

Drummoyne Sailing Club Limited

ABN 19 000 895 705

Financial Statements - 30 June 2021

Drummoyne Sailing Club Limited

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Drummoyne Sailing Club Limited
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the club for the year ended 30 June 2021.

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 John M Whitelock
Mr Tim Valtwies
Mr Bruce Ivan Moore
Ms Kim Henley
Mr Grant Wakefield
Mr Simon Armstrong-Bunker

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.

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.

Drummoyne Sailing Club Limited
Directors' report
30 June 2021

Review of Operations

The Club enjoyed buoyant trading conditions and achieved an outstanding record annual profit of \$815,883 and built robust cash balances amounting to approximately \$1,854,276 at year end. Included within the annual profit is \$226,500 of government job-keeper support, with the majority of this used to subsidise staff wages.

This year's profit resulted from real growth in most of the Club's main trading profit centres, concentration of improving member service and experience, substantial increase in numbers of new members, and a tight focus on cost control.

During the month of June, trading conditions were subdued as a consequence of a growing COVID-19 outbreak in Sydney. Towards the latter part of June 2021, the State Government mandated a closure of licensed premises, and the club closed its operations from 26 June and at the date of this report it continues to be closed for trading. It is not practicable to estimate when the State Government may lift the public health orders in relation to licensed club closure, and the restrictions which may be imposed on trading and patronage levels when they do re-open.

The financial impact of the closure during the two months subsequent to year end includes a near total decline in revenue, whilst many expenses continued to be incurred whether the club is open for business, or not. Many of the Club's suppliers were flexible in suspending contractual payments, taking back inventory or deferring amounts due, although there continues to be substantial commitments that cannot be mitigated including insurance, essential repairs/maintenance and the employment costs of many of our staff. State and Federal Government support packages including small business grants and deferment of some Government taxes are not sufficient to cover our essential expenses, which has resulted in an unaudited loss of approximately \$110,000 for the two months to 31 August 2021.

The likely consequence of the mandated closure and re-opening on a restricted basis, will result in the Club's profit for the subsequent financial year to 30 June 2022 year declining substantially from that enjoyed in the most recent year to 30 June 2021, and it remains difficult to predict for the reasons set out in more detail in Note 1 to the Financial Report. The uncertainty around COVID-19 impacts in coming months may require the Club to curtail expenditure and services should actual events prove to be more challenging than predicted.

In summary, the Club is in a sound financial position with cash balances of \$1,854,276, no debt and undrawn bank facilities of \$500,000 at 30 June 2021.

Information on directors

Name:	David V Mitchell
Title:	President
Qualifications:	Manager Waterfront Construction, CDI Mandatory Director Training
Experience and expertise:	7 years as President, 11 years as director and previously 5 years as Commodore.
Special responsibilities:	Finance, Building Expansion
Name:	John M Whitelock
Title:	Vice President
Qualifications:	Emeritus Professor, CDI Mandatory Director Training
Experience and expertise:	28 years' experience as a research scientist and academic manager. 3 years as Vice President, 9 years as Director and previously 5 years as Commodore.
Special responsibilities:	Building Expansion
Name:	Tim Valtwies
Title:	Director
Qualifications:	Chartered Accountant, CDI Mandatory Director Training
Experience and expertise:	6 years as Director, Partner at ESV Business Advice and Accounting
Special responsibilities:	Finance
Name:	Bruce Ivan Moore
Title:	Director
Qualifications:	Graduate of Australian Institute Company Directors, Fellow Institute Chartered Accountants in Australia & New Zealand, former partner Deloitte Touche Tomatsu, CDI Mandatory Director Training
Experience and expertise:	6 years as Director. Previously 11 years as director from 1993 to 2004.
Special responsibilities:	Finance

Drummoyne Sailing Club Limited**Directors' report****30 June 2021**

Name:	Kim Henley
Title:	Director
Qualifications:	Workplace Relations Manager, CDI Mandatory Director Training
Experience and expertise:	6 years as Director
Special responsibilities:	Workplace Relations
Name:	Grant Wakefield
Title:	Director
Qualifications:	GAICD, CDI Mandatory Director Training
Experience and expertise:	Experienced Business Manager, including 15 years as SME Managing Director and Board member. 3 years as Director and previously 4 years as Commodore.
Special responsibilities:	Branding
Name:	Simon Armstrong-Bunker
Title:	Director
Qualifications:	Master of Business Administration (MBA), CDI Mandatory Director Training
Experience and expertise:	16 years business management – currently Operations Manager ABC News. 2 years as Director
Special responsibilities:	Board representative to the Sailing Committee, Building Expansion

