

Drummoyne Sailing Club Ltd

ABN 19 000 895 705

Financial Statements - 30 June 2020

Drummoyne Sailing Club Ltd

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30 June 2020

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Drummoyne Sailing Club Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the club for the year ended 30 June 2020.

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 (appointed 20 October 2019)
Mr Alexander C R Palmer (resigned 20 October 2019)

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 Ltd
Directors' report
30 June 2020

Review of Operations

In the 8 month period to February 2020, the Club enjoyed buoyant trading conditions and achieved an unaudited profit of \$279,033 and built cash balances of approximately \$1.2M. During the latter half of March 2020, the Covid 19 pandemic resulted in the Government mandating the closure of licensed premises. The Club closed its operations from 23 March 2020 until 9 June 2020 when it resumed trading on a limited basis under strict government rules which limited the number of patrons and the manner in which the Club was allowed to operate. Consequently, the trading since re-opening up to the end of the 30 June 2020 financial year was lower than would have been normally expected.

The financial impact of the closure during the 11 weeks included a near total decline in revenue, whilst many expenses continued to be incurred whether the Club was open for business, or not. Management was able to negotiate with many of the Club's suppliers that resulted in the suspending of contractual payments, taking back inventory or deferring amounts due. There continued to be substantial commitments that could not be mitigated including depreciation, insurance, essential repairs/maintenance and the employment costs of many of our staff. State and Federal Government support packages including Job-keeper, small business grants and waiving of elements of payroll tax and group tax amounted to approximately \$361,250 and enabled the Club to manage its cash position without material depletion while continuing to employ the majority of our staff.

The consequence of the mandated closure and subsequent re-opening on a restricted basis resulted in the Club's profit for the year declining substantially to \$107,991 by the close of the June 2020 financial year. To comply with Government mandated social distancing rules the Club has spent money reconfiguring gaming and dining areas and altered staffing to help ensure we meet the strict Covid compliance requirements.

The outlook for the next financial year remains difficult to predict for the reasons set out in more detail in Note 2 to the Financial Report. The budget for FY 2021 forecasts a modest profit and a rebuilding of the Club's cash position. 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 \$823,428, no debt and undrawn bank facilities of \$500,000.

Information on directors

Name: David V Mitchell
Title: President
Qualifications: Manager Waterfront Construction
Experience and expertise: 6 years as President, 10 years as director and previously 6 years as Commodore.
Special responsibilities: Finance

Name: John M Whitelock
Title: Vice President
Qualifications: Professor and University Academic
Experience and expertise: 2 year as Vice President, 8 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: 5 years as Director
Special responsibilities: Finance

Name: Bruce Ivan Moore
Title: Director
Qualifications: Chartered Accountant and Company Director
Experience and expertise: 5 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: 5 years as Director
Special responsibilities: Marketing

Drummoyne Sailing Club Ltd
Directors' report
30 June 2020

Name: Grant Wakefield
 Title: Director
 Qualifications: Managing Director
 Experience and expertise: 2 years as Director
 Special responsibilities: Marketing

Name: Simon Armstrong-Bunker
 Title: Director (appointed 20 October 2019)
 Qualifications: Master of Business Administration (MBA)
 Experience and expertise: 15 years business management - currently Operations Manager of ABC News and small business owner. Juniors committee member.
 Special responsibilities: Board representative to Sailing Committee

Name: Alexander C R Palmer
 Title: Director (resigned 20 October 2019)
 Qualifications: Company Director
 Experience and expertise: 4 years as Vice President, 10 years as director
 Special responsibilities: Sailing

Meetings of directors

The number of meetings of the club's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Finance sub-committee		Full Board	
	Attended	Held	Attended	Held
David V Mitchell	10	11	12	12
John M Whitelock	-	-	11	12
Tim Valtwies	10	11	11	12
Bruce Moore	11	11	10	12
Kim Henley	-	-	10	12
Grant Wakefield	-	-	9	12
Simon Armstrong-Bunker (appointed 20 October 2019)	-	-	9	9
Alexander C R Palmer (resigned 20 October 2019)	-	-	3	3

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 2020, the total amount members of the club are liable to contribute if the club is wound up is \$40,650 (2019: \$35,040).

