

Gosford Sailing Club Ltd

ABN 64 000 703 462

Annual Report - 30 April 2017

Gosford Sailing Club Ltd
Contents
30 April 2017

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Gosford Sailing Club Ltd
Directors' report
30 April 2017

The directors present their report, together with the financial statements, on the company for the year ended 30 April 2017.

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 (resigned 14 November 2016)
Mr. Paul Gulliksen
Mr. Brent Connor
Mr. David Slingsby
Mr. Richard Bridge
Mr. Mark Robson
Mr. Roy Leslie (resigned 7 August 2016)
Mr. Andrew Grimwood (appointed 7 August 2016)
Mr. Christopher Radford (appointed 14 May 2017)

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; and
- 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.

**Gosford Sailing Club Ltd
Directors' report
30 April 2017**

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. All repair works were completed and the insurance claim finalised in March 2017.

Stage two of the Club refurbishment was completed in October 2016 and has resulted in a significant increase in patronage and revenue in bar and gaming operations.

The clubs contract caterer, Latitude Thirty Three, assigned the remaining term of the Catering Agreement to our current caterer's Spinnakers Brasserie.

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

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; and
- Further re-development of the Clubhouse including refurbishment of the former dining room area and the Boatshed Bar & Deck area on the ground floor.

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 (resigned 14 November 2016)
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 / Appointed President 29 November 2016
Name:	Mr Mark Robson
Qualifications:	Maintenance Manager
Special responsibilities:	Director
Name:	Mr Paul Gulliksen
Qualifications:	IT Professional
Special responsibilities:	Commodore
Name:	Mr Roy Leslie (resigned 7 August 2016)
Qualifications:	Company Owner / Director
Special responsibilities:	Director
Name:	Mr Brent Connor
Qualifications:	Chartered Accountant
Special responsibilities:	Treasurer
Name:	Mr David Slingsby
Qualifications:	Private company director
Special responsibilities:	Director / Appointed Vice President 29 November 2016

**Gosford Sailing Club Ltd
Directors' report
30 April 2017**

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

Name: Mr Andrew Grimwood (appointed 7 August 2016)
Qualifications: Station Officer Fire Rescue NSW / Former Company Director
Special responsibilities: Director

Name: Mr Christopher Radford (appointed 14 May 2017)
Special responsibilities: Director

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 April 2017, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr. Darren Casey (resigned 14/11/2016)	4	6
Mr. Geoffrey Jollow	8	12
Mr. Graeme Sheldon	9	12
Mr. Paul Gulliksen	12	12
Mr. Brent Connor	12	12
Mr. David Slingsby	11	12
Mr. Richard Bridge	11	12
Mr. Mark Robson	12	12
Mr. Roy Leslie (resigned 7/8/2016)	2	12
Mr. Andrew Grimwood (appointed 7/8/2016)	8	9
Mr Christopher Radford (appointed 14/5/2017)	0	0

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 5,830 (2016: 5,697).

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.

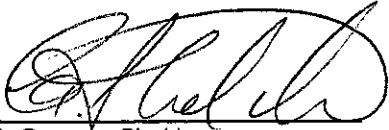
Gosford Sailing Club Ltd
Directors' declaration
30 April 2017

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

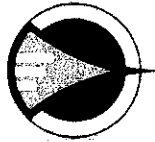


Mr Graeme Sheldon
Director



Mr Brent Connor
Director

27 June 2017



Unit 1, 1 Pioneer Avenue
PO Box 3399
Tuggerah NSW 2259

T: (02) 4353 2333
F: (02) 4351 2477

e: mail@bishopcollins.com.au

Suite 1, Level 11
49-51 York Street
Sydney NSW 2000

T: (02) 9262 4420
F: (02) 9262 4739

BISHOP COLLINS AUDIT PTY LTD

ABN: 98 159 109 305

w: www.bishopcollins.com.au

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

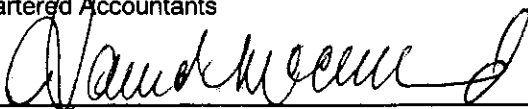
We hereby declare that to the best of our knowledge and belief during the year ended 30 April 2017, there have been:

- (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

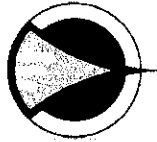
27 June 2017



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION





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Tuggerah NSW 2259

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

Unqualified Auditor's Opinion

We have audited the accompanying financial report of Gosford Sailing Club Limited which comprises the statement of financial position as at 30 April 2017, 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 committee members' declaration.

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 2017 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

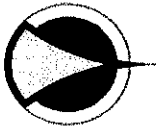
We draw attention to Note 2 "Going Concern" of the financial report, and specifically to the "Marina facility" disclosure in Note 3 of the financial report, which describes uncertainty related to the company's ability to continue as a going concern and therefore whether it will be able to pay its debts 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.



