

**ROYAL MOTOR
YACHT CLUB
OF
NEW SOUTH WALES
LIMITED**

**(A Company Limited by Guarantee)
(ABN: 72 001 040 820)**

**REGISTERED OFFICE
21 WUNULLA ROAD
POINT PIPER NSW 2027
PHONE: (02) 9327 6828**

**114th ANNUAL REPORT
and
ACCOUNTS
as at
30 June 2020**

**ROYAL MOTOR YACHT CLUB
OF
NEW SOUTH WALES LIMITED**

THE HONORARY PATRON – IN – CHIEF

His Excellency General the Honourable David Hurley AC DSC FTSE

PATRON

Her Excellency the Honourable Margaret Beazley AO QC

VICE – PATRON

Rear Admiral Jonathan Mead AM RAN

FLAG OFFICERS

COMMODORE

M.Zammit

VICE COMMODORE

P.Calligeros

REAR COMMODORE

M.Scarf

HONORARY TREASURER

I.Dale

DIRECTORS

N.Webster M.Finkelstein M.Dinte R.Paridis J.Murray

HOUSE COMMITTEE

P.Calligeros
J.Murray
M.Finkelstein

**FINANCE ADMINISTRATION
COMMITTEE**

I.Dale
R.Paridis
M.Finkelstein

MARINE / SAFETY COMMITTEE

P.Calligeros
M.Scarf
N.Webster
M.Dinte
R.Paridis

MEMBERSHIP COMMITTEE

M.Zammit
I.Dale
M.Finkelstein

LIFE MEMBERS

Past Commodore R.W. Mirrington
W. Roche, AM
Past Commodore John M. Barbouttis
Past Commodore Michael R. Tess
Neil Webster

Royal Motor Yacht Club of New South Wales Limited

COMMODORE'S REPORT

Commodore's Report 2020

It is with the greatest of pleasure that I have presided over the Club for the past two years and now present to members the 114th Annual Report for your perusal.

As you are aware, the impact of Covid-19 has affected our community. Our Club has taken this opportunity to revitalise the Marina restaurant area. Major renovations nearing completion include the new lift, necessary deck work and new furniture in the entertainment area which are amongst items that have been upgraded.

I would like to thank the Board for their contribution and dedication to all the work that has been carried out. The Club would not be where it is today, without their commitment and enthusiasm to this project.

It would be amiss if I did not mention our loyal staff who have worked throughout this pandemic. Even when stood down, staff still completed tasks asked of them. On behalf of the Board and members, I wish to thank them.

On a sombre note, the Board notes the passing of Past Commodore and Life Member Ken Gresham. Ken was instrumental in developing the Club, bringing it in line with other prestigious establishments.

Due to Covid-19 distancing restrictions, there will be some limits and boundaries on our social calendar for the coming summer season. This information will be relayed to members via email.

Once again, thank you for your support throughout this period and please enjoy your Club.

Michael Zammit
Commodore

VALE Since the last Annual Report it is with sadness, we note the passing of the following members: Marianne Boyer, Peter Comino, Terence Dalton, Michael Hall, Donald Hay, Narelle Hills, Don Jowell and Michael McMahan.

Royal Motor Yacht Club of New South Wales Limited

HONORARY TREASURER'S REPORT

It is with great pleasure that I present the Club's 114th Annual Report and Financial Statements for the year ended 30 June 2020.

Our operating profit for the year of \$758,548 (2019: \$691,954) resulted after charging borrowing and interest costs of \$128,369 (2019: \$196,867) and depreciation and amortisation of \$495,706 (2019: \$502,183). As you will see from the financials, the company has adopted the mandatory accounting standard *AASB15 Revenue from contracts with customers*, this has resulted in a one-off charge to retained earnings of \$1,434,657 and a net decrease in retained earnings of \$676,109. The chart below illustrates the Club's net profit over the last 12 years.



SUBSCRIPTION INCOME

Our subscription income for the year was \$1,373,650 (2019: \$1,268,316). Below are the membership statistics for the years 2020 and 2019.

MEMBERSHIP

<u>Members</u>	<u>2020</u>	<u>2019</u>
General	1,449	1,447
Boatowners	90	87
Boatowners/Life	2	2
Life	3	4
Honorary	28	24
Junior	59	62
©©	<u>1,631</u>	<u>1,626</u>

HONORARY TREASURER'S REPORT (Continued)

SUBSCRIPTION INCOME

The annual membership subscription fee for members is \$990 (including GST).
The entrance fee has remained \$7,700 (including GST).

MARINA

The net contribution attributable to Marina Trading was a profit of \$584,635 (2019: \$695,316).

LIQUOR TRADING

The net contribution attributable to Liquor Trading was a profit of \$312,756 (2019: \$391,730).

MEMBERS DINING ROOM

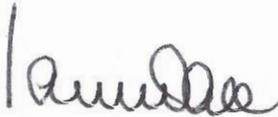
The net contribution attributable to Dining Trading was a loss of \$234,946 (2019: \$211,265 loss)

STATEMENT OF FINANCIAL POSITION

The statement of financial position reflects the members' equity and as at the 30 June 2020 stood at \$10,421,835 (2019: \$11,097,945). The decline is largely as a result of the impact of the adoption of AASB15 *Revenue from contracts with customers* for the first time being an adjustment of \$1,434,657 to retained earnings.

CONCLUSION

I would like to thank all staff for the hard work and effort they have put into the club for many years.