Meetings of directors

The number of meetings of the club's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

Sub Committees

	Building Expansion	Building Expansion	Sailing	Sailing	Finance	Finance
	Attended	Held	Attended	Held	Attended	Held
David V Mitchell	6	6	-	12	10	12
John M Whitelock	5	6	-	12	-	12
Tim Valtwies	-	6	-	12	11	12
Bruce Moore	-	6	-	12	12	12
Kim Henley	-	6	-	12	-	12
Grant Wakefield	-	6	-	12	-	12
Simon Armstrong-Bunker	6	6	12	12	-	12

	Full Board Attended	Full Board Held
David V Mitchell	13	13
John M Whitelock	11	13
Tim Valtwies	10	13
Bruce Moore	11	13
Kim Henley	9	13
Grant Wakefield	10	13
Simon Armstrong-Bunker	13	13

Held: represents the number of meetings held during the time the director held office.

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 2021, the total amount members of the club are liable to contribute if the club is wound up is \$41,435 (2020: \$40,650).

Drummoyne Sailing Club Limited
Directors' report
30 June 2021

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
26/8/ 2021

**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 2021 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.



William Buck
Accountants & Advisors
ABN 16 021 300 521



Domenic Molluso
Director

Sydney, 26 August 2021

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Drummoyne Sailing Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue			
Revenue	4	5,401,107	3,823,266
Government stimulus		226,500	361,250
Expenses			
Cost of goods sold		(831,093)	(687,735)
Direct costs attributable to trading revenue		(1,379,310)	(1,095,144)
Administrative and members expenses		(2,183,258)	(1,833,911)
Depreciation and amortisation expense	5	(418,063)	(459,644)
Finance costs		-	(91)
Surplus before income tax expense		815,883	107,991
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Drummoyne Sailing Club Limited		815,883	107,991
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Drummoyne Sailing Club Limited		815,883	107,991

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

Drummoyne Sailing Club Limited
Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	6	1,854,276	823,428
Trade and other receivables	7	62,572	163,017
Inventories	8	89,828	64,641
Prepayments		111,656	99,237
Total current assets		<u>2,118,332</u>	<u>1,150,323</u>
Non-current assets			
Property, plant and equipment	9	3,620,813	3,593,511
Intangibles	10	5,869	9,561
Total non-current assets		<u>3,626,682</u>	<u>3,603,072</u>
Total assets		<u>5,745,014</u>	<u>4,753,395</u>
Liabilities			
Current liabilities			
Trade and other payables	11	518,105	314,638
Provisions	12	97,630	123,055
Deferred income	13	32,942	39,273
Total current liabilities		<u>648,677</u>	<u>476,966</u>
Non-current liabilities			
Provisions	15	17,592	17,385
Deferred income	16	51,644	47,826
Total non-current liabilities		<u>69,236</u>	<u>65,211</u>
Total liabilities		<u>717,913</u>	<u>542,177</u>
Net assets		<u>5,027,101</u>	<u>4,211,218</u>
Equity			
Reserves	17	45,708	40,302
Retained surpluses		<u>4,981,393</u>	<u>4,170,916</u>
Total equity		<u>5,027,101</u>	<u>4,211,218</u>

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

Drummoyne Sailing Club Limited
Statement of changes in equity
For the year ended 30 June 2021

	Support Vessel Reserve \$	Retained Surpluses \$	Total equity \$
Balance at 1 July 2019	32,947	4,070,280	4,103,227
Surplus after income tax expense for the year	-	107,991	107,991
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	107,991	107,991
Transfer to support vessel reserve	16,873	(16,873)	-
Support vessel reserve funds used	(9,518)	9,518	-
Balance at 30 June 2020	<u>40,302</u>	<u>4,170,916</u>	<u>4,211,218</u>
	Support Vessel Reserve \$	Retained Surpluses \$	Total equity \$
Balance at 1 July 2020	40,302	4,170,916	4,211,218
Surplus after income tax expense for the year	-	815,883	815,883
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	815,883	815,883
Transfer to support vessel reserve	14,764	(14,764)	-
Support vessel reserve funds used	(9,358)	9,358	-
Balance at 30 June 2021	<u>45,708</u>	<u>4,981,393</u>	<u>5,027,101</u>

