

Gosford Sailing Club Ltd

ABN 64 000 703 462

Annual Report - 30 April 2016

Gosford Sailing Club Ltd
Contents
30 April 2016

Directors' report	2
Auditor's independence declaration	6
Independent auditor's report to the members of Gosford Sailing Club Ltd	7
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	26

Gosford Sailing Club Ltd
Directors' report
30 April 2016

The directors present their report, together with the financial statements, on the company for the year ended 30 April 2016.

Directors

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

Mr. Geoffrey Jollow
Mr. Graeme Sheldon
Mr. Darren Casey
Mr. Paul Gulliksen
Mr. Brent Connor
Mr. David Slingsby
Mr. Richard Bridge
Mr. Mark Robson (appointed 9 August 2015)
Mr. Roy Leslie (appointed 9 August 2015)
Mr. Matthew Moore (resigned 9 August 2015)
Mr. Steve Laing (resigned 9 August 2015)

Objectives

Short Term Objectives

Our short term objectives are to provide for members and guests a social sailing and sporting club with all the usual sailing facilities. We also aim to maintain profitability to improve the facilities for use by members and guests.

Long Term Objectives

Our long term objective is to promote, manage, conduct and control sailing and racing within the district of Gosford and elsewhere.

Strategy for achieving the objectives

To achieve the objectives outlined above, the company has adopted the following:

- Increase memberships
- Provide high standard facilities and service to our members and guest
- Continue with the Club's building and renovation program to upgrade the facilities.
- Promotion of the corporate sailing facility
- Continued efforts into progress of the marina expansion including expanding club's licensed "land and water" based footprint.
- Continued employment of a professional sailing manager.

Principal activities

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

- promoting and conducting sailing activities for members and guests.

No significant change in the nature of these activities occurred during the year.

Performance measures

The entity measures performance against the Standard Club Industry performance indicators. The indicators used include, but are not limited to, gross profit percentages, wage percentages, EBIT and EBITDA.

Continued analysis of cash flow requirements for business operations.

Significant Changes in the year

In April 2015, climatic conditions caused damage to the marina which was covered by insurance and will enable enhanced structural work to occur to strengthen the marina. At the time of this report, all repair works are nearing completion. Stage one of the Club refurbishment was completed in November 2015 and has resulted in a significant increase in patronage and revenue in bar and gaming operations.

No other significant changes in the company's state of affairs occurred during the financial year.

Gosford Sailing Club Ltd
Directors' report
30 April 2016

Future Developments

The future developments of Gosford Sailing Club Ltd include, but are not limited to, the following:

- Consolidate sound financial trading and cash flow position for the club;
- Continue to develop the Club's Sailing Academy;
- Re-development of the Clubhouse including refurbishment of upstairs lounge areas and the development of a new bar, lounge, and deck area on the ground floor; and
- Consideration of an extension to the lease area in which the Club is located to help future proof the Club and a possible extension of the Club's marina.

Environmental issues

The Directors believe the company has complied with all significant environmental regulations under a law of the Commonwealth or of a state or territory.

Information on directors

Name: Mr Darren Casey
Qualifications: Company Director
Special responsibilities: President

Name: Mr Geoffrey Jollow
Qualifications: Retired Police Officer
Special responsibilities: Director

Name: Mr Graeme Sheldon
Qualifications: Company Director
Special responsibilities: Vice President

Name: Mr Mark Robson (appointed 9 August 2015)
Qualifications: Maintenance Manager
Special responsibilities: Director

Name: Mr Paul Gulliksen
Qualifications: IT Professional
Special responsibilities: Commodore

Name: Mr Roy Leslie (appointed 9 August 2015)
Qualifications: Company Owner / Director
Special responsibilities: Director

Name: Mr Brent Connor
Qualifications: Chartered Accountant
Special responsibilities: Director

Name: Mr David Slingsby
Qualifications: Private company director
Special responsibilities: Director