Ian Dale
Honorary Treasurer

Royal Motor Yacht Club of New South Wales Limited
Directors' report
For the year ended 30 June 2020

The directors have pleasure in presenting their report of Royal Motor Yacht Club of New South Wales Limited (the "Company" or "Club") for the year ended 30 June 2020.

Directors

The following persons held office as directors of the company at any time during or since the end of the year and up to the date of this report:

Peter Calligeros, Michael Finkelstein, Matthew J. Scarf, Neil Webster, Michael Zammit, Ian Dale, Michael Dinte, John Murray, and Robert Paradis

Company secretary

The company secretary is Suzanne Helen O'Donnell appointed on 11 November 2014.

Principal activities

The principal activities of the company during the course of the financial year were the operation and maintenance of a motor yacht club and its attendant facilities. There has been no significant change in those activities during the year.

Operating results

The net profit for the year amounted to \$758,548 (2019: \$691,954). This resulted after charging \$495,706 (2019: \$502,183) for depreciation and \$128,369 (2019: \$196,867) for borrowing and interest costs.

Membership

The Club is a company limited by guarantee and without a share capital. The number of members as at 30 June 2020 and the comparison with last year is as follows:

<u>Members</u>	<u>2020</u>	<u>2019</u>
General	1,449	1447
Boat owners	90	87
Boat owners/Life	2	2
Life	3	4
Honorary	28	24
Junior	59	62
	1,631	1,626

Review of operations

	2020	2019
	\$	\$
Total operating revenue	5,653,115	6,073,228
Gross trading profit was as follows:		
Entrance Fee New Membership	198,191	440,250
Sundry income	299,232	35,768
Liquor trading	655,670	852,394
Dining Room trading	399,356	452,495
Interest received	4,538	6,370
Function area income	193,941	280,112
Marina trading	1,551,032	1,561,592
Regalia trading	2,534	1,750

Although the company made a profit of \$758,548, net assets have decreased by \$676,109 from 1 July 2019 to 30 June 2020. The decline is largely as a result of the impact of the adoption of AASB15 *Revenue from contracts with customers* for the first time resulting in an adjustment of \$1,434,657 to retained earnings.

Dividends

The company is a company limited by guarantee and does not have a share capital. No profits are returned to members by way of dividend or otherwise.

Royal Motor Yacht Club of New South Wales Limited
Directors' report (Continued)
For the year ended 30 June 2020

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the accounts.

After balance date events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in subsequent financial years.

Future developments

It is intended to continue the activities and operations of the company on a similar basis to the past financial year.

Auditor

Ernst and Young are the current auditors and have been since 2009.

Environmental issues

The company's operations are subject to various environmental regulations under the law of the Commonwealth and State.

The directors are not aware of any significant breaches during the period covered by this report.

Meetings of directors

The number of directors' meetings (excluding special and sub-committee meetings) and number of meetings attended by each of the directors of the Company during the financial year are:

	Number eligible to attend	Number attended
P. Calligeros	13	11
I. Dale	13	12
M. Finkelstein	13	11
M. Scarf	13	11
N. Webster	13	13
M. Zammit	13	11
M. Dinte	13	13
R.Paridis	13	12
J.Murray	13	12

Indemnification and Insurance of Officers and Auditors

During or since the financial year the company has paid premiums to insure each of the following persons against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as an officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium cannot be disclosed due to policy conditions.

P. Calligeros, I. Dale, M. Finkelstein, M. Scarf, N. Webster, M. Zammit, M. Dinte, R.Paridis and J.Murray

To the extent permitted by Law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) other than a loss resulting for Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

Royal Motor Yacht Club of New South Wales Limited
Directors' report (Continued)
For the year ended 30 June 2020

Directors' benefits

Since the end of the previous financial year no director of the company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company or a related corporation with a director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Short and long term objectives

The short and long term objective is to continue the operation of a social and motor yacht club.

Measurement of Success

Royal Motor Yacht Club of New South Wales Limited focuses on three key areas – Retaining current club membership numbers, renovating and upgrading existing club facilities and where possible providing additional amenities or social activities

Introducing new and additional activities for Club members including new in house promotions, and upgrades to the marina decking and kitchen.

**Royal Motor Yacht Club of New South Wales Limited
Directors' report (Continued)
For the year ended 30 June 2020**

Information on directors

Peter Calligeros
Appointed 26/09/2013
Director 7 years
Company Director

Ian Dale
Appointed 28/10/2015
Director 5 years
Company Director

Michael Finkelstein
Appointed 26/09/2013
Director 7 years
Company Director

Michael Dinte
Appointed 27/10/2016
Director 4 years
Company Director

John Murray
Appointed 29/03/2019
Director 1 year
Company director

Neil Webster B.Ec. LLB
Appointed 29/09/1993
Director 27 years
Company Director

Matthew J. Scarf
Appointed 28/06/2006
Director 14 years
Company Director

Michael Zammit
Appointed 29/09/2005
Director 15 years
Company Director

Robert D.Paridis
Appointed 8/11/2018
Director 2 year
Company Director

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 9 of the financial report.

This report is made in accordance with a resolution of the directors.