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AUSTRALIA - NEW ZEALAND

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Responsibilities of the Committee Members 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.

In preparing the financial report, the directors are responsible for assessing the clubs ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the club or to cease operations, or have no realistic alternative but to do so.

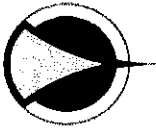
Auditor's Responsibilities for the Audit of the Financial Report

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 judgement 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.
- 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.




We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

27 June 2017

Gosford Sailing Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 April 2017

	Note	2017 \$	2016 \$
Revenue	4	2,506,928	2,211,300
Other income	5	50,125	511,283
Expenses			
Cost of goods sold		(502,563)	(472,907)
Audit and accounting expenses		(20,436)	(20,311)
Advertising expenses		(19,118)	(30,530)
Employee benefits expense		(736,738)	(661,936)
Depreciation and amortisation expense		(176,391)	(144,955)
Entertainment expenses		(45,526)	(56,793)
Boat and sailing expenses		(95,463)	(66,469)
Cleaning expenses		(51,578)	(48,012)
Department of primary industries, catchments and lands		(84,273)	(83,717)
Utilities expenses		(43,184)	(45,735)
Finance costs		(11,795)	(6,739)
Hire of equipment		(27,888)	(27,944)
Insurance expenses		(77,761)	(66,096)
Members amenities expense		(25,289)	(28,205)
Members draw and raffle expenses		(30,361)	(31,231)
Rates and taxes expense		(21,125)	(22,250)
Repairs and maintenance expenses		(67,297)	(179,385)
Loss on disposal of assets		-	(402,522)
Security expenses		(25,149)	(16,909)
Subscriptions and licences expenses		(33,160)	(29,361)
Computer expenses		(20,167)	(18,273)
Presentation and sailing drinks expenses		(22,532)	(25,539)
Sponsorship expenses		(8,300)	(7,313)
Other expenses		(168,939)	(138,625)
Surpluses before income tax expense		242,020	90,826
Income tax expense		-	-
Surpluses after income tax expense for the year	21	242,020	90,826
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Movement in reserves		(3,677)	(4,050)
Other comprehensive income for the year, net of tax		(3,677)	(4,050)
Total comprehensive income for the year		238,343	86,776

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 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	6	220,824	479,267
Trade and other receivables	7	22,115	160,575
Inventories	8	39,841	41,904
Other	9	10,654	10,654
Total current assets		<u>293,434</u>	<u>692,400</u>
Non-current assets			
Other financial assets	10	750	750
Property, plant and equipment	11	2,606,193	2,223,958
Intangibles	12	217,354	217,354
Total non-current assets		<u>2,824,297</u>	<u>2,442,062</u>
Total assets		<u>3,117,731</u>	<u>3,134,462</u>
Liabilities			
Current liabilities			
Trade and other payables	13	407,549	546,272
Borrowings	16	52,829	48,813
Employee benefits	18	112,006	98,774
Marina deposits	14	731,869	729,800
Other	15	125,047	179,626
Total current liabilities		<u>1,429,300</u>	<u>1,603,285</u>
Non-current liabilities			
Borrowings	17	130,000	215,641
Employee benefits	19	16,034	11,482
Total non-current liabilities		<u>146,034</u>	<u>227,123</u>
Total liabilities		<u>1,575,334</u>	<u>1,830,408</u>
Net assets		<u>1,542,397</u>	<u>1,304,054</u>
Equity			
Sailing reserves	20	11,765	15,442
Retained surpluses	21	1,530,632	1,288,612
Total equity		<u>1,542,397</u>	<u>1,304,054</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 2017

	Sailing reserves \$	Accumulated surpluses \$	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>
	Sailing reserves \$	Accumulated surpluses \$	Total equity \$
Balance at 1 May 2016	15,442	1,288,612	1,304,054
Surpluses after income tax expense for the year	-	242,020	242,020
Other comprehensive income for the year, net of tax	(3,677)	-	(3,677)
Total comprehensive income for the year	(3,677)	242,020	238,343
Balance at 30 April 2017	<u>11,765</u>	<u>1,530,632</u>	<u>1,542,397</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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,890,096	2,850,995
Payments to suppliers (inclusive of GST)		<u>(2,541,621)</u>	<u>(2,289,533)</u>
		348,475	561,462
Interest received		5,550	169
Interest and other finance costs paid		(11,795)	(6,739)
Insurance recovered		<u>44,575</u>	<u>369,310</u>
Net cash from operating activities		<u>386,805</u>	<u>924,202</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	<u>(559,944)</u>	<u>(799,189)</u>
Net cash used in investing activities		<u>(559,944)</u>	<u>(799,189)</u>
Cash flows from financing activities			
Proceeds from borrowings		66,800	158,828
Repayment of borrowings		(148,425)	(131,673)
Payments from reserves		<u>(3,679)</u>	<u>(4,050)</u>
Net cash from/(used in) financing activities		<u>(85,304)</u>	<u>23,105</u>
Net increase/(decrease) in cash and cash equivalents		(258,443)	148,118
Cash and cash equivalents at the beginning of the financial year		<u>479,267</u>	<u>331,149</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>220,824</u></u>	<u><u>479,267</u></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 2017

