

# **Drummoyne Sailing Club Ltd**

**ABN 19 000 895 705**

**Financial Statements - 30 June 2018**

**Drummoyne Sailing Club Ltd**

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**30 June 2018**

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**Drummoyne Sailing Club Ltd**  
**Directors' report**  
**30 June 2018**

The directors present their report, together with the financial statements, on the club for the year ended 30 June 2018.

**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

**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 2018**

**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: Manager Waterfront Construction  
Experience and expertise: 4 years as President, 8 years as director and previously 5 years as Commodore.  
Special responsibilities: Finance

Name: Alexander C R Palmer  
Title: Vice-President  
Qualifications: Company Director  
Experience and expertise: 3 years as Vice-President, 8 years as director  
Special responsibilities: Sailing

Name: John M Whitelock  
Title: Director  
Qualifications: Professor and University Academic  
Experience and expertise: 6 years as Director  
Special responsibilities: Marketing and Sailing

Name: Tim Valtwies  
Title: Director  
Qualifications: Chartered Accountant and partner at ESV Accounting & Business Advisors  
Experience and expertise: 3 years as Director  
Special responsibilities: Finance and Marketing

Name: Bruce Ivan Moore  
Title: Director  
Qualifications: Chartered Accountant and Company Director  
Experience and expertise: 3 years as Director. Previously 11 years as director from 1993 to 2004.  
Special responsibilities: Finance

Name: Kim Henley  
Title: Director  
Qualifications: Workplace Relations Manager  
Experience and expertise: 3 years as Director  
Special responsibilities: Marketing

Name: Matthew Fisher  
Title: Director  
Qualifications: Lawyer  
Experience and expertise: 2 years as Director  
Special responsibilities: Marketing

**Drummoyne Sailing Club Ltd**  
**Directors' report**  
**30 June 2018**

**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 2018, 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	12	-	-	11	12
Alexander C R Palmer	-	-	-	-	9	12
John M Whitelock	-	-	6	9	9	12
Tim Valtwies	12	12	-	-	10	12
Bruce Moore	11	12	-	-	10	12
Kim Henley	-	-	9	9	11	12
Matthew Fisher	-	-	5	9	8	12

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 2018, the total amount members of the club are liable to contribute if the club is wound up is \$31,810 (2017: \$31,660).

**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

30 August 2018

**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 2018 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**  
Director

Sydney, 30 August 2018

**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 2018**

	Note	2018 \$	2017 \$
<b>Revenue</b>			
Revenue	4	4,589,805	4,500,299
Total revenue		<u>4,589,805</u>	<u>4,500,299</u>
<b>Expenses</b>			
Cost of goods sold		(867,078)	(880,387)
Direct costs attributable to trading revenue		(1,069,926)	(1,059,647)
Administrative and members expenses		(2,157,712)	(1,937,468)
Depreciation and amortisation expense	5	(463,948)	(441,384)
Finance costs		(2,099)	(3,990)
Total expenses		<u>(4,560,763)</u>	<u>(4,322,876)</u>
<b>Surplus before income tax expense</b>		29,042	177,423
Income tax expense		-	-
<b>Surplus after income tax expense for the year attributable to the members of Drummoyne Sailing Club Ltd</b>		29,042	177,423
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the members of Drummoyne Sailing Club Ltd</b>		<u>29,042</u>	<u>177,423</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 2018**

	Note	2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	649,593	577,745
Trade and other receivables	7	134,723	142,613
Inventories	8	84,998	82,636
Prepayments	9	104,483	104,802
Total current assets		<u>973,797</u>	<u>907,796</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	3,727,739	3,891,500
Intangibles	11	16,945	-
Total non-current assets		<u>3,744,684</u>	<u>3,891,500</u>
<b>Total assets</b>		<u>4,718,481</u>	<u>4,799,296</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	314,281	382,335
Borrowings	13	22,945	21,569
Provisions	14	217,333	251,444
Other	15	30,011	34,729
Total current liabilities		<u>584,570</u>	<u>690,077</u>
<b>Non-current liabilities</b>			
Borrowings	16	-	23,127
Provisions	17	11,778	7,286
Other	18	47,310	33,025
Total non-current liabilities		<u>59,088</u>	<u>63,438</u>
<b>Total liabilities</b>		<u>643,658</u>	<u>753,515</u>
<b>Net assets</b>		<u>4,074,823</u>	<u>4,045,781</u>
<b>Equity</b>			
Reserves	19	15,844	25,259
Retained surpluses		<u>4,058,979</u>	<u>4,020,522</u>
<b>Total equity</b>		<u>4,074,823</u>	<u>4,045,781</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 2018**