M. Zammit
Commodore


I. Dale
Honorary Treasurer

Sydney



**Building a better
working world**

Ernst & Young Services Pty Limited
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Royal Motor Yacht Club of New South Wales Limited

As lead auditor for the audit of the financial report Royal Motor Yacht Club of New South Wales Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Daniel Cunningham
Partner
Sydney
29 September 2020

Royal Motor Yacht Club of New South Wales Limited
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Continuing Operations			
Revenue	3	5,382,577	6,066,858
Interest Income	3	4,538	6,370
JobKeeper subsidy income	3	266,000	-
		<u>5,653,115</u>	<u>6,073,228</u>
Costs of sales			
- Marina trading		(312,669)	(359,417)
- Dining room		(279,627)	(337,792)
- Liquor trading		(377,939)	(474,130)
- Regalia		(1,735)	(2,842)
		<u>(971,970)</u>	<u>(1,174,181)</u>
Gross Profit		<u>4,681,145</u>	<u>4,899,047</u>
Administrative costs	4	(1,984,134)	(2,050,198)
Operating costs	4	(1,663,531)	(1,545,312)
Other costs		<u>(146,563)</u>	<u>(414,716)</u>
Results from operating activities		<u>886,917</u>	<u>888,821</u>
Finance costs	4	<u>(128,369)</u>	<u>(196,867)</u>
Net finance costs		<u>(128,369)</u>	<u>(196,867)</u>
Profit before income tax		<u>758,548</u>	<u>691,954</u>
Income tax expenses	5	<u>-</u>	<u>-</u>
Profit from continuing operations		<u>758,548</u>	<u>691,954</u>
Profit for the period		<u>758,548</u>	<u>691,954</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income for the period		<u>758,548</u>	<u>691,954</u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 14 to 25.

Royal Motor Yacht Club of New South Wales Limited
Statement of Financial Position
As at the 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6	107,614	199,898
Contract assets and other receivables	7	519,899	528,408
Inventories	8	87,476	116,798
Total current assets		<u>714,989</u>	<u>845,104</u>
Non-current assets			
Property, plant and equipment	9	<u>15,346,759</u>	<u>13,868,345</u>
Total non-current assets		<u>15,346,759</u>	<u>13,868,345</u>
Total assets		<u>16,061,748</u>	<u>14,713,449</u>
Current liabilities			
Contract liabilities	10	771,077	457,666
Provisions	12	225,373	252,012
Other liabilities	13	781,748	575,529
Financial liabilities	11	78,230	346,614
Total current liabilities		<u>1,856,428</u>	<u>1,631,821</u>
Non-current liabilities			
Provisions	12	121,057	85,205
Other liabilities	13	1,250,053	-
Financial liabilities	11	2,412,375	1,898,478
Total non-current liabilities		<u>3,783,485</u>	<u>1,983,683</u>
Total liabilities		<u>5,639,913</u>	<u>3,615,504</u>
Net assets		<u>10,421,835</u>	<u>11,097,945</u>
Equity			
Assets revaluation reserve		2,055,803	2,055,803
Retained earnings	15	<u>8,366,032</u>	<u>9,042,142</u>
Total Equity		<u>10,421,835</u>	<u>11,097,945</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 14 to 25.

Royal Motor Yacht Club of New South Wales Limited
Statement of Changes in Equity
For the year ended 30 June 2020

	Asser Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$
At 1 July 2019	2,055,803	9,042,142	11,097,945
Profit for the year	-	758,548	758,548
Transition adjustment AASB 15	-	(1,434,657)	(1,434,657)
At 30 June 2020	2,055,803	8,366,033	10,421,836
At 1 July 2018	2,055,803	8,350,188	10,405,991
Profit for the year	-	691,954	691,954
At 30 June 2019	2,055,803	9,042,142	11,097,945

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 14 to 25.

Royal Motor Yacht Club of New South Wales Limited
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts in the course of operations		6,263,135	6,586,388
Cash payments in the course of operations		-5,683,998	-4,950,933
Interest received	3	4,538	6,370
Finance costs	4	-128,369	-196,867
Net cash provided by operating activities		<u>455,306</u>	<u>1,444,958</u>
Cash flows from investing activities			
Payment for property, plant and equipment		-1,974,119	-386,060
Net cash used in investing activities		<u>-1,974,119</u>	<u>-386,060</u>
Cash flows from financing activities			
Repayment of finance lease principal		9,193	-
Proceeds/(repayment) from borrowings		1,417,336	-1,060,503
Net cash (used)/provided by financing activities		<u>1,426,529</u>	<u>-1,060,503</u>
Net increase/(decrease) in cash held		<u>-92,284</u>	<u>-1,604</u>
Cash and cash equivalents at the beginning of the financial year		199,898	201,503
Cash and cash equivalents at the end of the financial year	6	<u>107,614</u>	<u>199,898</u>

The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 14 to 25.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements
For the year ended 30 June 2020

Note 1. Corporate information

The financial report of Royal Motor Yacht Club of New South Wales Limited (the Company) for the year ended 30 June 2020 was authorised for issue by the Directors on the date of the declaration signed by the directors.

Royal Motor Yacht Club of New South Wales Limited is a company limited by guarantee and without share capital. It is incorporated and domiciled in Australia. The Company is a not-for-profit entity. In accordance with the Constitution the liability of members in the event of the Company being wound up would not exceed \$20 per member.

The nature of the operations and principal activities of the Company are the operation and maintenance of a motor yacht club and its attendant facilities.

Note 2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

The financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars (\$).

(b) Going Concern and Basis of preparation

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2020, the Club's total current liabilities exceeded by total current assets by \$1,141,439 including \$225,772 of unearned income and \$555,976 of subscriptions paid in advance, being non-cash current liabilities that are not due for payment in the 12 months from balance sheet date.