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 27 June 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), 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 2017, the company's current liabilities (\$1,429,300) exceed its current assets (\$293,434) by \$1,135,866. 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 2016/17 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 \$731,869 (including waiting list deposits). The 8 acquired berths' licence fee balance of \$98,348 as at 30 April 2017 is recognised as other current liabilities (refer to Note 15).
- It is not anticipated that employee entitlements of \$112,006 will be extinguished by 30 April 2018.
- The Club has benefited from the continued financial support of its banks, members and directors.

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

Note 2. Significant accounting policies (continued)

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.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 2. Significant accounting policies (continued)

Property, plant and equipment

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.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 2. Significant accounting policies (continued)

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.

Marina deposits

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 \$731,869 (including waiting list deposits). The 8 acquired berths' licence fee balance of \$98,348 as at 30 April 2017 is recognised as other current liabilities (refer to Note 15).

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.

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.

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

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 \$731,869 (including waiting list deposits). The 8 acquired berths' licence fee balance of \$98,348 as at 30 April 2017 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.

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.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 4. Revenue

	2017	2016
	\$	\$
<i>Revenue</i>		
Bar	1,223,664	1,123,546
Poker machine takings	687,372	564,577
Sailing income	202,707	152,622
Marina income	182,474	157,225
TAB and Keno commissions	26,650	27,265
Restaurant rent	36,582	41,219
Raffle income	23,831	27,136
	<u>2,383,280</u>	<u>2,093,590</u>
<i>Other revenue</i>		
Game fishing club fees	19,365	14,230
Membership fees - social	42,017	46,191
Other revenue	62,266	57,289
	<u>123,648</u>	<u>117,710</u>
Revenue	<u><u>2,506,928</u></u>	<u><u>2,211,300</u></u>

Note 5. Other income

	2017	2016
	\$	\$
Insurance recoveries	44,575	511,114
Interest received	5,550	169
Other income	<u>50,125</u>	<u>511,283</u>

Note 6. Current assets - cash and cash equivalents

	2017	2016
	\$	\$
Cash on hand and at bank	<u>220,824</u>	<u>479,267</u>

Note 7. Current assets - trade and other receivables

	2017	2016
	\$	\$
Trade receivables	18,265	14,872
ATM float receivable	3,850	3,899
	<u>22,115</u>	<u>18,771</u>
Insurance claim receivable	-	141,804
	<u>22,115</u>	<u>160,575</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 8. Current assets - inventories

	2017	2016
	\$	\$
Bar stock	<u>39,841</u>	<u>41,904</u>

Note 9. Current assets - other

	2017	2016
	\$	\$
Prepayments	5,654	5,654
Other deposits	<u>5,000</u>	<u>5,000</u>
	<u>10,654</u>	<u>10,654</u>

Note 10. Non-current assets - other financial assets

	2017	2016
	\$	\$
Shares in unlisted companies at cost	<u>750</u>	<u>750</u>

These shares are held with Independent Liquor Group Distribution Co-Operative Limited ("the Co-Operative") 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 2017