Name: Mr Richard Bridge
Qualifications: School teacher
Special responsibilities: Director

Name: Mr Mathew Moore (resigned 9 August 2015)
Qualifications: Company Director
Special responsibilities: Director

Name: Mr Steven Laing (resigned 9 August 2015)
Qualifications: Carpenter
Special responsibilities: Director

Gosford Sailing Club Ltd
Directors' report
30 April 2016

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 April 2016, and the number of meetings attended by each director were:

	Full Board Attended	Held
Mr. Darren Casey	12	13
Mr. Geoffrey Jollow	12	13
Mr. Graeme Sheldon	12	13
Mr. Paul Gulliksen	13	13
Mr. Matthew Moore (resigned 9/8/2015)	3	3
Mr. Brent Connor	13	13
Mr. Steve Laing (resigned 9/8/2015)	3	3
Mr. David Slingsby	12	13
Mr. Richard Bridge	12	13
Mr. Mark Robson (appointed 9/8/2015)	8	9
Mr. Roy Leslie (appointed 9/8/2015)	6	9

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

Contributions on winding up

In the event of the company being wound up, the constitution states that members are required to contribute \$2 each towards meeting the outstanding obligations of the Club.

Total number of members at the end of the financial year is 5,697 (2015: 4,901).

Dividends

The Corporations Law prohibits a Company Limited by Guarantee from paying dividends.

Share in Companies

The company does not hold shares in any related company or corporation.

Indemnifying Officer or Auditor

During the year, the Company effected a Directors & Officer's liability policy. The insurance policy provides cover for the Directors named in this report, the company secretary, officers and former Directors & Officers of the company.

This policy prohibits the disclosure of the nature of the Indemnification and the insurance cover, and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

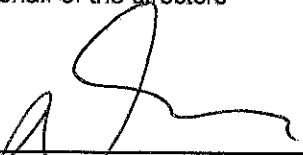
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Gosford Sailing Club Ltd
Directors' report
30 April 2016

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

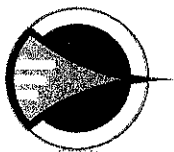


Mr Darren Casey
Director



Mr Brent Connor
Director

28 June 2016



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INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF GOSFORD SAILING CLUB LIMITED

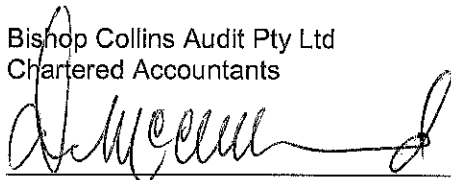
We hereby declare that to the best of our knowledge and belief during the year ended 30 April 2016, there have been:

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

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


David McClelland

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

28 June 2016



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

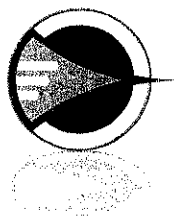
LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Registered Company Auditors: David A McClelland FCA

Glenn A Harris CA

Martin Le Marchant CA



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOSFORD SAILING CLUB LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gosford Sailing Club Limited which comprises the statement of financial position as at 30 April 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

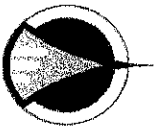
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.



CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION





Auditor's Opinion

In our opinion:

- (a) the financial report of Gosford Sailing Club Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 30 April 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Emphasis of Matter

We draw attention to Note 2 "Going Concern" of the financial report, and specifically to the "Marina facility" disclosure in Note 3 of the financial report, which describes uncertainty related to the company's ability to continue as a going concern and therefore whether it will be able to pay its debts including the marina deposits as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Our opinion is not qualified in respect of this matter.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor



