

MHYC

MIDDLE HARBOUR YACHT CLUB

79th ANNUAL REPORT

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Annual Report For the Year Ended 30 April 2018

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Flag Officers

Commodore	Peter Lewis
Vice Commodore – Racing	Kerry Burke
Vice Commodore – Cruising	Evan Hodge
Rear Commodore	Alister Copley
Club Captain	Mike Logan

Directors

Chairman	Andrew Hurt
Treasurer	Neil Padden
Directors	Nigel Smyth
	Greg Young
	David Naismith (<i>resigned Oct 2017</i>)
	John McCuaig
	Philip Clinton
	Kerry Burke
	Peter Lewis

Premises and Registered Office

Middle Harbour Yacht Club Limited
ABN 95 000 248 877 ACN: 000 248 877 (A Company Limited By Guarantee)
Lower Parriwi Road, The Spit, Mosman NSW 2088
Telephone: (02) 9969 1244
Facsimile: (02) 9969 3326
Website: www.mhyc.com.au

Auditors

PKF
Level 8, 1 O'Connell Street, Sydney, NSW 2000

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CHAIRMAN'S REPORT

It is my pleasure to present the 2018 Chairman's Report. It has been a very positive and productive year. The Club is very fortunate to have our committed team of staff and volunteers, who have contributed greatly to the Club's long term objectives and working hard with the various committees to achieve it.

Special thanks to the Flag Officers, fellow Board members and all the Club members who contribute their time to the running of the Club, all on a voluntary basis and love of sailing.

Our committed staff, constantly going above and beyond, deserve a special thanks for the big job that they do each and every day from running regattas to putting on events such as the Bare Foot Ball. The Sailing Committee has put in a considerable effort to get local Clubs together at both regattas and weekend races. In addition a great deal of effort has gone into planning on programs for schools and junior sailing with a view to the future.

As you'll see from the Treasurer's Report, the Club continues to paying down debt and seeing the Club to a more positive financial footing. The marina continues to underpin the Club's financial stability. We have signed Australian Sailing to take over restaurant space and implemented point-of-sale (POS) software to integrate with accounting system. This has improved efficiency, increased staff accountability and is providing better reporting of individual service areas, separating results into categories such as food and beverage so profitability can be analysed.

We are pleased to advise that we are maintaining membership numbers and vigilant about retaining and growing the Club's membership. Member benefits such as the vast improvement in F&B quality and service, and the collegiate atmosphere after Wednesday, Twilight and Saturday sailing play their part. The Club's Social program has included regular Ladies Lunches with author guest speakers, the annual Vivid Cruise, Commodores Dinner, along with open invitation to members to watch major sporting events on the big screen. We do have a friendly Club and I would like to thank all members and staff for making visitors welcome.

Recent revisions to the Club's Constitution modernises it to current Club standards and modernised the voting process which will save the Club time and money. It has also given the Board more flexibility and the membership greater representation by allowing for up to two "sailing" members to become Board Directors.

We are entering a new era for MHYC, where strategic and investment decisions made over the past few years will see members experiencing even greater levels of engagement and benefits from their Middle Harbour Yacht Club membership.

In closing, I look back on the last few years as a period of renewal and engagement for the Club. We remain a premier sailing and social venue as well as a valuable contributor to our community. May I encourage all members to stay involved and make use of the Club's facilities and services.

Andrew Hurt
Chairman

TREASURER'S REPORT

There have been many positive developments in the Club during the year, but from a financial viewpoint it was a challenging year, with a couple of significant events impacting the financial performance.

Positive news was that the Club reduced debt by \$613K in the year (see note 13), and successfully refinanced the balance of debentures maturing in March 2018 at lower interest rates. The resulting interest cost saving next year will be about \$60K, on top of this year's reduction of \$37K.

A further \$230K of debentures mature in Dec 18 and March 19 (see note 13). The auditors have drawn attention to this in note 1(o), but the Board and the Finance Committee are very confident that the Club can repay or refinance these debentures.

