depreciation and impairment. Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**Note 2. Significant accounting policies (continued)**

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	10-40 years
Plant and equipment	3-10 years
Plant and equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the club. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained surpluses.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the club will obtain ownership at the end of the lease term.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the club prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

**Note 2. Significant accounting policies (continued)**

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Comparative Amounts**

Comparatives have been adjusted to conform with changes in presentation for the current year.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Estimation of useful lives of assets*

The club determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2017**

**Note 4. Revenue**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Bar sales - clubhouse	1,838,006	1,709,965
Poker machine net clearances	1,666,901	1,658,019
Sub club revenue	61,380	82,692
Bar sales - restaurant	197,290	181,120
Licence fees - restaurant	136,291	135,076
Keno and TAB commission	102,050	142,610
Licence fees and cost recoveries - bistro	138,997	113,455
Functions	108,185	49,017
Member subscriptions	66,138	64,653
Boat storage and mooring	42,322	35,492
Sailing donations/sponsorships	14,777	-
ATM commission	28,835	32,025
GST subsidy	17,180	17,180
Sundry income	26,754	27,918
Interest received	1,302	537
Sailing academy income	25,773	15,656
Support vessel levy income	15,300	5,400
	<u>4,487,481</u>	<u>4,270,815</u>

Note: Prior year adjustment for \$5,400 to recognise Support vessel levy income and transfer to the Support Vessel Reserve at year end. Refer to Statement of changes in equity.

**Note 5. Expenses**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Surplus before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Building	182,069	170,986
Plant and equipment	259,315	246,550
Total Depreciation Expense	<u>441,384</u>	<u>417,536</u>
<i>Other operating expenses</i>		
Auditor's remuneration - audit services	19,000	18,250
Rental expense on operating lease	2,040	1,424
Superannuation	118,668	102,393
Sub club expense	62,818	99,031
	<u>202,526</u>	<u>221,098</u>

**Note 6. Current assets - cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	92,364	86,781
Cash at bank	420,845	218,799
Cash at bank - sub clubs	64,536	66,775
	<u>577,745</u>	<u>372,355</u>

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2017**

**Note 7. Current assets - trade and other receivables**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	73,272	53,160
Other receivables	69,341	60,010
	<u>142,613</u>	<u>113,170</u>

**Note 8. Current assets - inventories**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Finished goods - at cost	<u>82,636</u>	<u>83,313</u>

**Note 9. Current assets - prepayments**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>104,802</u>	<u>78,515</u>

**Note 10. Non-current assets - property, plant and equipment**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Land - at cost	313,000	313,000
Buildings - at cost	5,295,750	5,143,907
Less: Accumulated depreciation	<u>(2,512,615)</u>	<u>(2,330,546)</u>
	2,783,135	2,813,361
Plant and equipment - at cost	2,694,023	2,397,684
Less: Accumulated depreciation	<u>(1,898,658)</u>	<u>(1,639,344)</u>
	795,365	758,340
Capital work in progress	-	36,680
	<u>3,891,500</u>	<u>3,921,381</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land	Building	Plant and Equipment	Capital Work In Progress	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	313,000	2,813,361	758,340	36,680	3,921,381
Additions	-	117,373	296,340	-	413,713
Write offs	-	-	-	(2,210)	(2,210)
Transfers in/(out)	-	34,470	-	(34,470)	-
Depreciation expense	-	(182,069)	(259,315)	-	(441,384)
Balance at 30 June 2017	<u>313,000</u>	<u>2,783,135</u>	<u>795,365</u>	<u>-</u>	<u>3,891,500</u>



**Note 10. Non-current assets - property, plant and equipment (continued)**

*Current value of land and buildings*

The club's land and building were last valued on 12 February 2015 at \$11,700,000. The valuation was based on independent assessments by a member of the Australian Property Institute. The increment in value of both the land and buildings has not been included in these accounts as the club has adopted the cost model.