During the financial year, on 23 March 2020 a Public Health Order issued by the NSW Government communicated all Registered Clubs, including Royal Motor Yacht Club, must not be open to members of the public due to risk of spreading COVID-19.

Subsequently on 30 May 2020, in accordance with NSW Government communications, Clubs NSW issued the legislation for Clubs reopening 1 June 2020. The Club reopened albeit at significantly reduced operational activity. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our Company. The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. As of the date of this financial report, the impact of the outbreak generates uncertainty that may cast doubt on the Company's ability to continue as a going concern and the outbreak may have an impact upon our ability to produce a sufficient amount of operating cashflow to maintain a positive cash position.

Given the uncertainty over the extent of the impact of COVID-19 on the operations of the business, management have provided a detailed cash flow forecast to support the going concern assumption to the Directors. The Directors believe that the Club will generate sufficient funds from cash flow from operations and, with access to an additional \$1,720,453 banking facilities at 30 June 2020, will continue to meet its current liabilities as and when they fall due. The Directors are also of the view that the Club's bank will continue to financially support the operations of the Company. Accordingly the financial report has been prepared on a going concern basis as the Directors are of the opinion that it is still appropriate.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. The financial statements have been prepared based upon conditions existing at 30 June 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

(c) Statement of compliance

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting period ended 30 June 2020. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Club) and interpretations.

The financial report complies with Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements
For the year ended 30 June 2020

Note 2. Summary of Significant Accounting Policies (Continued)

(c) **Statement of compliance (Continued)**

New and amended standards and interpretations.

The Club applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income for Not-for-Profit Entities and AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Club.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 118 Revenue and Related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Club adopted AASB 15 using modified retrospective method of adoption. The impact on recognition or measurement in the statement of profit or loss and other comprehensive income, statement of financial position has been summarised below and this has been reflected in the disclosures of the new accounting standard.

Transition Impact of AASB 15 Revenue from contracts with customers upon adoption

Income Statement	Note	
Revenue from contracts with customers	3	-6,609
Increase/ (decrease) in net profit before tax		<u>-6,609</u>
Statement of Financial Position	Note	
Unearned revenue	13	1,441,266
Retained earnings	15	<u>-1,434,657</u>
Increase/ (decrease) in net assets		<u>6,609</u>

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases and it replaces AASB 117 Leases, AASB *Interpretation 4 Determining whether an Arrangement contains a Lease*, AASB *Interpretation 115 Operating Leases-Incentives* and AASB *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Club is the lessor. The Club adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. The Club elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Club applied the standard only to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4 at the date of initial application. The Club also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Club recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Club also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements
For the year ended 30 June 2020

Note 2. Summary of Significant Accounting Policies (Continued)

c) Statement of compliance (Continued)

Based on the above, as at 1 July 2019:

- Right-of-use assets of \$68,314 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of \$68,314 were recognised.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 31 December 2019 as follows:

Operating lease commitments disclosed as at 30 June 2019	251,892
Weighted average incremental borrowing rate as at 1 July 2019 (in %)	3%
Discounted operating lease commitments at 1 July 2019 (using incremental borrowing rate)	244,555
Add:	
Lease payment relating to renewal periods not include in operating leases commitments as at 30 June 2019	-
Less:	
Lease payments relating to operating leases that meet the low value (<\$5,000 USD) and short-term leases (<12 months) criteria at 30 June 2019	- 176,241
Lease liabilities recognised as at 1 July 2019	68,314

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Commercial bills are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

(e) Contract assets and other receivables

Trade receivables, which generally have 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for credit loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Freehold Land - not depreciated
- Buildings (Including bar and restaurant) - over 40 years (prime cost)
- Plant and equipment - over 2.5 to 20 years (prime cost)
- Marinas and pontoons - over 10 to 20 years (diminishing value method)
- Swimming Pool- over 40 years (prime cost)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Note 2. Summary of Significant Accounting Policies (Continued)

(h) Leases

For the year ended 30 June 2019

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.

Company as a lessee

Finance lease that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A lease asset is depreciated over the useful life of the asset. However, there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Club as a lessor

Leases in which the Club does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

For the year ended 30 June 2020

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Club recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets

The Club recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Photocopier and printers - 5 years
- Bottlecycler - 10 years

If ownership of the leased asset transfers to the Club at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 2. Summary of Significant Accounting Policies (Continued)

(h) Leases (Continued)

(ii) Lease Liabilities

At the commencement date of the lease, the Club recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Club and payments of penalties for terminating the lease, if the lease term reflects the Club exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Club uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Club applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(i) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Directors conduct an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in economic conditions, are also monitored to assess indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(l) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(m) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 2. Summary of Significant Accounting Policies (Continued)

(o) Income tax

The Income Tax Assessment Act 1997 (Amended) provides that under the concept of mutuality, companies are only liable for income tax on income derived from non-members and from outside entities. The assessable income of the Company for income tax purposes comprises only certain income deemed to be derived from non-member activities. Conversely, allowable deductions for income tax purposes are limited to certain expenses and statutory deductions.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Significant 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgments

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. If an impairment trigger exists the recoverable amount of the asset is determined.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

(n) Application of new and revised Accounting Standards

New and amended Accounting Standards that are effective for current year

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the club's financial statements.