Profit before depreciation, excluding non-operational items (grants, donations), at \$182K was well below budget, and \$260K below last year. A major impact was the departure of our restaurant operator, resulting in lost income and unbudgeted legal costs. Offsetting this, we have now signed up new tenants, Australian Sailing and Helly Hansen, which will bring us a steady rental income in the coming years. The net impact in 2017/18 compared to the previous year was about \$145K lost profit. The in house Food and Beverage operations were still very much in the ramp up phase during the year, and while F+B broke even, the profit was about \$75K below last year. Profit improvements came from Marina, Membership, Clubhouse (tenancies), and Interest, while Sailing and Youth Sailing profit fell. Cash Flow from Operating Activities was \$422K, but this includes \$292K of marina berth license sales (used to repay debentures) and \$140K donations. Without these, the underlying Cash Flow from Operating Activities was slightly negative, due to the impacts referred to above.

As in previous years, note that, in note 11, the current liability of \$249,348 and the non current liability of \$610,524 for Prepaid Berth Guarantee Fees are amounts paid in advance for marina berth licenses. These will never be liable for payment, and each year a proportion of the original guarantee fee is transferred to revenue.

Finance Manager Bruce Aitken has completed one year with the Club, and I would like to thank him for his hard work and a good job done in keeping our accounting in shape and helping steer the management of the Club. Thanks also to Sue Batty, who joined our Finance Team in September, and has provided great support.

Looking forward, despite the highlighted challenges, the Club is in a stronger financial position than a few years ago. The marina continues to generate substantial cash flow (though we cannot expect increase profits now the marina is at capacity), and membership is strong. The debt to Compass will be finally paid down one year from now, which will improve cash flow by \$40K pa. But we must continue to focus on cost control and cash flow, with a continuing priority to pay down debt.

Neil Padden
Treasurer

COMMODORE'S REPORT

2017-18 has been a consolidating year for the Club, following what has been a few very challenging issues with storms, fire damage and other business challenges. As we move into a new financial year for 2018-19, we are finding ourselves looking forward to further consolidation and much anticipated growth.

There have been many great achievements in the year just gone. Most significant of these is we are pleased to have had the new Constitution voted in unanimously at an Extraordinary General Meeting in May 2018. This will set the club on a sound footing to have renewal and growth at both board and committee levels.

The Committees under the guidance of their respective chairs, have been working tirelessly to improve the club both on and off the water. Financially we continue to improve. We are now planning for future innovation for the club in all aspects. Sailing has been active, with improved fleets in twilights, and Wednesday racing. Our feature events have grown dramatically. The premier events such as Sydney Harbour Regatta and SSORC continue to be very successful as well as one notable new women's

regatta achieving 21 entries in its inaugural year. The Youth Sailing division continues to prosper and is looking to expand its activities further. Our Cruising division has grown and is the largest and most active on the Harbour. The impressive representation by MHYC youth and senior members in regattas and races locally and overseas during the past year has achieved excellent results.

The Club is continuing to grow and prosper due to the dedicated staff led by Karen Baldwin and the tireless efforts of our volunteers both on water and off water. Volunteers at the club work on boat maintenance, building repairs, Race Management, Auditing boats, membership, junior sailing, finance, sailing, marina management, Cruising activities and Sponsorship. All of this activity is rewarding but also hard work. Firstly, a big thank you to all the volunteers. Secondly and most importantly, join a group and volunteer, we need you. It's a great way to meet other people within the Clubs Community. It was said to me recently by a member of another Sailing Club at an awards event held at Middle Harbour "*I want what you have!*" The Spirit in the club is palpable and this is in many ways due to the pride and passion of our members who give both financially and of their time to support the Club and it's objectives.

Unfortunately, during the year we lost some very dear friends and it's always a great sadness when this occurs. These members have been a part of our history and who have brought the Club to where it is today. It is our responsibility to continue this enthusiasm, support our Senior Members and help maintain our Spirit and History.

I would like to thank the Sponsors, Flag Officers, Chairman, Directors, Staff and our many members for their support through the year - it is very much appreciated. The Club is continuing to improve and it will always be a work in progress. Working together, I believe 2018/19 and beyond will be very successful.

To everyone within the club be safe and happy boating. Good luck in every pursuit both on and off the water.

Peter Lewis
Commodore

VICE COMMODORE RACING'S REPORT

MHYC Members enjoyed a variety of racing formats during the year. There were strong fleets in our club racing as well as members' boats and crew contributing to the range of charity regattas we support. We saw continued strength in the twilight series, Feature races, our Sydney Harbour Regatta and one design racing in particular. Challenges of course remain and we are deep in planning to design a racing schedule to better reflect our Members' desires.