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
 24/9/2020 2020

**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 2020 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
Chartered Accountants
ABN 16 021 300 521



Domenic Molluso
Partner

Sydney, 24 September 2020

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Drummoyne Sailing Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Revenue	4	3,773,364	4,582,506
Government stimulus		361,250	-
Expenses			
Cost of goods sold		(687,735)	(814,112)
Direct costs attributable to trading revenue		(1,095,144)	(1,156,809)
Administrative and members expenses		(1,784,009)	(2,109,597)
Depreciation and amortisation expense	5	(459,644)	(472,656)
Finance costs		(91)	(928)
		<hr/>	<hr/>
Surplus before income tax expense		107,991	28,404
Income tax expense		-	-
		<hr/>	<hr/>
Surplus after income tax expense for the year attributable to the members of Drummoyne Sailing Club Ltd		107,991	28,404
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to the members of Drummoyne Sailing Club Ltd		<u>107,991</u>	<u>28,404</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 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	823,428	759,972
Trade and other receivables	7	163,017	102,246
Inventories	8	64,641	81,086
Prepayments		99,237	109,922
Total current assets		<u>1,150,323</u>	<u>1,053,226</u>
Non-current assets			
Property, plant and equipment	9	3,593,511	3,857,007
Intangibles	10	9,561	13,253
Total non-current assets		<u>3,603,072</u>	<u>3,870,260</u>
Total assets		<u>4,753,395</u>	<u>4,923,486</u>
Liabilities			
Current liabilities			
Trade and other payables	11	314,638	501,227
Provisions	12	123,055	224,572
Deferred income	13	39,273	37,022
Total current liabilities		<u>476,966</u>	<u>762,821</u>
Non-current liabilities			
Provisions	15	17,385	12,670
Deferred income	16	47,826	44,768
Total non-current liabilities		<u>65,211</u>	<u>57,438</u>
Total liabilities		<u>542,177</u>	<u>820,259</u>
Net assets		<u>4,211,218</u>	<u>4,103,227</u>
Equity			
Reserves	17	40,302	32,947
Retained surpluses		<u>4,170,916</u>	<u>4,070,280</u>
Total equity		<u>4,211,218</u>	<u>4,103,227</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 2020

	Support Vessel Reserve \$	Retained Surpluses \$	Total equity \$
Balance at 1 July 2018	15,844	4,058,979	4,074,823
Surplus after income tax expense for the year	-	28,404	28,404
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	28,404	28,404
Transfer to support vessel reserve	17,103	(17,103)	-
Balance at 30 June 2019	<u>32,947</u>	<u>4,070,280</u>	<u>4,103,227</u>
	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>

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,114,038	5,199,635
Receipts from Government stimulus packages		285,000	-
Payments to suppliers and employees (inclusive of GST)		<u>(4,172,931)</u>	<u>(4,443,308)</u>
		226,107	756,327
Interest received		3,427	3,537
Finance cost		<u>(91)</u>	<u>(928)</u>
Net cash from operating activities		<u>229,443</u>	<u>758,936</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	<u>(171,522)</u>	<u>(620,555)</u>
Net cash used in investing activities		<u>(171,522)</u>	<u>(620,555)</u>
Cash flows from financing activities			
Repayment of borrowings		-	(23,127)
Sailing advance (net)		<u>5,535</u>	<u>(4,875)</u>
Net cash from/(used in) financing activities		<u>5,535</u>	<u>(28,002)</u>
Net increase in cash and cash equivalents		63,456	110,379
Cash and cash equivalents at the beginning of the financial year		<u>759,972</u>	<u>649,593</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>823,428</u></u>	<u><u>759,972</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 2020

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 24TH SEPTEMBER 2020. 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.

Covid-19 Impact

The COVID-19 pandemic has had a significant impact on the Club's trading for the financial year and while trading recommenced in early June 2020 on a limited basis, the economic outlook remains uncertain and there remain many risks to the Club's trading performance, including but not limited to:

- Potential for current Government employment and business support to be withdrawn before full economic recovery occurs
- Increase in COVID-19 infection rates within NSW and Australia
- COVID-19 reduction in demand for the Club's services, and or, potential interruption to supply chains for the essential inputs to its services
- Pandemic outbreaks amongst the Club's employees, and in particular its management team
- Ongoing intermittent government mandated business closures
- Withdrawal of the existing undrawn banking facilities of \$500,000

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

The financial forecast covering the Club's operations for the ensuing financial year anticipate a modest profit and increase to existing cash reserves of \$1M, and have been prepared on a conservative basis after assessing the likelihood of the above risks and mitigation strategies. Actual 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 financial forecasts which raise the prospect of material permanent impairment of the Club's assets either individually or as a class or raise doubt over the Club's ability to continue as a going concern.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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
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.