Impact of application of AASB 15 'Revenue from Contracts with Customers'

The company has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2018. AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 has replaced past revenue recognition guidance including AASB 18 Revenue, AASB 11 Construction Contracts and the related Interpretations.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 2. Summary of Significant Accounting Policies (Continued)

(n) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

(ii) Rendering of services

Revenue from rendering of services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

(iii) Interest income

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.

(iv) Entrance fees

Entrance fees are recognised when the performance obligations are provided in accordance with AASB 15 Revenue from contracts with Customers. Management have calculated the average term of a member (14 years from commencement) and recognised the Entrance Fee revenue evenly over that period, as performance obligations do not differ between financial years.

(v) Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(vi) JobKeeper subsidy income

JobKeeper subsidy income is a government grants which relates to wages and salaries, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The directors of the company have assessed that the revenue from the marina sales, mooring fee and the sale of the food will be recognised at the point in time when control over the corresponding goods and services are transferred to the customer. Revenue from events will be recognised over time as the performance obligation is performed over the term of the event. The company's accounting policy for its revenue stream is disclosed in detailed in Note 2(a) above.

The application of AASB 15 Revenue from contacts with customers has had a significant impact on the financial position of the company. Note 2 (c) provides a summary of the impact on recognition or measurement in the statement of profit or loss and other comprehensive income, statement of financial position has been summarised below and this has been reflected in the disclosures of the new accounting standard and the transition adjustment of \$1,434,657 has been disclosed in Note 15. Retained Earnings.

Note 3. Revenue	2020	2019
	\$	\$
Sale of goods		
– Catering sales	678,983	790,287
– Liquor sales Members Dining Room	668,080	856,958
– Liquor sales Club function centre	339,655	469,566
– Sales of fuel and oil	379,549	425,787
– Regalia sales	4,268	4,592
	<u>2,070,535</u>	<u>2,547,190</u>
Rendering of services		
– Mooring fees and Pen fees	1,481,607	1,495,222
– Subscriptions	1,373,650	1,268,316
– Licence fees	193,941	280,112
– Entrance Fee new membership	198,191	440,250
– Other revenue	64,652	35,768
	<u>3,312,041</u>	<u>3,519,668</u>
Total revenue	<u>5,382,576</u>	<u>6,066,858</u>
Other income		
– Interest revenue	4,538	6,370
– Job Keeper subsidy income	266,000	0
Total revenue and other income	<u>5,653,115</u>	<u>6,073,228</u>

All revenue is derived in Australia. There are no other geographical locations generating revenue for the Company.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 4. Expenses	2020 \$	2019 \$
Administrative costs		
- Salaries and wages	1,683,496	1,627,197
- Superannuation	128,678	147,482
- Accountancy and Audit	57,364	56,193
- Payroll tax	28,734	46,675
- Employee benefits provisions	9,213	110,873
- Insurance Workers Compensation	67,782	49,963
- Legal	-	4,192
- Postage	8,708	7,204
- Filing fees	160	419
	<u>1,984,134</u>	<u>2,050,198</u>
Finance costs		
- Bank fees and charges	71,419	138,618
- Interest	56,950	58,249
	<u>128,369</u>	<u>196,867</u>
Operating costs		
- Depreciation	495,706	502,183
- Repairs and Maintenance	366,529	303,600
- Maritime rental	239,367	141,552
- Electricity and gas	131,937	155,537
- Cleaning and Rubbish removal	114,766	139,338
- Insurance	132,774	120,362
- Rates and Land tax	88,774	90,463
- Members functions	35,389	20,044
- Computer expenses	26,347	26,766
- Stock taking	12,190	15,427
- Telephone	6,178	7,376
- Rental - Equipment	4,297	14,720
- Decorations	4,844	4,584
- Uniforms	1,784	833
- Entertainment	2,649	2,527
	<u>1,663,531</u>	<u>1,545,312</u>
Other cost	<u>146,563</u>	<u>414,716</u>
Note 5. Income tax		
Reconciliation tax expense and accounting profit multiplied by Australia's domestic income tax rate	2020 \$	2019 \$
Accounting profit before tax	758,548	691,954
At the Club's statutory tax rate of 27.5% (2017: 30%)	208,601	190,287
Proportion of income attributable to non-members	435,434	526,899
Proportion of expenses attributed to non-members	-863,390	-924,951
Other items (net)	<u>322,358</u>	<u>398,052</u>
Tax (loss) / profit for the year (before tax loss applied)	<u>103,002</u>	<u>-</u>
Income tax losses brought to account	<u>-103,002</u>	<u>-</u>
Tax losses carried forward	<u>-</u>	<u>-</u>
Income tax expense for the year	<u>-</u>	<u>-</u>

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 5. Income tax (continued)

(a) Tax losses and unrecognised temporary differences

The company has tax losses of \$5,152,859 (2019: \$5,255,861) for which no deferred tax asset is recognised on the balance sheet given that it is not probable that taxable profit will be available against which the tax loss can be utilised.