Volunteers are an essential part of our capability to conduct racing. Whether they are Sailing Committee members, race volunteers, club judges or assisting with repairs, refurbishment or regattas, and we thank them for their contribution. Of special note is the great work done to restore our Club Trophies and Displays. MHYC hosted a number of training programs during the year across Club Judging (2 courses) and Race Management to further develop skills.

MHYC also support combined Club sailing programs in racing, crew and race management. We thank and congratulate all Members involved in representing the club successfully and in the true spirit and sport of yacht racing both here in Australia and around the world.

During the year we saw several new faces in our Sailing Committee and Sailing Office. While these new contributors were learning together, we also took time to look ahead in a special strategy session. We have agreed on some core values to focus improvements to our sailing program, races and the way we interact with Members.

We aim to reflect these values in our actions as we build on our strengths and expand into new formats. These values include: Welcoming, Inclusive and Supportive. The focus will of course be on exciting and well-conducted races. Last year for example, we took steps to improve the profile of female sailors with designated Twilight races for women helming and a very well attended Women's Regatta – this reflects how we can improve Inclusiveness, be more Supportive and make MHYC more Welcoming for new and existing female members.

Finally, I would like to thank our sponsors who support our efforts and reward our race entrants.

Kerry Burke
Vice Commodore – Racing

VICE COMMODORE CRUISING'S REPORT

2017/18 has been a busy and expansive year for the MHYC Cruising Division with new members enthusiastic to learn and participate.

This year we have continued to extend the tally of sea miles chocked up with Chris Canty on Galaxy III nearly completing his global circumnavigation, Simply Irresistible sailing to the Whitsundays, Caviar took their maiden voyage to Queensland. Nashira, Awarai and Bundeena (our Jervis Bay MHYC CD chapter member) sailed to Lord Howe Island with the assistance and support of MHYC. ZIngara II is presently participating in the Down Under "Go East" Rally to New Caledonia and Vanuatu.

Closer to home saw lively participation in on-land events like the Long Lunch and monthly Cruising Division meetings. Here our members enjoy a pre-meeting BBQ, followed by a short meeting covering the months past events. Future events are planned and discussed together with the latest technical news updates. The group then listen to a varied line-up of guest speakers.

On-water events included drogue training, emergency tiller & obstacle course, coastal sailing trips to Lake, Macquarie, Pittwater, Jervis Bay, Sydney Harbour and Lord Howe Island.

The education of safety and seamanship via practical and enjoyable on-water and on-land events hosted by the Cruising Division combined with various recommended formal training courses has provided a solid foundation to keep us all safe.

The Cruising Division very much counts on and appreciates the time and effort that our volunteers contribute, I would especially like to thank the committee who have worked hard to help maintain the quality and quantity of events that are put on throughout the year. Mike McEvoy, Phil Darling, Kelly Nunn-Clark, Martyn Colebrook, Max and Dorothy Theeboom, and Royce Engelhardt have done an outstanding job.

We look forward to continuing to grow the Cruising Division and embark on more adventurous cruises in company with the support of MHYC.

Evan Hodge
Cruising Captain & Vice Commodore – Cruising

VICE COMMODORE YOUTH SAILING REPORT

Despite the many changes that have taken place at the Club over 2017-18, there is much that is familiar and constant.

This has certainly been my experience over the past twelve months as I took on the role of Rear Commodore Youth Sailing. Having been formerly employed by the Club for 5 years to deliver the Sailing & Marina Operations role on a full time basis from 2009 to 2014, coming back to the Club in a volunteer role was familiar. Even more so since I started my work with MHYC in 2009 as the Junior Sailing Co-ordinator.

Under the leadership of previous Rear Commodores John Sturrock and Carl Crafoord, I was excited to take this position on and give back to the Club a little of what it has provided me and my family.

With the re-introduction of the Junior Sailing back in 2006, the past 12 years have seen a tremendous amount of change in both centreboard sailing classes as well as how we deliver the important on water operations through the Discover Sailing Centre.

The past year has seen the youth sailing steadily deliver a successful Tackers and Learn to Sail Program with a reinvigorated Youth Sailing Committee 'hell bent' on delivering a professional racing program.

Nick Connor and his team of exceptional Instructors and coaches have provided a safe and fun experience for the kids starting their first steps and learning experience on the water. The addition of David Staley into the Sailing Managers role along with Catherine has provided a true Sailing office for the first time with all racing activities handled through the one area.