	<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>
	<b>Support Vessel Reserve \$</b>	<b>Retained Surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2017	25,259	4,020,522	4,045,781
Surplus after income tax expense for the year	-	29,042	29,042
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	29,042	29,042
Transfer to reserves	12,905	(12,905)	-
Support vessel reserve funds used	(22,320)	22,320	-
Balance at 30 June 2018	<u>15,844</u>	<u>4,058,979</u>	<u>4,074,823</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 2018**

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		5,074,635	4,860,455
Payments to suppliers and employees (inclusive of GST)		<u>(4,653,550)</u>	<u>(4,190,266)</u>
Interest received		421,085	670,189
Finance cost		<u>1,745</u>	<u>1,302</u>
		(2,099)	(3,990)
Net cash from operating activities		<u>420,731</u>	<u>667,501</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	(298,672)	(413,713)
Payments for intangible assets	11	<u>(18,460)</u>	<u>-</u>
Net cash used in investing activities		<u>(317,132)</u>	<u>(413,713)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(21,751)	(48,398)
Sailing advance		<u>(10,000)</u>	<u>-</u>
Net cash used in financing activities		<u>(31,751)</u>	<u>(48,398)</u>
Net increase in cash and cash equivalents		71,848	205,390
Cash and cash equivalents at the beginning of the financial year		<u>577,745</u>	<u>372,355</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>649,593</u></u>	<u><u>577,745</u></u>

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

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

**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 30 August 2018. 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 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.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*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	2-8 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.

**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.

**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.

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

**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.

*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.

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*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**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Bar sales - clubhouse	1,861,037	1,838,006
Poker machine net clearances	1,729,690	1,666,901
Sub club revenue	42,773	61,380
Bar sales - restaurant	205,380	197,290
Licence fees - restaurant	139,562	136,291
Keno and TAB commission	82,111	102,050
Licence fees and cost recoveries - bistro	159,524	138,997
Functions	119,600	108,185
Member subscriptions	71,168	66,138
Boat storage and mooring	45,315	42,322
Sailing donations/sponsorships	4,722	14,777
ATM commission	25,773	28,835
GST subsidy	17,180	17,180
Sundry income	21,770	26,754
Interest received	1,745	1,302
Sailing academy income	39,531	25,773
Support vessel levy income	12,905	15,300
Sailing member levy income	10,019	12,818
	<u>4,589,805</u>	<u>4,500,299</u>

Support vessel levy income has been transferred to the Support Vessel Reserve at year end. Refer to Statement of changes in equity.

**Note 5. Expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Surplus before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Building	186,235	182,069
Plant and equipment	276,198	259,315
Website	1,515	-
Total depreciation and amortisation expense	<u>463,948</u>	<u>441,384</u>
<i>Other operating expenses</i>		
Auditor's remuneration - audit services	19,500	19,000
Rental expense on operating lease	1,190	2,040
Superannuation	130,699	118,668
Sub club expense	54,041	65,636
	<u>205,430</u>	<u>205,344</u>

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	120,267	92,364
Cash at bank	465,950	420,845
Cash at bank - sub clubs	63,376	64,536
	<u>649,593</u>	<u>577,745</u>

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	39,434	73,272
Other receivables	95,289	69,341
	<u>134,723</u>	<u>142,613</u>

**Note 8. Current assets - inventories**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Finished goods - at cost	<u>84,998</u>	<u>82,636</u>

**Note 9. Current assets - prepayments**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>104,483</u>	<u>104,802</u>

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land - at cost	313,000	313,000
Buildings - at cost	5,336,046	5,295,750
Less: Accumulated depreciation	<u>(2,698,850)</u>	<u>(2,512,615)</u>
	2,637,196	2,783,135
Plant and equipment - at cost	2,944,899	2,694,023
Less: Accumulated depreciation	<u>(2,174,856)</u>	<u>(1,898,658)</u>
	770,043	795,365
Capital work in progress	<u>7,500</u>	<u>-</u>
	<u>3,727,739</u>	<u>3,891,500</u>



**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

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

*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 2017	313,000	2,783,135	795,365	-	3,891,500
Additions	-	40,296	250,876	7,500	298,672
Depreciation expense	-	(186,235)	(276,198)	-	(462,433)
Balance at 30 June 2018	<u>313,000</u>	<u>2,637,196</u>	<u>770,043</u>	<u>7,500</u>	<u>3,727,739</u>

*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. Non-current assets - intangibles**