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

Drummoyne Sailing Club Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,792,586	4,114,038
Receipts from Government stimulus packages		327,750	285,000
Payments to suppliers and employees (inclusive of GST)		<u>(4,661,366)</u>	<u>(4,172,931)</u>
		1,458,970	226,107
Interest received		11,011	3,427
Finance cost		<u>-</u>	<u>(91)</u>
Net cash from operating activities		<u>1,469,981</u>	<u>229,443</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	<u>(441,673)</u>	<u>(171,522)</u>
Net cash used in investing activities		<u>(441,673)</u>	<u>(171,522)</u>
Cash flows from financing activities			
Sailing advance (net)		<u>2,540</u>	<u>5,535</u>
Net cash from financing activities		<u>2,540</u>	<u>5,535</u>
Net increase in cash and cash equivalents		1,030,848	63,456
Cash and cash equivalents at the beginning of the financial year		<u>823,428</u>	<u>759,972</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>1,854,276</u></u>	<u><u>823,428</u></u>

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

Drummoyne Sailing Club Limited
Notes to the financial statements
30 June 2021

Note 1. General information

The financial statements cover Drummoyne Sailing Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Drummoyne Sailing Club Limited'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 26th/8/2021 2021. 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the club.

The following Accounting Standards and Interpretations are most relevant to the club:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the club has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the club may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the club's financial statements.

Amendments to Australian Accounting Standards - Removal of General Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

These standards are applicable to annual reporting periods beginning on or after 1 July 2021. AASB 2020-2 will prohibit certain for-profit entities from preparing general purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. If the company moves to general purpose financial statements in the future, there is likely to be increased disclosure in the notes to the financial statements. If the company adopts the standards prior to the mandatory application date it will be able to take advantage of certain special transitional disclosure relief relating to comparative information in the first year of adoption. At this time, the application of the General Purpose Financial Statements - Simplified Disclosures For-Profit and Not-for-profit Tier 2 Entities is not expected to have a material impact on the Club's financial statements.

Impact

The COVID-19 pandemic has had a significant impact on the club's trading subsequent to the end of the financial year and trading has not re-commenced at the date of this report. The economic outlook continues to be uncertain and there remain many risks to the Club's trading performance, including but not limited to:

- Potential for current Government business and employment support to be withdrawn before full economic recovery resumes;
- COVID-19 reduction in demand for the Club's services, and or, potential interruption to supply chains for the essential inputs to the Club's services;
- Pandemic outbreaks amongst the Club's employees, and in particular its management team; and
- Potential for ongoing Government mandated business closures.

Note 2. Significant accounting policies (continued)

The Club has assessed these risks and has developed mitigation strategies where practicable.

A financial forecast covering the Club's operations for the ensuing financial year is currently not feasible as a consequence of the unknown length of Government mandated closure of licensed premises, and potential restrictions on trading which may be imposed when trading recommences. The Club has sufficient cash resources to meet its commitments over a protracted closure, however actual future events may necessitate additional actions to preserve the long-term viability of the Club.

While the outlook may be uncertain in the near to medium term, there are no indicators in the assumptions used in the Club's financial scenarios which raise the prospect of material permanent impairment of the Club's assets either individually or as a class.

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 and Hartley TS16 (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.

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

The club recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the club is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the club: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

Note 2. Significant accounting policies (continued)

Licence income

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

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The club has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Note 2. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the club has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The club recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the club's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

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

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.

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 2. Significant accounting policies (continued)

Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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.

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.

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 corporate 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.