A detailed review and business plan for the Youth Sailing along with the Discover Sailing Centre was also completed which resulted in a dedicated permanent resource being applied to co-ordinate and deliver all Discover Sailing Activities and Coaching programs. Andrew Phillips also makes a return to MHYC after a stint at RSYS to head up this role and provide his expertise in many years of race management and youth sailing to our team.

2018 is the Year of Engagement with a heavy focus on making MHYC the place to be for youth sailing. The committees are focused on providing a safe and fun environment for families with more social activities planned as well as a reinvigorated Opening Day, Sunday after sailing BBQ's, Youth Sailing Annual Presentation Dinner and Commodore's Black Tie Dinner to name a few.

A comprehensive coaching program for our classes including Optimists, Cadets and 29ers as well as welcoming **all classes** to race in our yardstick racing programs on Sundays means more opportunities for everyone to race on Sundays at the Club.

The School program has had a change of direction with the decision to purchase Pacers for the Schools Racing program and allow our schools using the Club during the week to race in the leading on water High Schools racing program.

A final word on the importance of the Frank Likely Trust and the support they provide youth sailing at MHYC along with our sponsors. Without this ongoing support the youth program would not have achieved the milestones over the past year and be poised for growth in the coming year.

The Youth Sailing Committee and I are excited about the opportunities for this year. See you at the club....

Alister Copley
Vice Commodore – Youth Sailing

CLUB CAPTAIN'S REPORT

The Membership Committee has completed another successful year working tirelessly on behalf of the club to grow membership, Member benefits and improve club morale. The success of the committee is measured by the continuing maintain our membership through 2017/18. We are still at 1600 members and a long way toward our medium term goal of 2000 members. Membership is key to the clubs success and the future of the club.

The Membership Committee has focussed on a number of goals as set out last year in this report.

- Raising membership towards 2000
- Develop and implement a marketing plan measured by membership, member's utilisation and sailing nominations.
- Concentrate on sponsorship with the development of a dedicated committee.
- Propose a re-design of the clubhouse and the members' experience to meet the needs of our future
- Develop a dedicated Food & Beverage Committee to improve the experience for the benefit of members.

Some highlights in this pursuit were:

- new flooring at the Sandbar
- Improvements in the Club Room
- Barefoot Ball with 400 plus patrons dancing the night away.
- Literary Lunches with some magnificent speakers and sold out lunches.
- Feature sailing events having the best fleets in many years.
- Twilights continue to have the biggest fleet on the harbour of 60 plus and the many sponsors of each division donating cash and prizes.
- Increased number and quality of sponsors attracted to the club.
- Sandbar Café operating 7 days a week.
- Harbour View Room is now fully run by the Club team. Our menu offering is continuing to improve to members' benefits.
- Massive improvement in our Events offering and subsequent revenue/
- Sold out Commodores Black Tie event as fund raiser for The Frank Likely Trust and Youth Sailing.

There are many more achievements that the committee has and will achieve with the willing help of our volunteers and staff. I want to thank the entire committee and in particular Karen, Fran, Nathan and Freya for their tireless support and enthusiasm. The club's vibrance, in my mind, is there for all to see. I know it is seen by every Member. To all Members, please use the club and support our initiatives and always let us know if you would like to help, sponsor or know of sponsors or have ideas you would like to suggest to continue on the road to success. In the meantime I look forward to the next year, more fun on and off the water, and wish everyone a great 2018/19 season.

Happy and Safe Boating.

Mike Logan
Club Captain

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Consolidated Financial Statements

For the Year Ended 30 April 2018

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

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Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Directors' Report For the Year Ended 30 April 2018

The directors present their report on Middle Harbour Yacht Club Limited for the financial year ended 30 April 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
A Hurt	Director / Chairman	
G Young	Director	
D Naismith	Director	Resigned 15 January 2018
N Padden	Director/Treasurer	
N Smyth	Director	
J McCuaig	Director	
P Clinton	Director	
P Lewis	Director / Commodore	
K Burke	Director	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Middle Harbour Yacht Club Limited during the financial year were to promote participation in the sport of sailing.

No significant changes in the nature of the Club's activity occurred during the financial year.