	2018 \$	2017 \$
Website - at cost	18,460	-
Less: Accumulated amortisation	(1,515)	-
	<u>16,945</u>	<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 2017	-	-
Additions	18,460	18,460
Amortisation expense	(1,515)	(1,515)
Balance at 30 June 2018	<u>16,945</u>	<u>16,945</u>

**Note 12. Current liabilities - trade and other payables**

	2018 \$	2017 \$
Trade payables	87,047	160,073
Sundry payables and accrued expense	213,815	209,157
Licence fees in advance	13,419	13,105
	<u>314,281</u>	<u>382,335</u>

**Note 13. Current liabilities - borrowings**

	2018 \$	2017 \$
Lease liability	<u>22,945</u>	<u>21,569</u>

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

**Note 13. Current liabilities - borrowings (continued)**

The club has a Line of Credit facility with a limit of \$300,000 which \$nil has been used at year end. (2017: \$nil used).

*Assets pledged as security*

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
First registered mortgage over freehold land and buildings	2,950,196	3,096,135
First registered equitable mortgage over the club's assets and undertakings	1,762,693	1,697,569
A letter of set-off by the club over Commonwealth Bank of Australia term deposit	5,592	5,592
	<u>4,718,481</u>	<u>4,799,296</u>

**Note 14. Current liabilities - provisions**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Annual leave	105,753	105,342
Long service leave	111,580	146,102
	<u>217,333</u>	<u>251,444</u>

**Note 15. Current liabilities - other**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Unearned advertising revenue	-	5,000
Membership fees received in advance	30,011	29,729
	<u>30,011</u>	<u>34,729</u>

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Lease liability	-	23,127
	<u>-</u>	<u>23,127</u>

*Total secured liabilities*

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Lease liability	22,945	44,696
	<u>22,945</u>	<u>44,696</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.

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

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

	2018 \$	2017 \$
Long service leave	<u>11,778</u>	<u>7,286</u>

**Note 18. Non-current liabilities - other**

	2018 \$	2017 \$
Membership fees received in advance	<u>47,310</u>	<u>33,025</u>

**Note 19. Equity - reserves**

	2018 \$	2017 \$
Support vessel reserve	<u>15,844</u>	<u>25,259</u>

*Support vessel reserve*

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

**Note 20. Key management personnel disclosures**

*Compensation*

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

	2018 \$	2017 \$
Aggregate compensation	<u>380,167</u>	<u>368,280</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 \$3,668 comprising of meals (\$2,828), membership (\$840) (2017: \$7,577).

**Note 21. Commitments**

	2018 \$	2017 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,190	2,040
One to five years	<u>-</u>	<u>1,190</u>
	<u>1,190</u>	<u>3,230</u>

*Lease commitments - finance*

Committed at the reporting date and recognised as liabilities, payable:

Within one year	23,127	21,842
One to five years	<u>-</u>	<u>23,127</u>
	<u>23,127</u>	<u>44,969</u>

**Drummoyne Sailing Club Ltd**  
**Notes to the financial statements**  
**30 June 2018**

**Note 22. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 20.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Total remuneration paid to an employee who is a close relative of the following director - K Henley	-	17,881

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 23. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2018 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 2018**

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 2018 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



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David V Mitchell  
President

30 August 2018

## 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 2018, 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 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 2018 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 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, 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.

#### CHARTERED ACCOUNTANTS & ADVISORS

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

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2018, however 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 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 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 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.

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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

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

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.

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**  
Director

Sydney, 30 August 2018



## Drummoyne Sailing Club Limited

**Disclaimer**  
**30 June 2018**

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 2018. 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 2018.

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**  
Director

Sydney, 30 August 2018

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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