Note 4. Revenue

	2021 \$	2020 \$
Bar sales - clubhouse	2,034,731	1,504,295
Poker machine net clearances	2,323,183	1,406,978
Sub club revenue	13,135	33,071
Bar sales - restaurant	214,406	174,261
Licence fees - restaurant	137,288	115,804
Keno and TAB commission	47,342	52,595
Licence fees and cost recoveries - bistro	145,611	120,622
Functions	24,755	86,470
Member subscriptions	98,573	94,223
Boat storage and mooring	46,277	31,015
Sailing donations/sponsorships	26,775	7,059
ATM commission	26,167	18,778
GST subsidy	17,180	17,180
Sundry income	10,300	14,061
Interest received	11,011	3,427
Sailing academy income	74,870	32,639
Support vessel levy income	14,764	16,873
Sailing member levy income	24,096	25,396
Bingo income	-	18,617
Raffles income	110,643	49,902
	<u>5,401,107</u>	<u>3,823,266</u>

Drummoyne Sailing Club Limited
Notes to the financial statements
30 June 2021

Note 5. Expenses

	2021	2020
	\$	\$
Surplus before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Building	207,737	213,450
Plant and equipment	206,634	242,502
Website	3,692	3,692
	<u>418,063</u>	<u>459,644</u>
Total depreciation and amortisation expense		
<i>Other operating expenses</i>		
Auditor's remuneration - audit services	22,000	20,000
Rental expense on operating lease	2,280	2,280
Superannuation	142,986	119,903
Sub club expense	24,950	50,643
	<u>192,216</u>	<u>192,826</u>

Note 6. Current assets - cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	63,319	83,573
Cash at bank	1,714,705	660,737
Cash at bank - sub clubs	76,252	79,118
	<u>1,854,276</u>	<u>823,428</u>

Note 7. Current assets - trade and other receivables

	2021	2020
	\$	\$
Trade receivables	53,672	42,600
Other receivables	8,900	19,167
Government stimulus receivable	-	101,250
	<u>62,572</u>	<u>163,017</u>

Note 8. Current assets - inventories

	2021	2020
	\$	\$
Finished goods - at cost	<u>89,828</u>	<u>64,641</u>

Drummoyne Sailing Club Limited
Notes to the financial statements
30 June 2021

Note 9. Non-current assets - property, plant and equipment

	2021 \$	2020 \$
Land - at cost	313,000	313,000
Buildings - at cost	5,720,557	5,720,557
Less: Accumulated depreciation	<u>(3,305,164)</u>	<u>(3,097,427)</u>
	2,415,393	2,623,130
Plant and equipment - at cost	2,989,956	2,702,064
Less: Accumulated depreciation	<u>(2,107,268)</u>	<u>(2,052,183)</u>
	882,688	649,881
Capital work in progress	9,732	7,500
	<u><u>3,620,813</u></u>	<u><u>3,593,511</u></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 2020	313,000	2,623,130	649,881	7,500	3,593,511
Additions	-	-	439,441	2,232	441,673
Depreciation expense	<u>-</u>	<u>(207,737)</u>	<u>(206,634)</u>	<u>-</u>	<u>(414,371)</u>
Balance at 30 June 2021	<u><u>313,000</u></u>	<u><u>2,415,393</u></u>	<u><u>882,688</u></u>	<u><u>9,732</u></u>	<u><u>3,620,813</u></u>

Current value of land and buildings

The club's land and building were last valued on 3 March 2020 at \$15,700,000. The valuation was based on independent assessments by a member of Global Valuation Services. The increment in both the land and buildings has not been included in these accounts as the club has adopted the cost model.

Note 10. Non-current assets - intangibles

	2021 \$	2020 \$
Website - at cost	18,460	18,460
Less: Accumulated amortisation	<u>(12,591)</u>	<u>(8,899)</u>
	<u><u>5,869</u></u>	<u><u>9,561</u></u>

Reconciliations

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

	Website \$	Total \$
Balance at 1 July 2020	9,561	9,561
Amortisation expense	<u>(3,692)</u>	<u>(3,692)</u>
Balance at 30 June 2021	<u><u>5,869</u></u>	<u><u>5,869</u></u>

Note 11. Current liabilities - trade and other payables

	2021	2020
	\$	\$
Trade payables	233,973	121,156
Sundry payables and accrued expense	284,132	184,528
Licence fees in advance	-	8,954
	<u>518,105</u>	<u>314,638</u>

Note 12. Current liabilities - provisions

	2021	2020
	\$	\$
Annual leave	80,074	76,562
Long service leave	17,556	46,493
	<u>97,630</u>	<u>123,055</u>

Note 13. Current liabilities - Deferred income

	2021	2020
	\$	\$
Membership fees received in advance	<u>32,942</u>	<u>39,273</u>

Note 14. Non-current liabilities - borrowings

Assets pledged as security

The club has a Line of Credit facility with a limit of \$500,000 which \$nil has been used at year end. (2020: \$nil used). The Line of Credit facility is secured by a first registered mortgage over real property located at 2-4 St Georges Crescent Drummoyne NSW 2047 and a first registered equitable mortgage over the whole of the club's assets and undertakings.