Short term objectives

The Club's short term objectives are to:

- Improve the cash flow position by careful management of all expenditure
- Actively promote growth of the sailing fleet and increased patronage of the club by members
- Continue the drive for new members
- Continue strong growth of junior sailing program
- Optimise the potential for increased profit from food and beverage arrangements
- Increase sponsorship, particularly of junior sailing and the Club's major regattas

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Directors' Report

For the Year Ended 30 April 2018

Long term objectives

The Club's long term objectives are to:

- Actively pursue increased membership and sailing activity
- Increase revenue from food and beverage operations- this being a major service and income generator for the Club
- Continue development of junior sailing program - and extending this into youth sailing activity
- Achieve improved operating performance of the Club to strengthen cash flow
- Reduce debenture debt and the associated interest charges
- Continued tight controls on expenditure

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- Board to set an appropriate budget and an accompanying set of objectives to be achieved, current year and longer term
- The Flag Officers, together with the Board and Club Management to work actively to achieve clearly defined objectives
- Monthly reporting of financial and operating matters

How principal activities assisted in achieving the objectives

The principal activities assisted the Club in achieving its objectives by:

- An active and comprehensive sailing and regatta program successfully implemented throughout the year. This is a highly regarded race program which encourages both members' yachts and non-member yachts to participate in Club events, being the core of our operations
- The Club holds the enviable position of being one of the leading Yacht Clubs on Sydney Harbour, long established and widely recognised
- The Club has a well formed management structure, solidly backed by a culture of volunteer support and engagement coming out of its long term member base
- The Club's location complete with its club house, marina, dinghy storage and launching facilities and its unique beach, places the Club well for active support by its members

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Directors' Report For the Year Ended 30 April 2018

Performance measures

The following measures are used within the Club to monitor performance:

- Monthly comparisons of actual and budget expenditure and analysis of any variances
- Close monitoring of cash flow
- Questionnaires to Club members to gain feedback in areas where improvements are required
- Management Performance indicators assessed on regular basis

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

A Hurt

Qualifications

Import/Export Diploma / JP

Experience

31 years logistical and related industry experience and is currently CEO of Associated Customs and Freight Services and co-owner & board member of SEKO Logistics Worldwide.

G Young

Qualifications

Qualified Aircraft Engineer trained with Qantas

Experience

Director of Marine Consulting Company for past 18 years.

D Naismith

Qualifications

BComm, MBA, CA

Experience

Co-founding Director of renewable energy group specialising in commercial and government projects. Director and CFO role of publicly listed group. Corporate finance background as a Chartered Accountant.

N Padden

Qualifications

BSc MBA

Experience

Senior general Management Roles and directorships with KONE Corp a leading company in the elevator and escalator industry.

N Smyth

Qualifications

Bachelor of Electronic Systems

Experience

Group Head of Market Operations & Technology Group Macquarie, over 20 years as principal and director positions in the financial industry.

J McCuaig

Qualifications

Diploma Financial Services, Fellow Financial Services Institute

Experience

30 Years Banking & Finance, 15 years operating own Finance Broking business.

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Directors' Report For the Year Ended 30 April 2018

P Clinton

Qualifications

Certified Financial Planner, Accredited Estate Planning Strategist,
Bachelor of Business in Accounting

Experience

Over 30 years experience in financial planning and is currently
licensed through the Madison Financial Group and deals mainly with
high net worth individuals and family groups.

P Lewis

Experience

Retired businessman with successful corporate and small to medium
business experience primarily in developing, manufacturing,
positioning and marketing products and services locally and
overseas.

K Burke

Qualifications

Masters Degree

Experience

Over 25 years business experience mainly in human resources.
Member of executive teams of businesses with \$250m to \$800m
turnover.

Members' guarantee

Middle Harbour Yacht Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ NIL for members that are corporations and \$100 for all other members, subject to the provisions of the company's constitution.

At 30 April 2018 the collective liability of members was \$ 159,400 (2017: \$ 164,200).

Review of operations

The following changes occurred during the financial year:

- i) During the financial year the Club issued \$1,050,000 of debentures, and repaid \$1,625,000 of debentures of which \$50,000 was donated in a bequest from a member.
- ii) During the year the Club issued:
 - Five 5 year marina berth licences to a value of \$254,677; and
 - One 3 year marina berth license to a value of \$37,582.