	2020	2019
Note 6. Cash and cash equivalents	\$	\$
Cash and cash equivalents	<u>107,614</u>	<u>199,898</u>
Note 7. Contract assets and other receivables		
Contract assets	409,976	426,315
Other receivables and prepayments	<u>109,923</u>	<u>102,093</u>
	<u>519,899</u>	<u>528,408</u>
Note 8. Inventories		
Liquor, food and fuel - at cost	82,057	109,644
Regalia – at cost	5,419	7,154
	<u>87,476</u>	<u>116,798</u>

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

	2020 \$	2019 \$
Note 9. Property, plant and equipment		
Freehold land		
At cost	<u>1,200,000</u>	<u>1,200,000</u>
Land adjoining Lot 2		
At cost	<u>2,160,980</u>	<u>2,160,980</u>
Clubhouse, car park, inclinor, recreation and marina area		
At cost	9,217,096	9,217,096
Less accumulated depreciation	<u>(2,350,778)</u>	<u>(2,105,690)</u>
	<u>6,866,319</u>	<u>7,111,406</u>
Marina tender		
At cost	196,909	196,909
Less accumulated depreciation	<u>(185,214)</u>	<u>(177,493)</u>
	<u>11,695</u>	<u>19,416</u>
Marina berths		
At cost	2,639,108	2,639,108
Less accumulated depreciation	<u>(1,657,188)</u>	<u>(1,605,276)</u>
	<u>981,920</u>	<u>1,033,832</u>
Plant, furniture and equipment		
At cost	2,333,737	2,274,235
Less accumulated depreciation	<u>(2,146,882)</u>	<u>(2,061,842)</u>
	<u>186,855</u>	<u>212,393</u>
Swimming pool, infrastructure and landscaping		
At cost	689,527	689,527
Less accumulated depreciation	<u>(363,781)</u>	<u>(346,543)</u>
	<u>325,746</u>	<u>342,984</u>
Bar and restaurant refurbishment		
At cost	2,661,264	2,590,426
Less accumulated depreciation	<u>(915,764)</u>	<u>(840,389)</u>
	<u>1,745,500</u>	<u>1,750,037</u>
Marina decking		
At cost	<u>1,775,464</u>	<u>-</u>
Right-of-use assets		
At cost	<u>68,314</u>	<u>-</u>
Less accumulated depreciation	<u>(13,331)</u>	<u>-</u>
	<u>54,983</u>	<u>-</u>
Glassware, crockery and cutlery		
At cost	<u>37,297</u>	<u>37,297</u>
	<u>15,346,759</u>	<u>13,868,345</u>

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 9. Property, plant and equipment (Continued)

Reconciliation of Carrying Amounts at the Beginning and End of period

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year.

<u>2020</u>	Carrying Amount at Beginning of Year	Additions	Disposals	Depreciation Expense	Carrying Amount at End of Year
Freehold land	1,200,000	-	-	-	1,200,000
Land adjoining Lot 2	2,160,980	-	-	-	2,160,980
Clubhouse, car park, inclinators, recreation and marina area	7,111,406	-	-	245,087	6,866,319
Marina tender	19,417	-	-	7,721	11,696
Marina berths	1,033,832	-	-	51,912	981,920
Plant, furniture and equipment	212,393	59,502	-	85,041	186,854
Swimming pool, infrastructure and landscaping	342,984	-	-	17,238	325,746
Bar and restaurant refurbishment	1,750,037	70,838	-	75,376	1,745,500
Marina decking	-	1,775,464	-	-	1,755,464
Right-of-use assets	-	68,314	-	13,331	54,983
Glassware, crockery and cutlery	37,297	-	-	-	37,297
	<u>13,868,345</u>	<u>1,974,119</u>	<u>-</u>	<u>495,706</u>	<u>15,346,759</u>

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

	2020	2019
	\$	\$
Note 10. Payables		
Trade creditors	705,693	306,720
Other payables	65,384	150,946
	<u>771,077</u>	<u>457,666</u>
Note 11. Financial liabilities		
Current		
Bank bill business loan with redraw (Note 17)	66,368	346,614
Lease Liability	11,862	-
	<u>78,230</u>	<u>346,614</u>
Non-current		
Bank bill business loan with redraw (Note 17)	2,363,179	1,898,478
Lease Liability	49,196	-
	<u>2,412,375</u>	<u>1,898,478</u>
Note 12. Provisions		
Current		
Employee benefits	225,373	252,012
Non-current		
Employee benefits	121,057	85,205
	<u>121,057</u>	<u>85,205</u>
Note 13. Other liabilities		
Current		
Unearned income	225,772	-
Subscriptions in Advance	555,976	575,529
	<u>781,748</u>	<u>575,529</u>
Non-current		
Unearned income	1,250,053	-
	<u>1,250,053</u>	<u>-</u>

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 14. Capital Commitments and Contingencies

	2020	2019
	\$	\$
Capital commitments as at 30 June are as follows:		
	<u>253,431</u>	<u>251,892</u>

In the financial year, the Club entered into a contract with New England Constructions to refurbish the marina decking and provide a new kitchen on the marina and new lift for a total of \$914,814 + GST plus variations. There remains \$253,431 contractually committed at 30 June 2020.

Note 15. Retained earnings

Retained profits at the beginning of the financial year	9,042,142	8,350,188
Transition to AASB15 Revenue standard adjustment	(1,434,657)	-
Net profit attributable to members of the company	<u>758,548</u>	<u>691,954</u>
Retained profits at the end of the financial year	<u>8,366,033</u>	<u>9,042,142</u>

Note 16. Related party disclosures

a) Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Peter Calligeros, Michael Finkelstein, Matthew J. Scarf, Neil Webster, Michael Zammit, Martin Hill, Ian Dale, Michael Dinte, John Murray and Suzanne Helen O'Donnell.

b) Transactions with key management personnel

No director of the Company receives any remuneration or retirement benefit.

c) Other key management personnel transactions with the Company

No key management personnel have entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving key management personnel interest existing at year-end. The directors of the Company may purchase goods, pay pen fees for marina usage, or participate in other Club activities. These transactions are on the same terms and conditions no more favourable than those available to other parties.

d) Loans to Key Management Personnel

There are no loans between key management personnel and the Company.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 17. Bank Facilities

The Company's borrowing facilities as at 30 June 2020, consists of Bank bill business loan with redraw facilities and bank overdraft facility, all of which are with Westpac Banking Corporation and are secured by a Registered Mortgage over 21 Wunulla Road, Point Piper and a mortgage debenture over all company assets. The bank bill facility of \$4,000,000 has an interest rate of 4.75% and expiration date is 31/12/2022. The bank overdraft facility has an interest rate of 8% with an annual review but payable on demand.