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.

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.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on 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.

Drummoyne Sailing Club Ltd
Notes to the financial statements
30 June 2020

Note 4. Revenue

	2020	2019
	\$	\$
Bar sales - clubhouse	1,504,295	1,841,735
Poker machine net clearances	1,406,978	1,761,819
Sub club revenue	33,071	33,222
Bar sales - restaurant	174,261	174,485
Licence fees - restaurant	115,804	144,802
Keno and TAB commission	52,595	86,222
Licence fees and cost recoveries - bistro	120,622	156,120
Functions	86,470	113,605
Member subscriptions	94,223	76,096
Boat storage and mooring	31,015	35,149
Sailing donations/sponsorships	7,059	5,546
ATM commission	18,778	24,265
GST subsidy	17,180	17,180
Sundry income	14,061	12,502
Interest received	3,427	3,537
Sailing academy income	32,639	28,274
Support vessel levy income	16,873	17,103
Sailing member levy income	25,396	24,995
Bingo income	18,617	25,849
	<u>3,773,364</u>	<u>4,582,506</u>

Note 5. Expenses

	2020	2019
	\$	\$
Surplus before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Building	213,450	185,127
Plant and equipment	242,502	283,837
Website	3,692	3,692
	<u>459,644</u>	<u>472,656</u>
<i>Other operating expenses</i>		
Auditor's remuneration - audit services	20,000	20,000
Rental expense on operating lease	2,280	2,120
Superannuation	119,903	130,980
Sub club expense	50,643	25,004
	<u>192,826</u>	<u>178,104</u>

Note 6. Current assets - cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	83,573	130,290
Cash at bank	660,737	561,822
Cash at bank - sub clubs	79,118	67,860
	<u>823,428</u>	<u>759,972</u>

Drummoyne Sailing Club Ltd
Notes to the financial statements
30 June 2020

Note 7. Current assets - trade and other receivables

	2020	2019
	\$	\$
Trade receivables	42,600	67,802
Other receivables	19,167	34,444
Government stimulus receivable	101,250	-
	<u>163,017</u>	<u>102,246</u>

Note 8. Current assets - inventories

	2020	2019
	\$	\$
Finished goods - at cost	<u>64,641</u>	<u>81,086</u>

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

	2020	2019
	\$	\$
Land - at cost	<u>313,000</u>	<u>313,000</u>
Buildings - at cost	5,720,557	5,671,958
Less: Accumulated depreciation	<u>(3,097,427)</u>	<u>(2,883,977)</u>
	<u>2,623,130</u>	<u>2,787,981</u>
Plant and equipment - at cost	2,702,064	2,552,599
Less: Accumulated depreciation	<u>(2,052,183)</u>	<u>(1,804,073)</u>
	<u>649,881</u>	<u>748,526</u>
Capital work in progress	<u>7,500</u>	<u>7,500</u>
	<u><u>3,593,511</u></u>	<u><u>3,857,007</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 2019	313,000	2,787,981	748,526	7,500	3,857,007
Additions	-	48,599	122,923	-	171,522
Disposals	-	-	(1,391)	-	(1,391)
Adjustment prior year	-	-	22,325	-	22,325
Depreciation expense	-	(213,450)	(242,502)	-	(455,952)
Balance at 30 June 2020	<u>313,000</u>	<u>2,623,130</u>	<u>649,881</u>	<u>7,500</u>	<u>3,593,511</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.

Drummoyne Sailing Club Ltd
Notes to the financial statements
30 June 2020

Note 10. Non-current assets - intangibles

	2020	2019
	\$	\$
Website - at cost	18,460	18,460
Less: Accumulated amortisation	<u>(8,899)</u>	<u>(5,207)</u>
	<u><u>9,561</u></u>	<u><u>13,253</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 2019	13,253	13,253
Amortisation expense	<u>(3,692)</u>	<u>(3,692)</u>
Balance at 30 June 2020	<u><u>9,561</u></u>	<u><u>9,561</u></u>

Note 11. Current liabilities - trade and other payables

	2020	2019
	\$	\$
Trade payables	121,156	116,498
Sundry payables and accrued expense	184,528	373,538
Licence fees in advance	<u>8,954</u>	<u>11,191</u>
	<u><u>314,638</u></u>	<u><u>501,227</u></u>