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

	2017	2016
	\$	\$
Clubhouse leasehold improvements and office renovation - at cost	2,016,208	1,570,610
Less: Accumulated depreciation	<u>(547,543)</u>	<u>(503,470)</u>
	1,468,665	1,067,140
Marina leasehold improvements - at cost	976,191	976,191
Less: Accumulated depreciation	<u>(183,831)</u>	<u>(152,366)</u>
	792,360	823,825
Plant and equipment - at cost	643,116	604,215
Less: Accumulated depreciation	<u>(519,977)</u>	<u>(481,097)</u>
	123,139	123,118
Fixtures and fittings - at cost	134,851	134,851
Less: Accumulated depreciation	<u>(110,231)</u>	<u>(103,989)</u>
	24,620	30,862
Floor coverings - at cost	40,870	39,552
Less: Accumulated depreciation	<u>(22,610)</u>	<u>(18,550)</u>
	18,260	21,002
Kitchen improvements - at cost	149,909	149,909
Less: Accumulated depreciation	<u>(149,153)</u>	<u>(147,623)</u>
	756	2,286
Club boats and motors - at cost	267,945	261,936
Less: Accumulated depreciation	<u>(239,396)</u>	<u>(222,061)</u>
	28,549	39,875
Poker machines - at cost	427,020	378,635
Less: Accumulated depreciation	<u>(277,176)</u>	<u>(262,785)</u>
	149,844	115,850
	<u>2,606,193</u>	<u>2,223,958</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 2016	1,067,140	823,825	177,268	39,875	115,850	2,223,958
Additions	445,598	-	36,500	11,046	66,800	559,944
Disposals	-	-	(1,318)	-	-	(1,318)
Depreciation expense	<u>(44,078)</u>	<u>(31,465)</u>	<u>(49,294)</u>	<u>(18,748)</u>	<u>(32,806)</u>	<u>(176,391)</u>
Balance at 30 April 2017	<u>1,468,660</u>	<u>792,360</u>	<u>163,156</u>	<u>32,173</u>	<u>149,844</u>	<u>2,606,193</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 12. Non-current assets - intangibles

	2017 \$	2016 \$
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:

	Poker Machine Entitlement \$	Total \$
Balance at 1 May 2016	217,354	217,354
Balance at 30 April 2017	<u>217,354</u>	<u>217,354</u>

Note 13. Current liabilities - trade and other payables

	2017 \$	2016 \$
Trade payables	103,703	192,142
Sundry creditors and accruals	25,184	30,666
Unearned CUB rebate	222,082	298,636
Refundable deposits	10,000	11,190
GST Payable	46,580	13,638
	<u>407,549</u>	<u>546,272</u>

Note 14. Current liabilities - marina deposits

	2017 \$	2016 \$
Marina deposits	<u>731,869</u>	<u>729,800</u>

Note 15. Current liabilities - other

	2017 \$	2016 \$
Membership income in advance	26,699	26,621
Marina Berthing liabilities	<u>98,348</u>	<u>153,005</u>
	<u>125,047</u>	<u>179,626</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 16. Current liabilities - borrowings

	2017 \$	2016 \$
Loans - unsecured	20,825	8,111
Hire purchase	32,004	40,702
	<u>52,829</u>	<u>48,813</u>

Note 17. Non-current liabilities - borrowings

	2017 \$	2016 \$
Loans - unsecured	130,000	210,000
Hire purchase	-	5,641
	<u>130,000</u>	<u>215,641</u>

Total secured liabilities

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

	2017 \$	2016 \$
Hire purchase	<u>32,004</u>	<u>46,343</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:

	2017 \$	2016 \$
Loans - unsecured (current)	20,825	8,111
Loans - unsecured (non-current)	130,000	210,000
	<u>150,825</u>	<u>218,111</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 on 3 year terms. An accrual for the interest liability is provided for in each year's financial statements.

Note 18. Current liabilities - employee benefits

	2017 \$	2016 \$
Annual leave	81,472	70,655
Long service leave	30,534	28,119
	<u>112,006</u>	<u>98,774</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 19. Non-current liabilities - employee benefits

	2017 \$	2016 \$
Long service leave	16,034	11,482

Note 20. Equity - sailing reserves

	2017 \$	2016 \$
Sailing reserve	11,765	15,442

The above mentioned reserves relate to monies held on behalf of those sections of the club 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 2015	19,492	19,492
Movement during the year	(4,050)	(4,050)
Balance at 30 April 2016	15,442	15,442
Movement during the year	(3,677)	(3,677)
Balance at 30 April 2017	11,765	11,765

Note 21. Equity - retained surpluses

	2017 \$	2016 \$
Retained surpluses at the beginning of the financial year	1,288,612	1,197,786
Surpluses after income tax expense for the year	242,020	90,826
Retained surpluses at the end of the financial year	1,530,632	1,288,612

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:

	2017 \$	2016 \$
Aggregate compensation	209,598	177,982

Note 23. Related party transactions

Key management personnel

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

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2017

Note 23. Related party transactions (continued)

Transactions with related parties

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:

	2017	2016
	\$	\$
Current borrowings:		
Unsecured loans from directors, including interest	20,825	6,416
Non-current borrowings:		
Unsecured loans from directors, including interest	110,000	180,000
Unsecured loan from Directors in 2017:		
Robson - \$60,000		
Sheldon - \$60,000		

Terms and conditions

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

Note 24. 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 25. 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, 2017 the number of members was 5,830.


Gosford Sailing Club Ltd
Directors' declaration
30 April 2017

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 2017 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 Graeme Sheldon
Director



Mr Brent Connor
Director

27 June 2017