David McClelland

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

28 June 2016

Gosford Sailing Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 April 2016

	Note	2016 \$	2015 \$
Revenue	4	2,211,469	1,991,893
Other income	5	511,114	48,538
Expenses			
Changes in inventories		1,421	(2,438)
Cost of goods sold		(474,328)	(419,296)
Audit and accounting expenses		(20,311)	(16,525)
Advertising expenses		(30,530)	(44,522)
Employee benefits expense		(661,936)	(596,085)
Bad and doubtful debts expense		-	(4,040)
Depreciation and amortisation expense		(144,955)	(165,106)
Entertainment expenses		(56,793)	(56,405)
Boat and sailing expenses		(66,469)	(63,260)
Cleaning expenses		(48,012)	(50,307)
Department of primary industries, catchments and lands		(83,717)	(81,589)
Utilities expenses		(45,735)	(51,910)
Finance costs		(6,739)	(8,009)
Hire of equipment		(27,944)	(28,566)
Insurance expenses		(66,096)	(64,755)
Members amenities		(28,205)	(28,405)
Members draw and raffle expenses		(31,231)	(37,964)
Poker machine rental expenses		(5,292)	(14,994)
Rates and taxes		(22,250)	(15,703)
Repairs and maintenance expenses		(179,385)	(56,526)
Loss on disposal of assets		(402,522)	-
Security expenses		(16,909)	(15,582)
Subscriptions and licences expenses		(29,361)	(26,666)
Computer expenses		(18,273)	(12,213)
Presentation and sailing drinks expenses		(25,539)	-
Sponsorship expenses		(7,313)	(2,095)
Other expenses		(133,333)	(139,095)
Surpluses before income tax expense		90,826	38,375
Income tax expense		-	-
Surpluses after income tax expense for the year attributable to the members of Gosford Sailing Club Ltd	21	90,826	38,375
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Movement in reserves		(4,050)	(3,699)
Other comprehensive income for the year, net of tax		(4,050)	(3,699)
Total comprehensive income for the year attributable to the members of Gosford Sailing Club Ltd		<u>86,776</u>	<u>34,676</u>

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

Gosford Sailing Club Ltd
Statement of financial position
As at 30 April 2016

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	6	479,267	331,149
Trade and other receivables	7	160,575	40,457
Inventories	8	41,904	40,483
Other	9	10,654	11,268
Total current assets		<u>692,400</u>	<u>423,357</u>
Non-current assets			
Other financial assets	10	750	750
Property, plant and equipment	11	2,223,958	1,972,246
Intangibles	12	217,354	217,354
Total non-current assets		<u>2,442,062</u>	<u>2,190,350</u>
Total assets		<u>3,134,462</u>	<u>2,613,707</u>
Liabilities			
Current liabilities			
Trade and other payables	13	546,272	126,760
Borrowings	16	48,813	153,119
Employee benefits	18	98,774	70,296
Marina deposits	14	729,800	829,200
Other	15	179,626	121,224
Total current liabilities		<u>1,603,285</u>	<u>1,300,599</u>
Non-current liabilities			
Borrowings	17	215,641	84,180
Employee benefits	19	11,482	11,650
Total non-current liabilities		<u>227,123</u>	<u>95,830</u>
Total liabilities		<u>1,830,408</u>	<u>1,396,429</u>
Net assets		<u>1,304,054</u>	<u>1,217,278</u>
Equity			
Sailing reserves	20	15,442	19,492
Retained surpluses	21	1,288,612	1,197,786
Total equity		<u>1,304,054</u>	<u>1,217,278</u>

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

Gosford Sailing Club Ltd
Statement of changes in equity
For the year ended 30 April 2016

	Sailing reserves \$	Accumulated funds \$	Total equity \$
Balance at 1 May 2014	23,191	1,159,411	1,182,602
Surpluses after income tax expense for the year	-	38,375	38,375
Other comprehensive income for the year, net of tax	(3,699)	-	(3,699)
Total comprehensive income for the year	(3,699)	38,375	34,676
Balance at 30 April 2015	<u>19,492</u>	<u>1,197,786</u>	<u>1,217,278</u>
	Sailing reserves \$	Accumulated funds \$	Total equity \$
Balance at 1 May 2015	19,492	1,197,786	1,217,278
Surpluses after income tax expense for the year	-	90,826	90,826
Other comprehensive income for the year, net of tax	(4,050)	-	(4,050)
Total comprehensive income for the year	(4,050)	90,826	86,776
Balance at 30 April 2016	<u>15,442</u>	<u>1,288,612</u>	<u>1,304,054</u>