Note 15. Non-current liabilities - provisions

	2021	2020
	\$	\$
Long service leave	<u>17,592</u>	<u>17,385</u>

Note 16. Non-current liabilities - Deferred income

	2021	2020
	\$	\$
Membership fees received in advance	<u>51,644</u>	<u>47,826</u>

Note 17. Equity - reserves

	2021	2020
	\$	\$
Support vessel reserve	<u>45,708</u>	<u>40,302</u>

Support vessel reserve

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

Note 18. Key management personnel disclosures

Compensation

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

	2021	2020
	\$	\$
Aggregate compensation	<u>430,250</u>	<u>298,198</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 \$5,900 (2020: \$2,479) comprising of meals: \$5,000, industry membership subscriptions: \$900.

Note 19. Commitments

Capital Commitment - Renovation of Sailor's Bar

At 30 June 2021 the Club had agreements with a range of suppliers and contractors for the upgrade of the Sailor's Bar ground floor area of the club premises to the value of approximately \$130,000. The scope of works, the majority of which are covered by fixed price contracts, will include structural improvements, refurbishment and new furniture. No amount relating to these works has been included in the financial statements given they commenced close to the year end and are expected to continue for the subsequent two months.

	2021	2020
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,280	2,280
One to five years	<u>3,990</u>	<u>6,270</u>
	<u><u>6,270</u></u>	<u><u>8,550</u></u>

Note 20. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties

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.

Note 21. Events after the reporting period

Other than referred to in Note 2, no matter or circumstance has arisen since 30 June 2021 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 Limited
Directors' declaration
30 June 2021

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 2021 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
26/8/ 2021

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 Company), which comprises the statement of financial position as at 30 June 2021, 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 accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; 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 Company 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 (including Independence Standards)* (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 Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information obtained as at the date of this report comprises the information included in the Company's annual report and directors' report for the year ended 30 June 2021 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 accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Regime and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf or

This description forms part of our independent auditor's report.

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

William Buck
Accountants & Advisors
ABN 16 021 300 521

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

Domenic Molluso
Partner

Sydney, 26 August 2021

Drummoyne Sailing Club Limited

Disclaimer
30 June 2021

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 entity for the year ended 30 June 2021. It will be appreciated that our statutory audit did not cover all details of the additional financial data. The commentary in the following pages has not been subjected to audit procedures during our statutory audit of the entity for the year ended 30 June 2021.

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
Accountants & Advisors
ABN 16 021 300 521



Domenic Molluso
Director

Sydney, 26 August 2021

ACCOUNTANTS & ADVISORS

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

30 June 2021

	2021	2020
	\$	\$
Income		
Net Trading Profit/(Loss)		
- Bar	923,263	689,045
- Poker machine takings	1,624,340	910,130
- Keno and TAB	(33,498)	(33,298)
- Sailing activities	(33,253)	(111,128)
- Bingo	-	(10,733)
Functions	24,755	86,470
Membership Fees	98,573	94,223
Licence fee - restaurant	137,288	115,804
Licence fee and cost recoveries - bistro	145,611	120,622
GST Subsidy	17,180	17,180
ATM Commission	26,167	18,778
Interest Received	11,011	3,427
Sundry income	10,300	36,386
Raffles income	110,643	49,902
Government stimulus	226,500	361,250
	3,288,880	2,348,058
Less Expenses		
Accountancy fees	34,474	33,953
Advertising	9,076	15,542
AGM and Annual Report	1,583	1,192
Asset write off	-	-
Audit fees	22,000	20,000
Badge draw	17,750	18,320
Bank and ATM charges	35,104	30,181
Consultancy fees	5,395	5,730
Contract cleaning	90,600	69,106
Courtesy bus	15,139	11,617
Depreciation - buildings	207,737	213,450
Depreciation - plant and equipment	101,273	123,540
Depreciation - website	3,692	3,692
Directors' meeting expenses	5,900	2,479
Donations	7,049	7,762
Electricity and gas	106,029	104,811
Entertainment - bands and artists	3,664	6,864
Function expenses	6,464	43,210
General expenses	32,971	23,131
Insurance	134,221	108,608
Interest	-	91
Lease charges	-	-