The funding facilities available are as follows:

	2020	2019
	\$	\$
Total facilities		
- Bank overdraft	150,000	150,000
- Bank bill business loan with redraw	<u>4,000,000</u>	<u>4,000,000</u>
	<u>4,150,000</u>	<u>4,150,000</u>
Facilities used at reporting date		
- Bank overdraft	-	-
- Bank bill business loan with redraw	<u>2,429,547</u>	<u>2,245,092</u>
	<u>2,429,547</u>	<u>2,245,092</u>
Facilities unused at reporting date		
- Bank overdraft	150,000	150,000
- Bank bill business loan with redraw	<u>1,570,453</u>	<u>1,754,908</u>
	<u>1,720,453</u>	<u>1,904,908</u>

Note 18. Membership Liability

The Company is a company limited by guarantee under the Corporations Law and does not have any share capital. In accordance with the Constitution of the Company every member undertakes to contribute such amount (not exceeding \$20.00) as may be required in the event of the winding up of the Company during the time that he or she is a member or within one year thereafter. At 30 June 2020, there were 1,631 members.

Note 19. Segment Reporting

The principal activity of the Company is the operation and maintenance of a motor yacht club and its attendant facilities. The company operated from only one location being Point Piper, New South Wales, Australia.

Note 20. Contingent Liability

	2020	2019
	\$	\$
Bank guarantee: Roads and Maritime Services	<u>26,750</u>	<u>26,750</u>

Note 21. Core Property

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Club defines property as follows:

	2020	2019
	\$	\$
Core Property	<u>15,055,929</u>	<u>13,599,239</u>

Core property includes the defined premises of the club and any facilities provided for the Club members. Accordingly, all property occupied by the Club is defined as core property.

Royal Motor Yacht Club of New South Wales Limited
Notes to the financial statements (Continued)
For the year ended 30 June 2020

Note 22. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in subsequent financial years.

Royal Motor Yacht Club of New South Wales Limited
For the year ended 30 June 2020

Directors' Declaration

In accordance with a resolution of the directors of Royal Motor Yacht Club of New South Wales Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



M. Zammit
Commodore



I. Dale
Honorary Treasurer

Sydney

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Ernst & Young Services Pty Limited
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Royal Motor Yacht Club of New South Wales Limited

Opinion

We have audited the financial report of Royal Motor Yacht Club of New South Wales Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

The other information comprises the Director's Report, Treasurer's Report, Income and Expenditure Account and Trading Statement accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature of 'Daniel Cunningham' in black ink.

Daniel Cunningham
Partner
Sydney
29 September 2020



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Disclaimer on additional financial information

The additional financial information, being the attached Income and Expenditure and Trading Statements, has been compiled by the management of Royal Motor Yacht Club of New South Wales Limited.

No audit or review has been performed by us and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Royal Motor Yacht Club of New South Wales Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham' in a cursive style.

Daniel Cunningham
Partner
Sydney
29 September 2020

Royal Motor Yacht Club of New South Wales Limited
Income and Expenditure Account
For the year ended 30 June 2020

	2020	2019
	\$	\$
INCOME		
Subscriptions	1,373,650	1,268,316
Net Income from Liquor Trading Statement	312,756	391,730
Net Loss from Members Dining Room Trading Statement	(234,946)	(211,265)
Net Income from Marina Trading Statement	584,635	695,316
Net Income from Regalia	1,647	1,540
Entrance / Joining fees	201,191	440,250
Sundry income	299,232	35,768
	<u>2,538,165</u>	<u>2,621,655</u>
EXPENSES		
Administration – salaries and wages	302,683	292,651
Accounting fees	27,750	27,750
Advertising	-	28,443
Audit fees	29,614	58,249
Bad debts	-	28,262
Bank charges	56,950	139,338
Cleaning & rubbish removal	114,766	
Club Raft Up	6,230	26,766
Computer charges	26,347	8,960
Consultants Fees	26,130	369
Depreciation	301,195	364,015
Other expense	59,502	
Donations	25,350	90,000
Electricity and gas	9,895	12,874
Election costs	-	
Filing fees	160	419
Flowers and decorations	4,844	4,584
Entertainment	2,649	2,527
Gymnasium	20,951	33,594
Gymnasium – salaries	125,123	92,892
Insurance	136,825	112,551
Interest	71,419	138,618
Legal and associated costs	-	4,192
Licensing fees and taxes	2,516	9,437
	<u>1,350,898</u>	<u>1,476,491</u>
Balance c/f		

Royal Motor Yacht Club of New South Wales Limited
Income and Expenditure Account (Continued)
For the year ended 30 June 2020