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

Gosford Sailing Club Ltd
Statement of cash flows
For the year ended 30 April 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,850,995	2,204,231
Payments to suppliers (inclusive of GST)		<u>(2,289,533)</u>	<u>(2,019,474)</u>
		561,462	184,757
Interest received		169	1,403
Interest and other finance costs paid		(6,739)	(8,009)
Insurance recovered		<u>369,310</u>	<u>-</u>
Net cash from operating activities		<u>924,202</u>	<u>178,151</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	(799,189)	(112,446)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>15,450</u>
Net cash used in investing activities		<u>(799,189)</u>	<u>(96,996)</u>
Cash flows from financing activities			
Proceeds from borrowings		158,828	97,547
Repayment of borrowings		(131,673)	(75,345)
Payments from reserves		<u>(4,050)</u>	<u>(3,699)</u>
Net cash from financing activities		<u>23,105</u>	<u>18,503</u>
Net increase in cash and cash equivalents		148,118	99,658
Cash and cash equivalents at the beginning of the financial year		<u>331,149</u>	<u>231,491</u>
Cash and cash equivalents at the end of the financial year	6	<u>479,267</u>	<u>331,149</u>

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

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 1. General information

The financial statements cover Gosford Sailing Club Ltd (a company limited by guarantee) as an individual entity. The financial statements are presented in Australian dollars, which is Gosford Sailing Club Ltd's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 June 2016. 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, revised or amending Accounting Standards and Interpretations adopted

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

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company'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.

Going Concern

As at 30 April 2016, the company's current liabilities (\$1,603,285) exceed its current assets (\$692,400) by \$910,885. The Club's liquidity ratio is below 1 which represents a risk to the Club's ability to meet its current obligations as and when they fall due and payable.

Notwithstanding this, the directors have prepared the financial report on a going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business. The directors consider the going concern basis appropriate in consideration of the following:

- The Company's financial performance has improved during the 2015/16 year. This improvement is the realisation of operational changes effected and the rationalisation of operating expenditure.
- Obligations of the Club, including that to the ATO, creditors and financiers are being met in accordance with their normal payment terms.
- The Club has entered into unsecured loans with the members and directors. The terms of the loans include repayment in 3 years time.
- Since the creation of the marina facility, the Club held the initial security deposits for 29 berths. In 2014, the Club has adopted an alternate berthing agreement the terms of which include the reduction of the liability of the held deposits and the Club becoming the Licence holder of relinquished berths as they become available. As at the date of this report, Gosford Sailing Club Limited has acquired 8 out of 29 berths. The remaining 21 original marina security deposit liability equates to \$729,800 (including waiting list deposits). The 8 acquired berths' licence fee balance of \$153,005 as at 30 April 2016 is recognised as other current liabilities (refer to Note 15).
- It is not anticipated that employee entitlements of \$98,774 will be extinguished by 30 April 2017.
- The Club has benefited from the continued financial support of its banks, members and directors.

Note 2. Significant accounting policies (continued)

The board is of the opinion that the going concern basis for preparation of this financial report is appropriate.

Revenue recognition

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

Revenue from the rendering of a good or service is recognised upon the delivery of the good or service to customers.

Poker machine revenue is stated net of payouts.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Commissions and sailing revenue are recorded on a cash basis when received.

Membership income is recognised on a proportional basis in comparison to the future costs associated with the income.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax

As the company is a club established for the encouragement of a sport in terms of subsection 50-45 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

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

Inventories

Stock on hand is stated at the lower of cost and net realisable value.