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 2021

	2021	2020
	\$	\$
(continued)		
Legal fees	4,308	2,200
Licenses and registrations	1,837	4,031
Loss on sale of P&E	-	-
Members' entertainment	89,716	58,197
Members' expenses	63,081	49,369
Payroll tax	26,714	21,133
Postage, printing, stationery, computer	57,035	46,342
Raffles	131,382	55,174
Rates - council	12,396	14,051
Rates - water	14,619	17,511
Repairs and maintenance	85,726	102,024
Security	37,106	30,356
Staff amenities	14,625	10,560
Staff training	11,438	8,963
Subscriptions	26,190	26,068
Superannuation	142,986	119,903
Telephone	8,734	7,955
Wages - administration and supervisors	651,644	676,280
Wages - reception	208,757	161,992
Wages - employee entitlements	(25,217)	(96,802)
Wages - functions	17,437	31,319
Waste disposal and recycling	52,362	50,162
	<u>2,472,997</u>	<u>2,240,067</u>
Profit Before Income Tax	<u><u>815,883</u></u>	<u><u>107,991</u></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 2021

	2021	2020
	\$	\$
Bar Trading Statement		
<i>Income</i>		
Bar sales - clubhouse	2,034,731	1,504,295
Bar sales - restaurant	214,406	174,261
	<u>2,249,137</u>	<u>1,678,556</u>
<i>Less cost of sales</i>		
Opening stock	64,641	81,086
Bar purchases	856,280	671,290
Closing stock	(89,828)	(64,641)
	<u>831,093</u>	<u>687,735</u>
Gross Profit	<u>1,418,044</u>	<u>990,821</u>
Gross profit % of sales	63%	59%
<i>Less Expenses</i>		
Bar snacks and Supplies	38,404	19,435
Labour hire - restaurant	(67,206)	(60,970)
Glasses and requisites	8,371	4,428
Wages & salaries	515,212	338,883
	<u>494,781</u>	<u>301,776</u>
Total Expenses		
	<u>494,781</u>	<u>301,776</u>
Net Profit from Bar Trading	<u>923,263</u>	<u>689,045</u>

Poker Machine Trading Statement

Net Clearances	2,323,183	1,406,978
<i>Less Expenses</i>		
Depreciation	105,361	118,962
Duty	363,267	189,303
Poker machine maintenance and analysis	83,069	70,661
Promotions	2,408	49,354
Repairs and maintenance	25,276	19,436
Wages	119,462	49,132
Total Expenses	<u>698,843</u>	<u>496,848</u>
Net Profit from Poker Machines	<u>1,624,340</u>	<u>910,130</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 2021

	2021	2020
	\$	\$
Keno and TAB operations		
<i>Income</i>		
Commissions	47,342	52,595
<i>Less Expenses</i>		
Maintenance	3,381	2,513
Printing, stationery and sundries	10,055	9,915
Promotions	3,000	2,156
Wages	64,404	71,309
Total Expenses	80,840	85,893
Net (Loss) / Profit from Keno and TAB	(33,498)	(33,298)

Sailing Activities

<i>Income</i>		
Boat storage and mooring	46,277	31,015
Sailing academy income	74,870	32,639
Sailing donations and sponsorships	26,775	7,059
Support vessel income	14,764	16,873
Sailing member levy	24,096	25,396
Sub club revenue	13,135	33,071
Total Income	199,917	146,053
<i>Less expenses</i>		
Sailing Australia affiliation fee	6,254	9,690
Boat registration & insurance	45,067	55,261
Bouy rent	131	41
Fuel	2,929	4,014
Operational	20,420	28,155
Prize money, trophies and presentation nights	19,500	20,350
Repairs & Maintenance	19,078	37,111
Sailing academy expenses	88,749	60,326
Sub club expenses	24,950	30,293
Sundries	6,092	11,940
Total Expenses	233,170	257,181
Net Loss from Sailing Activities	(33,253)	(111,128)

This Statement should be read in conjunction with the attached Disclaimer.