**Note 11. Current liabilities - trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade payables	160,073	106,670
Sundry payables and accrued expense	209,157	184,934
Licence fees in advance	13,105	12,988
	<u>382,335</u>	<u>304,592</u>

**Note 12. Current liabilities - borrowings**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Lease liability	<u>21,569</u>	<u>48,124</u>

The club has a Line of Credit facility with a limit of \$500,000 which \$nil has been used at year end. (2016 - \$nil used).

*Assets pledged as security*

The carrying amounts of assets pledged as security for current borrowings are:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
First registered mortgage over freehold land and buildings	3,096,135	3,126,361
First registered equitable mortgage over the club's assets and undertakings	1,697,569	1,436,781
A letter of set-off by the club over Commonwealth Bank of Australia term deposit	5,592	5,592
	<u>4,799,296</u>	<u>4,568,734</u>

**Note 13. Current liabilities - provisions**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Annual leave	105,342	97,543
Long service leave	146,102	118,897
	<u>251,444</u>	<u>216,440</u>

**Note 14. Current liabilities - other**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Unearned advertising revenue	5,000	-
Membership fees received in advance	29,729	31,412
	<u>34,729</u>	<u>31,412</u>

**Note 15. Non-current liabilities - borrowings**

	2017 \$	2016 \$
Lease liability	<u>23,127</u>	<u>44,970</u>

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	2017 \$	2016 \$
Lease liability	<u>44,696</u>	<u>93,094</u>

*Assets pledged as security*

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

**Note 16. Non-current liabilities - provisions**

	2017 \$	2016 \$
Long service leave	<u>7,286</u>	<u>18,660</u>

**Note 17. Non-current liabilities - other**

	2017 \$	2016 \$
Membership fees received in advance	<u>33,025</u>	<u>36,178</u>

**Note 18. Equity - reserves**

	2017 \$	2016 \$
Support vessel reserve	<u>25,259</u>	<u>9,959</u>

*Support vessel reserve*

The reserve is used to recognise retained surpluses set aside for the acquisition of support vessels.

**Note 19. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to members of key management personnel of the club is set out below:

	2017 \$	2016 \$
Aggregate compensation	<u>368,280</u>	<u>318,252</u>

The directors of the club and several senior staff members are deemed to be key management personnel. The directors do not receive compensation for performing their duties.

During the year total director related expenses paid by the club amounted to \$7,577 comprising of meals (\$3,659), membership (\$1,018) and minute taking costs (\$2,900) (2016: \$12,214).

**Note 20. Commitments**

	2017 \$	2016 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,040	2,244
One to five years	1,190	3,740
	<u>3,230</u>	<u>5,984</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	21,842	48,124
One to five years	23,127	44,970
	<u>44,969</u>	<u>93,094</u>

**Note 21. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 19.

*Transactions with related parties*

The following transactions occurred with related parties:

	2017 \$	2016 \$
Total remuneration paid to an employee who is a close relative of the following director		
- K Henley	17,881	20,969

Bruce Moore received prize money from participating in 16ft Skiff sailing on the same terms and conditions as other competitors during the year.

There were no other transactions with related parties during the current or previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 22. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the club's operations, the results of those operations, or the club's state of affairs in future financial years.

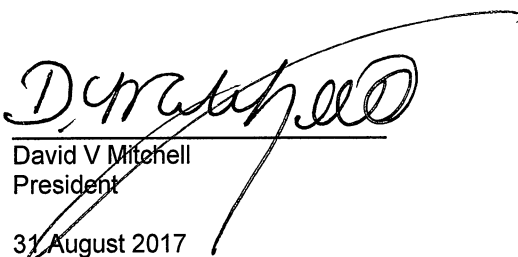
**Drummoyne Sailing Club Ltd**  
**Directors' declaration**  
**30 June 2017**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the club's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the club will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



David V Mitchell  
President  
31 August 2017

## Drummoyne Sailing Club Limited

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Drummoyne Sailing Club Limited (the Club), which comprises the statement of financial position as at 30 June 2017 the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of the Club, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Club's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Club in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Club on the same date as this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CHARTERED ACCOUNTANTS & ADVISORS

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Sydney NSW 2000

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Level 7, 3 Horwood Place  
Parramatta NSW 2150

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[williambuck.com](http://williambuck.com)

## **Other Information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

The directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Club to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 this 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.