Financial Assets

Financial assets are initially recognised on the cost basis, including acquisition charges associated with the financial assets. The carrying amounts of financial assets are reviewed annually by the directors. The recoverable amounts are assessed from the quoted market value for shares in listed companies or the underlying net assets for other non listed corporations. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts, unless otherwise stated.

Note 2. Significant accounting policies (continued)

Property, plant and equipment

Property

The company has an occupancy lease from the Department of Primary Industries, Catchments and Lands which commenced on 22 June 1998. The Department has granted a lease period of 40 years from that date.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements, which is shorter. The land on which the Clubhouse is built is on perpetual lease with 18 years remaining.

The company holds another lease agreement with the Department of Primary Industries, Catchments and Land over the land on which the marina is situated on. The lease period is over 31 years commencing on 1 June 2007.

Property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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:

Building renovations	40 years
Club boats and motors	2-10 years
Poker machines	3-8 years
Furniture and fittings	5-10 years
Plant and equipment	5-10 years
Floor coverings	10 years
Kitchen improvements	5 years
Kitchen equipment	5 years
Marina leasehold improvements	30 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. 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 profits.

Leases

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

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

Note 2. Significant accounting policies (continued)

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

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

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Poker machine entitlements

Poker machine entitlements are recorded at cost and have been recorded as intangible assets in the balance sheet.

The Club has determined that the intangible assets, poker machine entitlements, have an indefinite useful life. The reason being that there is no time frame for the entitlements to be handed back. The entitlements have been in place since 1 July 2000 and there is no indication of the entitlement being lost.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Finance costs

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are 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 currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred. The entity has no legal obligation to provide benefits to employees on retirement.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Tax exemption

The Club is expecting the income tax exemption under Section 50-45 of the Income Tax Assessment Act 1997 to continue.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Marina Facility

Since the creation of the marina facility, the club held the initial security deposits for 29 berths. In 2014, the club has adopted an alternate berthing agreement which over time reduces the liability of the held deposits and incorporates the club becoming the License holder of relinquished berths as they become available. As at the date of this report, Gosford Sailing Club Ltd has acquired 8 out of the original 29 berths. The remaining 21 original marina security deposit liability equates to \$729,800 (including waiting list deposits). The 8 acquired berths' licence fee balance of \$153,005 as at 30 April 2016 is recognised as other current liabilities (refer to Note 15).

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of property, plant and equipment

The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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.

Insurance claim receivable

Included in the Trade and other receivables is the insurance claim of \$141,804 in relation to the 2015 storm damages. Of this amount, GSC subsequently received \$60,201 and \$33,519 on 2 May 2016 and 8 June 2016, respectively. The directors are of the opinion that the balance of \$48,084 will be received during the 2016-2017 financial year.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 4. Revenue

	2016 \$	2015 \$
<i>Revenue</i>		
Bar	1,123,546	1,033,717
Poker machine takings	564,577	453,000
Sailing income	152,622	171,347
Marina income	157,225	154,042
TAB and Keno commissions	27,265	23,454
Restaurant rent	41,219	32,285
Raffle income	27,136	28,596
	<u>2,093,590</u>	<u>1,896,441</u>
<i>Other revenue</i>		
Interest received	169	1,403
Game fishing club fees	14,230	1,875
Membership fees - social	46,191	33,938
Other revenue	57,289	58,236
	<u>117,879</u>	<u>95,452</u>
Revenue	<u>2,211,469</u>	<u>1,991,893</u>

Note 5. Other income

	2016 \$	2015 \$
Gain on disposal of property, plant and equipment	-	15,450
Insurance recoveries	511,114	33,088
Other income	<u>511,114</u>	<u>48,538</u>

Note 6. Current assets - cash and cash equivalents

	2016 \$	2015 \$
Cash on hand	50,669	39,673
Cash at bank	428,598	291,476
	<u>479,267</u>	<u>331,149</u>