Note 12. Current liabilities - provisions

	2020	2019
	\$	\$
Annual leave	76,562	95,696
Long service leave	<u>46,493</u>	<u>128,876</u>
	<u><u>123,055</u></u>	<u><u>224,572</u></u>

Note 13. Current liabilities - Deferred income

	2020	2019
	\$	\$
Membership fees received in advance	<u>39,273</u>	<u>37,022</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. (2019: \$nil used). The Line of Credit facility is secured by a first registered mortgage over real property located at 2-4 St George Crescent Drummoyne NSW 2047 and a first registered equitable mortgage over the whole of the club's assets and undertakings.

Drummoyne Sailing Club Ltd
Notes to the financial statements
30 June 2020

Note 15. Non-current liabilities - provisions

	2020 \$	2019 \$
Long service leave	<u>17,385</u>	<u>12,670</u>

Note 16. Non-current liabilities - Deferred income

	2020 \$	2019 \$
Membership fees received in advance	<u>47,826</u>	<u>44,768</u>

Note 17. Equity - reserves

	2020 \$	2019 \$
Support vessel reserve	<u>40,302</u>	<u>32,947</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:

	2020 \$	2019 \$
Aggregate compensation	<u>295,933</u>	<u>296,023</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 \$2,479 (2019: \$4,565) comprising of meals: \$1,590, industry membership subscriptions: \$889.

Note 19. Contingent liabilities

During the financial year the Federal Court ruled that a mining industry casual worker engaged under continuous contracts with predictable rosters was to be treated as a permanent employee with entitlements to annual leave and public holidays during shutdowns. Further, the casual leave loading paid to the employee could not be applied to set off these entitlements due to a permanent employee. Whilst this judgement has been appealed, there is a possibility that should this judgement be upheld and apply to the registered club industry, the Club could be liable to current and former casual employees for back pay entitlements. Any potential liability will depend upon matters including further court rulings, possibility of Government intervention to amend the Fair Work Act, and the facts of each individual employee contract including the fact pattern of employment.

Drummoyne Sailing Club Ltd
Notes to the financial statements
30 June 2020

Note 20. Commitments

	2020	2019
	\$	\$
<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	6,270	8,550
	<u>8,550</u>	<u>10,830</u>

Note 21. 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 22. Events after the reporting period

Other than referred to in Note 2, no matter or circumstance has arisen since 30 June 2020 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 2020**

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 2020 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
24/9/2020 2020

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 2020, 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 2020 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 (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 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.

ACCOUNTANTS & ADVISORS

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Level 29, 66 Goulburn Street
Sydney NSW 2000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

Telephone: +61 2 8263 4000
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report and directors' report for the year ended 30 June 2020 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 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 or

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.



William Buck
Chartered Accountants
ABN 16 021 300 521



Domenic Molluso
Partner

Sydney, 24 September 2020

Drummoyne Sailing Club Limited

Disclaimer
30 June 2020

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 2020. 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 2020.

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
Partner

Sydney, 24 September 2020

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

30 June 2020

	2020	2019
	\$	\$
Income		
Net Trading Profit/(Loss)		
- Bar	689,045	851,046
- Poker machine takings	887,953	1,077,792
- Keno and TAB	(11,121)	11,447
- Sailing activities	(111,128)	(99,821)
- Bingo	(10,733)	(4,998)
Functions	86,470	113,605
Membership Fees	94,223	76,096
Licence fee - restaurant	115,804	144,802
Licence fee and cost recoveries - bistro	120,622	156,120
GST Subsidy	17,180	17,180
ATM Commission	18,778	24,265
Interest Received	3,427	3,537
Sundry income	36,386	11,975
Raffles income	49,902	62,566
Government stimulus	361,250	-
	<u>2,348,058</u>	<u>2,445,612</u>
Less Expenses		
Accountancy fees	33,953	34,927
Advertising	15,542	9,744
AGM and Annual Report	1,192	3,229
Asset write off	-	-
Audit fees	20,000	20,000
Badge draw	18,320	23,750
Bank and ATM charges	30,181	28,770
Consultancy fees	5,730	-
Contract cleaning	69,106	80,055
Courtesy bus	11,617	19,239
Depreciation - buildings	213,450	185,127
Depreciation - plant and equipment	123,540	132,998
Depreciation - website	3,692	3,692
Directors' meeting expenses	2,479	4,565
Donations	7,762	11,133
Electricity and gas	104,811	137,512
Entertainment - bands and artists	6,864	21,407
Function expenses	43,210	62,446
General expenses	23,131	17,810
Insurance	108,608	107,097
Interest	91	928
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 2020