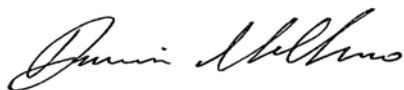
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Club'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 Club 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 which gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Club or business activities within the Club to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Club audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



William Buck  
Chartered Accountants  
ABN 16 021 300 521



Domenic Molluso  
Principal

Dated this 31<sup>st</sup> day of August, 2017

## Drummoyne Sailing Club Limited

Disclaimer  
30 June 2017

The additional financial data presented in the following pages is in accordance with the books and records of the Drummoyne Sailing Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 30 June 2017. It will be appreciated that our statutory audit did not cover all details of the additional financial data.

Accordingly, we do not express an opinion on the information in the following pages and we give no warranty of accuracy or reliability in respect of the information provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Drummoyne Sailing Club Limited) in respect of such information, including any errors or omissions therein however caused.



William Buck  
Chartered Accountants  
ABN 16 021 300 521



Domenic Molluso  
Principal

Dated this 31st day of August, 2017

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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**Drummoyne Sailing Club Ltd**  
**ABN 19 000 895 705**  
**Profit and Loss Statement**

**30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Net Trading Profit/(Loss)		
- Bar	843,494	767,757
- Poker machine takings	1,087,122	1,046,614
- Keno and TAB	27,180	55,169
- Sailing activities	(78,635)	(81,684)
Functions	108,185	49,017
Membership Fees	66,138	64,653
Licence fee - restaurant	136,291	135,076
Licence fee and cost recoveries - bistro	138,997	113,455
GST Subsidy	17,180	17,180
ATM Commission	28,835	32,025
Interest Received	1,302	537
Sundry income	26,754	27,918
Raffles income	64,164	61,994
	<u>2,467,007</u>	<u>2,289,711</u>
<b>Less Expenses</b>		
Accountancy fees	1,200	1,410
Advertising	26,387	22,919
AGM and Annual Report	10,065	10,930
Audit fees	20,233	18,250
Badge draw	7,057	11,015
Bank and ATM charges	27,149	25,083
Consultancy fees	35,525	32,290
Contract cleaning	73,365	73,144
Courtesy bus	9,732	27,768
Depreciation - buildings	182,070	170,986
Depreciation - plant and equipment	142,710	122,734
Directors' meeting expenses	7,577	12,214
Donations	5,743	6,989
Electricity and gas	95,961	105,424
Entertainment	22,921	3,409
Function expenses	62,069	18,059
General expenses	30,792	40,568
Insurance	78,916	71,235
Interest	3,990	2,550
Lease charges	-	4,461

This Statement should be read in conjunction with the attached Disclaimer

**Drummoyne Sailing Club Ltd**  
**ABN 19 000 895 705**  
**Profit and Loss Statement**

**30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(continued)</b>		
Legal fees	1,507	2,306
Licenses and registrations	6,270	8,025
Members' entertainment	71,631	75,683
Members' expenses	29,100	30,177
Payroll tax	35,681	24,875
Postage, printing, stationery	45,674	33,704
Raffles	74,530	70,757
Rates - council	14,717	15,446
Rates - water	21,864	25,868
Repairs and maintenance	108,925	91,923
Security	68,798	71,149
Staff amenities	6,943	3,338
Staff training	2,373	3,000
Subscriptions	36,053	35,487
Superannuation	118,668	102,393
Telephone	10,050	8,493
Wages - administration and supervisors	509,738	470,081
Wages - reception	181,578	147,936
Wages - employee entitlements	23,630	(4,599)
Wages - functions	25,226	20,800
Waste disposal and recycling	53,166	40,368
	<u>2,289,584</u>	<u>2,058,648</u>
<b>Profit Before Income Tax</b>	<u>177,423</u>	<u>231,063</u>