	2020	2019
	\$	\$
<i>Balance b/f</i>	1,350,898	1,476,491
Members functions	26,614	20,044
Night patrol	1,465	2,165
Open day	3,900	7,677
Payroll tax	28,734	46,675
Postage	8,849	7,204
Printing and stationery	14,193	25,307
Provision for employee entitlements	82,248	32,723
Rates and taxes	88,774	90,463
Rental	(6,78)	9,180
Repairs and maintenance	112,096	103,688
Security	11,822	51,105
Staff training	351	8,770
Staff amenities	3,226	1,297
Subscriptions	478	434
Sundry expenses	9,857	9,105
Superannuation contributions	33,880	34,554
Telephone	6,178	7,376
Travelling	696	980
Uniforms	575	833
	<u>1,784,156</u>	<u>1,936,071</u>
TRADING PROFIT	<u>754,009</u>	<u>685,584</u>
OTHER INCOME		
Interest received	<u>4,538</u>	<u>6,370</u>
OPERATING PROFIT	<u><u>758,547</u></u>	<u><u>691,954</u></u>

Royal Motor Yacht Club of New South Wales Limited
Trading Statement
For the year ended 30 June 2020

	2020	2019
	\$	\$
LIQUOR TRADING STATEMENT		
Liquor sales members dining room	668,262	856,958
Liquor sales Club Function centre	339,655	469,566
Sundry income	25,784	-
	<u>1,033,609</u>	<u>1,326,524</u>
Opening stock	77,796	88,491
Purchases	<u>362,708</u>	<u>463,435</u>
	440,504	551,926
Closing stock	<u>(62,565)</u>	<u>(77,796)</u>
Cost of sales	<u>377,939</u>	<u>474,130</u>
Gross profit	<u>655,670</u>	<u>852,394</u>
EXPENSES		
Electricity	46,178	52,967
Provision for employee entitlements	(7,672)	24,440
Rental	4,975	5,540
Repairs and maintenance	18,207	16,372
Stocktaking fees	12,190	15,427
Sundry expenses	3,557	354
Superannuation contributions	15,664	22,496
Caterer's cost	62,917	72,920
Wages	<u>186,896</u>	<u>250,148</u>
Total expenses	<u>342,913</u>	<u>460,664</u>
NET INCOME	<u><u>312,756</u></u>	<u><u>391,730</u></u>

Royal Motor Yacht Club of New South Wales Limited
Trading Statement (Continued)
For the year ended 30 June 2020

	2020	2019
	\$	\$
MEMBERS' DINING ROOM AND CLUB FUNCTION TRADING STATEMENT		
Catering income	<u>678,983</u>	<u>790,287</u>
Opening stock	4,874	5,171
Purchases	279,113	337,495
Closing stock	<u>(4,360)</u>	<u>(4,874)</u>
Cost of sales	<u>279,627</u>	<u>337,792</u>
Gross profit	<u>399,356</u>	<u>452,495</u>
EXPENSES		
Advertising – Catering	668	1,897
Depreciation	75,376	75,342
Electricity and gas	23,089	27,299
Glassware / Crockery	2,163	1,544
Laundry	18,898	26,101
Provision for employees entitlement	(62,812)	44,641
Repairs and maintenance	19,689	14,470
Staff amenities	-	
Sundry expenses	8,249	13,797
Superannuation contributions	52,462	62,753
Uniform	1,169	
Wages	<u>689,292</u>	<u>676,029</u>
	<u>828,243</u>	<u>943,873</u>
LOSS FROM TRADING	(428,887)	(491,377)
Function license fee	<u>193,941</u>	<u>280,112</u>
NET LOSS	<u>(234,946)</u>	<u>(211,265)</u>

Royal Motor Yacht Club of New South Wales Limited
Trading Statement (Continued)
For the year ended 30 June 2020

	2020	2019
	\$	\$
MARINA TRADING STATEMENT		
Sales - fuel and oil	379,549	425,787
Opening stock	26,973	16,533
Purchases	300,827	369,857
	<u>327,800</u>	<u>386,390</u>
Closing stock	(15,132)	(26,973)
Cost of sales	<u>312,668</u>	<u>359,417</u>
Net Profit from fuel & oil	66,881	66,370
Mooring/Marina fees	56,658	1,356,886
Pen fees	1,424,949	138,336
Sundry income	<u>2,544</u>	<u>-</u>
Gross profit	<u>1,551,032</u>	<u>1,561,592</u>
EXPENSES		
Depreciation - marina berths	51,912	54,670
Depreciation - marina tender	7,721	8,156
Electricity and gas	52,775	62,397
Insurance	63,732	57,774
Provision for employee entitlements	(2,552)	9,069
Repairs and maintenance	216,537	169,070
Sundry expenses	6,001	20,432
Superannuation contributions	26,671	27,679
Wages – boatmen	304,193	315,477
Uniform	40	-
Waterways Authority rental	<u>239,367</u>	<u>141,552</u>
	<u>966,397</u>	<u>866,276</u>
NET INCOME	<u>584,635</u>	<u>695,316</u>

	2020	2019
	\$	\$
REGALIA TRADING STATEMENT		
Sales - Regalia	4,268	4,592
Opening stock	7,154	8,246
Purchases	-	1,750
Closing stock	<u>(5,419)</u>	<u>(7,154)</u>
Cost of sales	<u>1,735</u>	<u>2,842</u>
Gross profit	<u>2,534</u>	<u>1,750</u>
Expenses		
Sundry expense	<u>887</u>	<u>210</u>
NET INCOME	<u>1,647</u>	<u>1,540</u>