	2020	2019
	\$	\$
(continued)		
Legal fees	2,200	-
Licenses and registrations	4,031	3,706
Loss on sale of P&E	-	22,325
Members' entertainment	58,197	77,751
Members' expenses	49,369	61,205
Payroll tax	21,133	35,536
Postage, printing, stationery, computer	46,342	50,980
Raffles	55,174	73,701
Rates - council	14,051	13,836
Rates - water	17,511	21,211
Repairs and maintenance	102,024	90,202
Security	30,356	44,704
Staff amenities	10,560	4,498
Staff training	8,963	13,304
Subscriptions	26,068	42,862
Superannuation	119,903	130,980
Telephone	7,955	8,614
Wages - administration and supervisors	676,280	511,906
Wages - reception	161,992	205,955
Wages - employee entitlements	(96,802)	8,131
Wages - functions	31,319	33,983
Waste disposal and recycling	50,162	57,389
	<u>2,240,067</u>	<u>2,417,208</u>
Profit Before Income Tax	<u>107,991</u>	<u>28,404</u>

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

30 June 2020

	2020	2019
	\$	\$
Bar Trading Statement		
<i>Income</i>		
Bar sales - clubhouse	1,504,295	1,841,735
Bar sales - restaurant	174,261	174,485
	<u>1,678,556</u>	<u>2,016,220</u>
 <i>Less cost of sales</i>		
Opening stock	81,086	84,998
Bar purchases	671,290	810,200
Closing stock	<u>(64,641)</u>	<u>(81,086)</u>
	687,735	814,112
 Gross Profit	<u>990,821</u>	<u>1,202,108</u>
Gross profit % of sales	59%	60%
 <i>Less Expenses</i>		
Bar snacks and Supplies	19,435	25,159
Labour hire - restaurant	(60,970)	(76,618)
Glasses and requisites	4,428	2,829
Wages & salaries	338,883	399,692
 Total Expenses	<u>301,776</u>	<u>351,062</u>
 Net Profit from Bar Trading	<u>689,045</u>	<u>851,046</u>

Poker Machine Trading Statement

Net Clearances	1,406,978	1,761,819
 <i>Less Expenses</i>		
Depreciation	118,962	150,839
Duty	189,303	273,882
Poker machine maintenance and analysis	70,661	43,223
Promotions	49,354	109,494
Repairs and maintenance	19,436	23,816
Wages	71,309	82,773
Total Expenses	<u>519,025</u>	<u>684,027</u>
 Net Profit from Poker Machines	<u>887,953</u>	<u>1,077,792</u>

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

30 June 2020

	2019	2018
	\$	\$
Keno and TAB operations		
<i>Income</i>		
Commissions	52,595	86,222
<i>Less Expenses</i>		
Maintenance	2,513	2,452
Printing, stationery and sundries	9,915	15,183
Promotions	2,156	1,958
Wages	49,132	55,182
Total Expenses	<u>63,716</u>	<u>74,775</u>
Net (Loss) / Profit from Keno and TAB	<u>(11,121)</u>	<u>11,447</u>
Sailing Activities		
<i>Income</i>		
Boat storage and mooring	31,015	35,149
Sailing academy income	32,639	28,274
Sailing donations and sponsorships	7,059	5,546
Support vessel income	16,873	17,103
Sailing member levy	25,396	24,995
Sub club revenue	33,071	33,222
Total Income	<u>146,053</u>	<u>144,289</u>
<i>Less expenses</i>		
Yacht Association affiliation fee	9,690	11,788
Boat registration & insurance	55,261	55,153
Bouy rent	41	3,411
Fuel	4,014	3,656
Operational	28,155	27,398
Prize money, trophies and presentation nights	20,350	25,295
Repairs & Maintenance	37,111	24,567
Sailing academy expenses	60,326	57,499
Sub club expenses	30,293	25,004
Sundries	11,940	10,339
Total Expenses	<u>257,181</u>	<u>244,110</u>
Net Loss from Sailing Activities	<u>(111,128)</u>	<u>(99,821)</u>

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