This Statement should be read in conjunction with the attached Disclaimer

**Drummoyne Sailing Club Ltd**  
**ABN 19 000 895 705**  
**Profit and Loss Statement**

**30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Bar Trading Statement</b>		
<i>Income</i>		
Bar sales - clubhouse	1,838,006	1,709,965
Bar sales - restaurant	197,290	181,120
	<u>2,035,296</u>	<u>1,891,085</u>
<i>Less cost of sales</i>		
Opening stock	83,313	66,915
Bar purchases	879,710	850,315
Closing stock	(82,636)	(83,313)
	<u>880,387</u>	<u>833,917</u>
Gross Profit	<u>1,154,909</u>	<u>1,057,168</u>
Gross profit % of sales	57%	56%
<i>Less Expenses</i>		
Bar snacks and Supplies	12,405	14,268
Labour hire - restaurant	(75,410)	(61,054)
Glasses and requisites	2,949	2,945
Wages & salaries	371,471	333,252
Total Expenses	<u>311,415</u>	<u>289,411</u>
<b>Net Profit from Bar Trading</b>	<u><b>843,494</b></u>	<u><b>767,757</b></u>

**Poker Machine Trading Statement**

Net Clearances	1,666,901	1,658,019
<i>Less Expenses</i>		
Depreciation	116,604	123,816
Duty	228,099	239,453
Lease interest	-	3,601
Poker machine maintenance and analysis	40,035	38,597
Poker machine software license fees	-	913
Promotions	95,331	95,900
Repairs and maintenance	23,082	22,576
Wages	76,628	86,549
Total Expenses	<u>579,779</u>	<u>611,405</u>
<b>Net Profit from Poker Machines</b>	<u><b>1,087,122</b></u>	<u><b>1,046,614</b></u>

This Statement should be read in conjunction with the attached Disclaimer

**Drummoyne Sailing Club Ltd**  
**ABN 19 000 895 705**  
**Profit and Loss Statement**

**30 June 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Keno and TAB operations</b>		
<i>Income</i>		
Commissions	102,050	142,610
<i>Less Expenses</i>		
Maintenance	3,013	5,213
Printing, stationery and sundries	16,813	21,229
Promotions	3,958	3,300
Wages	51,086	57,699
Total Expenses	<u>74,870</u>	<u>87,441</u>
<b>Net Profit from Keno and TAB</b>	<b><u>27,180</u></b>	<b><u>55,169</u></b>
 <b>Sailing Activities</b>		
<i>Income</i>		
Boat storage and mooring	42,322	35,492
Sailing academy income	25,773	15,656
Sailing donations and sponsorships	14,777	-
Support vessel income	15,300	5,400
Sub club revenue	61,380	82,692
Total Income	<u>159,552</u>	<u>139,240</u>
<i>Less expenses</i>		
Afternoon teas & BBQ	430	1,156
Boat registration & insurance	49,520	47,398
Bouy rent	108	3,902
Fuel	2,451	4,845
Operational	16,357	3,449
Pennants and flags	-	89
Prize money, trophies and presentation nights	5,598	5,873
Repairs & Maintenance	40,956	29,268
Sailing academy expenses	52,827	14,200
Sub club expenses	62,818	99,031
Sundries	7,122	11,713
Total Expenses	<u>238,187</u>	<u>220,924</u>
<b>Net Loss from Sailing Activities</b>	<b><u>(78,635)</u></b>	<b><u>(81,684)</u></b>

This Statement should be read in conjunction with the attached Disclaimer