Note 7. Current assets - trade and other receivables

	2016 \$	2015 \$
Trade receivables	14,872	13,623
ATM float receivable	3,899	24,835
	<u>18,771</u>	<u>38,458</u>
Insurance claim receivable	141,804	1,255
GST receivable	-	744
	<u>160,575</u>	<u>40,457</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 8. Current assets - inventories

	2016	2015
	\$	\$
Bar stock	41,904	40,483

Note 9. Current assets - other

	2016	2015
	\$	\$
Prepayments	5,654	6,268
Other deposits	5,000	5,000
	<u>10,654</u>	<u>11,268</u>

Note 10. Non-current assets - other financial assets

	2016	2015
	\$	\$
Shares in unlisted companies at cost	750	750

These shares are held with Independent Liquor Group Distribution Co-Operative Limited for the purpose of buying power for liquor purchases.

No dividends are attached to these shares. When leaving the Co-Operative, these shares are redeemable at cost.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 11. Non-current assets - property, plant and equipment

	2016 \$	2015 \$
Clubhouse leasehold improvements and office renovation - at cost	1,570,610	1,281,313
Less: Accumulated depreciation	<u>(503,470)</u>	<u>(468,909)</u>
	1,067,140	812,404
Marina leasehold improvements - at cost	976,191	1,104,225
Less: Accumulated depreciation	<u>(152,366)</u>	<u>(257,462)</u>
	823,825	846,763
Plant and equipment - at cost	604,215	553,289
Less: Accumulated depreciation	<u>(481,097)</u>	<u>(449,317)</u>
	123,118	103,972
Fixtures and fittings - at cost	134,851	134,851
Less: Accumulated depreciation	<u>(103,989)</u>	<u>(95,547)</u>
	30,862	39,304
Floor coverings - at cost	39,552	39,552
Less: Accumulated depreciation	<u>(18,550)</u>	<u>(14,595)</u>
	21,002	24,957
Kitchen improvements - at cost	149,909	149,909
Less: Accumulated depreciation	<u>(147,623)</u>	<u>(146,093)</u>
	2,286	3,816
Club boats and motors - at cost	261,936	249,761
Less: Accumulated depreciation	<u>(222,061)</u>	<u>(201,073)</u>
	39,875	48,688
Poker machines - at cost	378,635	331,857
Less: Accumulated depreciation	<u>(262,785)</u>	<u>(239,515)</u>
	115,850	92,342
	<u>2,223,958</u>	<u>1,972,246</u>

Reconciliations

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

	Clubhouse Leasehold Improvements	Marina Leasehold Improvements	Plant & Equipment	Club Boats & Motors	Poker Machines	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 May 2015	812,404	846,763	172,049	48,688	92,342	1,972,246
Additions	289,297	400,014	50,925	12,175	46,778	799,189
Disposals	-	(402,522)	-	-	-	(402,522)
Depreciation expense	<u>(34,561)</u>	<u>(20,429)</u>	<u>(45,707)</u>	<u>(20,988)</u>	<u>(23,270)</u>	<u>(144,955)</u>
Balance at 30 April 2016	<u>1,067,140</u>	<u>823,826</u>	<u>177,267</u>	<u>39,875</u>	<u>115,850</u>	<u>2,223,958</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 12. Non-current assets - intangibles

	2016 \$	2015 \$
Poker machine entitlements	217,354	217,354
Computer software - at cost	3,109	3,109
Less: Accumulated amortisation	(3,109)	(3,109)
	-	-
	<u>217,354</u>	<u>217,354</u>

Reconciliations

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

	Computer Software \$	Poker Machine Entitlement \$	Total \$
Balance at 1 May 2015	-	217,354	217,354
Balance at 30 April 2016	-	217,354	217,354

Note 13. Current liabilities - trade and other payables

	2016 \$	2015 \$
Trade payables	192,142	86,212
Sundry creditors and accruals	30,666	29,563
Unearned CUB rebate	298,636	-
Refundable deposits	11,190	10,985
GST Payable	13,638	-
	<u>546,272</u>	<u>126,760</u>