**30 June 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Net Trading Profit/(Loss)		
- Bar	883,379	843,494
- Poker machine takings	1,088,530	1,087,122
- Keno and TAB	4,771	27,180
- Sailing activities	(91,057)	(78,635)
Functions	119,600	108,185
Membership Fees	71,168	66,138
Licence fee - restaurant	139,562	136,291
Licence fee and cost recoveries - bistro	159,524	138,997
GST Subsidy	17,180	17,180
ATM Commission	25,773	28,835
Interest Received	1,745	1,302
Sundry income	21,770	26,754
Raffles income	62,277	64,164
	<u>2,504,222</u>	<u>2,467,007</u>
<b>Less Expenses</b>		
Accountancy fees	33,749	36,725
Advertising	23,750	26,387
AGM and Annual Report	12,584	10,065
Audit fees	19,000	20,233
Badge draw	31,095	7,057
Bank and ATM charges	31,639	27,149
Consultancy fees	27,500	-
Contract cleaning	76,291	73,365
Courtesy bus	11,938	9,732
Depreciation - buildings	186,235	182,070
Depreciation - plant and equipment	147,732	142,710
Depreciation - website	1,515	-
Directors' meeting expenses	3,668	7,577
Donations	6,867	5,743
Electricity and gas	119,089	95,961
Entertainment - bands and artists	39,016	22,921
Function expenses	65,103	62,069
General expenses	24,130	30,792
Insurance	97,938	78,916
Interest	2,099	3,990
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 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>(continued)</b>		
Legal fees	-	1,507
Licenses and registrations	6,037	6,270
Members' entertainment	74,625	71,631
Members' expenses	29,887	29,100
Payroll tax	42,630	35,681
Postage, printing, stationery, computer	52,364	45,674
Raffles	74,066	74,530
Rates - council	13,335	14,717
Rates - water	21,819	21,864
Repairs and maintenance	106,688	108,925
Security	65,193	68,798
Staff amenities	7,521	6,943
Staff training	7,455	2,373
Subscriptions	34,763	36,053
Superannuation	130,699	118,668
Telephone	9,084	10,050
Wages - administration and supervisors	579,599	509,738
Wages - reception	199,220	181,578
Wages - employee entitlements	(29,619)	23,630
Wages - functions	32,526	25,226
Waste disposal and recycling	56,348	53,166
	<u>2,475,178</u>	<u>2,289,584</u>
<b>Profit Before Income Tax</b>	<u>29,044</u>	<u>177,423</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 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Bar Trading Statement</b>		
<i>Income</i>		
Bar sales - clubhouse	1,861,037	1,838,006
Bar sales - restaurant	205,380	197,290
	<u>2,066,417</u>	<u>2,035,296</u>
<i>Less cost of sales</i>		
Opening stock	82,636	83,313
Bar purchases	869,440	879,710
Closing stock	(84,998)	(82,636)
	<u>867,078</u>	<u>880,387</u>
Gross Profit	<u>1,199,339</u>	<u>1,154,909</u>
Gross profit % of sales	58%	57%
<i>Less Expenses</i>		
Bar snacks and Supplies	19,626	12,405
Labour hire - restaurant	(76,386)	(75,410)
Glasses and requisites	2,840	2,949
Wages & salaries	369,880	371,471
Total Expenses	<u>315,960</u>	<u>311,415</u>
<b>Net Profit from Bar Trading</b>	<u><b>883,379</b></u>	<u><b>843,494</b></u>

**Poker Machine Trading Statement**

Net Clearances	1,729,690	1,666,901
<i>Less Expenses</i>		
Depreciation	128,466	116,604
Duty	252,847	228,099
Poker machine maintenance and analysis	41,258	40,035
Promotions	111,998	95,331
Repairs and maintenance	22,836	23,082
Wages	83,755	76,628
Total Expenses	<u>641,160</u>	<u>579,779</u>
<b>Net Profit from Poker Machines</b>	<u><b>1,088,530</b></u>	<u><b>1,087,122</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 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Keno and TAB operations</b>		
<i>Income</i>		
Commissions	82,111	102,050
<i>Less Expenses</i>		
Maintenance	2,435	3,013
Printing, stationery and sundries	15,327	16,813
Promotions	3,741	3,958
Wages	55,837	51,086
Total Expenses	<u>77,340</u>	<u>74,870</u>
<b>Net Profit from Keno and TAB</b>	<b><u>4,771</u></b>	<b><u>27,180</u></b>

**Sailing Activities**

<i>Income</i>		
Boat storage and mooring	45,315	42,322
Sailing academy income	39,531	25,773
Sailing donations and sponsorships	4,722	14,777
Support vessel income	12,905	15,300
Sailing member levy	10,019	12,818
Sub club revenue	42,773	61,380
Total Income	<u>155,265</u>	<u>172,370</u>
<i>Less expenses</i>		
Yacht Association affiliation fee	10,150	10,000
Afternoon teas & BBQ	-	430
Boat registration & insurance	53,591	49,520
Bouy rent	2,968	108
Fuel	2,813	2,451
Operational	27,398	16,357
Prize money, trophies and presentation nights	-	5,598
Repairs & Maintenance	17,761	40,956
Sailing academy expenses	59,620	52,827
Sub club expenses	54,041	65,636
Sundries	17,980	7,122
Total Expenses	<u>246,322</u>	<u>251,005</u>
<b>Net Loss from Sailing Activities</b>	<b><u>(91,057)</u></b>	<b><u>(78,635)</u></b>

This Statement should be read in conjunction with the attached Disclaimer