Note 14. Current liabilities - marina deposits

	2016 \$	2015 \$
Marina deposits	729,800	829,200

Note 15. Current liabilities - other

	2016 \$	2015 \$
Membership income in advance	26,621	26,621
Marina Berthing liabilities	153,005	94,603
	<u>179,626</u>	<u>121,224</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 16. Current liabilities - borrowings

	2016 \$	2015 \$
Loans - unsecured	8,111	129,787
Hire purchase	40,702	23,332
	<u>48,813</u>	<u>153,119</u>

Note 17. Non-current liabilities - borrowings

	2016 \$	2015 \$
Loans - unsecured	210,000	60,000
Hire purchase	5,641	24,180
	<u>215,641</u>	<u>84,180</u>

Total secured liabilities

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

	2016 \$	2015 \$
Hire purchase	<u>46,343</u>	<u>47,512</u>

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

Assets pledged as security

Total unsecured liabilities

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

	2016 \$	2015 \$
Loans - unsecured (current)	8,111	129,787
Loans - unsecured (non-current)	210,000	60,000
	<u>218,111</u>	<u>189,787</u>

Unsecured loans from members and directors were entered into at a rate of 4.25% per annum. Interest is payable on the loan calculated on the daily balance of the loan on the basis of a 365 day year. The club pays the interest in arrears on the repayment date. The principal is repayable in 3 years time. An accrual for the interest liability is provided for in each year's financial statements.

Note 18. Current liabilities - employee benefits

	2016 \$	2015 \$
Annual leave	70,655	49,995
Long service leave	28,119	20,301
	<u>98,774</u>	<u>70,296</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 19. Non-current liabilities - employee benefits

	2016 \$	2015 \$
Long service leave	11,482	11,650

Note 20. Equity - sailing reserves

	2016 \$	2015 \$
Sailing reserve	15,442	19,492

The above mentioned reserves relate to monies held in trust on behalf of those sections and are to be expended as directed.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Sailing reserve \$	Total \$
Balance at 1 May 2014	23,191	23,191
Movement during the year	(3,699)	(3,699)
Balance at 30 April 2015	19,492	19,492
Movement during the year	(4,050)	(4,050)
Balance at 30 April 2016	15,442	15,442

Note 21. Equity - retained surpluses

	2016 \$	2015 \$
Retained surpluses at the beginning of the financial year	1,197,786	1,159,411
Surpluses after income tax expense for the year	90,826	38,375
Retained surpluses at the end of the financial year	1,288,612	1,197,786

Note 22. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2016 \$	2015 \$
Aggregate compensation	177,982	170,638

Note 23. Contingent liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2016

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

Transactions with related parties

The following transactions occurred with related parties:

	2016 \$	2015 \$
Other transactions:		
Graeme Sheldon - payment for reimbursement of burgees purchased on behalf of the club	-	1,307

Receivable from and payable to related parties

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

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2016 \$	2015 \$
Current borrowings:		
Unsecured loans from directors, including interest	6,416	11,275
Non-current borrowings:		
Unsecured loans from directors, including interest	180,000	60,000

Unsecured loan from Directors in 2016:

Casey - \$60,000
 Robson - \$60,000
 Sheldon - \$60,000

Terms and conditions

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

Note 25. Core and non-core property

In accordance with provisions under section 41J(2) of the Registered Club Act, the directors have classified the following assets as core property of the Company:

The Clubhouse
 The Marina

The core properties listed above are situated on land leased by the Department of Primary Industries, Catchments and Lands.

There has been no non-core property identified by the company.

Note 26. Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. As at 30th April, 2016 the number of members was 5,697.

Gosford Sailing Club Ltd
Directors' declaration
30 April 2016

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 company's financial position as at 30 April 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company 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



Mr Darren Casey
Director



Mr Brent Connor
Director

28 June 2016