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Directors' Report For the Year Ended 30 April 2018

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
A Hurt	12	10
G Young	12	10
D Naismith	5	3
N Padden	12	11
N Smyth	12	8
J McCuaig	10	9
P Clinton	12	10
P Lewis	10	10
K Burke	12	9

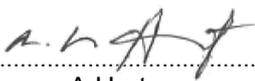
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 April 2018 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:

N Padden

Director:

A Hurt

Dated 20/06/2018

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

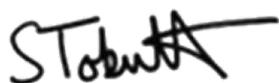
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 April 2018, 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.



PKF



SCOTT TOBUTT

PARTNER

20 JUNE 2018

SYDNEY, NSW

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 April 2018

		2018	2017
	Note	\$	\$
Revenue	3	4,043,417	3,765,928
Other income	3	401	35,209
Cost of sales	4	(547,169)	(598,243)
Employee benefits expense		(1,691,049)	(1,285,846)
Cleaning		(50,586)	(44,942)
Regatta and sponsorship expenses		(173,444)	(200,503)
Insurance		(111,327)	(119,131)
Rates and utilities		(121,742)	(65,151)
Rental and leasing outgoings		(190,616)	(186,882)
Repairs and maintenance		(139,062)	(120,775)
Other expenses		(374,768)	(354,599)
Profit before income tax, interest and depreciation		644,055	825,065
Finance costs		(321,496)	(358,305)
Depreciation expense		(663,571)	(666,874)
Loss before income tax		(341,012)	(200,114)
Income tax expense		-	-
Loss for the year		(341,012)	(200,114)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(341,012)	(200,114)

The accompanying notes form part of these financial statements.

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Consolidated Statement of Financial Position As At 30 April 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	311,971	681,801
Trade and other receivables	7	66,742	120,710
Inventories	6	74,252	82,846
TOTAL CURRENT ASSETS		452,965	885,357
NON-CURRENT ASSETS			
Trade and other receivables	7	81,689	81,689
Property, plant and equipment	8	8,270,490	8,789,673
TOTAL NON-CURRENT ASSETS		8,352,179	8,871,362
TOTAL ASSETS		8,805,144	9,756,719
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	275,878	243,737
Borrowings	13	268,484	2,413,484
Other financial liabilities	12	28,182	64,912
Short-term provisions	10	72,868	91,019
Other liabilities	11	346,255	335,764
TOTAL CURRENT LIABILITIES		991,667	3,148,916
NON-CURRENT LIABILITIES			
Borrowings	13	4,407,121	2,875,606
Long-term provisions	10	12,679	15,357
Other liabilities	11	610,524	592,675
TOTAL NON-CURRENT LIABILITIES		5,030,324	3,483,638
TOTAL LIABILITIES		6,021,991	6,632,554
NET ASSETS		2,783,153	3,124,165
EQUITY			
Reserves		5,355,741	5,355,741
Accumulated losses		(2,572,588)	(2,231,576)
TOTAL EQUITY		2,783,153	3,124,165

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 April 2018

	Accumulated losses	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 May 2017	(2,231,576)	5,355,741	3,124,165
Loss for the year	(341,012)	-	(341,012)
Balance at 30 April 2018	<u>(2,572,588)</u>	<u>5,355,741</u>	<u>2,783,153</u>

	Accumulated losses	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 May 2016	(2,031,462)	5,355,741	3,324,279
Loss for the year	(200,114)	-	(200,114)
Balance at 30 April 2017	<u>(2,231,576)</u>	<u>5,355,741</u>	<u>3,124,165</u>

Middle Harbour Yacht Club Limited

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Consolidated Statement of Cash Flows For the Year Ended 30 April 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,531,049	3,996,711
Payments to suppliers and employees	(3,794,351)	(3,446,274)
Interest received	6,991	3,507
Finance costs	(321,496)	(358,305)
Net cash provided by operating activities	20 <u>422,193</u>	<u>195,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	3,452	-
Purchase of property, plant and equipment	(145,260)	(102,312)
Net cash used in investing activities	<u>(141,808)</u>	<u>(102,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds/ (repayment) of borrowings	(650,215)	441,516
Net cash provided by / (used in) financing activities	<u>(650,215)</u>	<u>441,516</u>
Net increase/(decrease) in cash and cash equivalents held	(369,830)	534,843
Cash and cash equivalents at beginning of year	<u>681,801</u>	<u>146,958</u>
Cash and cash equivalents at end of financial year	5 <u><u>311,971</u></u>	<u><u>681,801</u></u>

The accompanying notes form part of these financial statements.

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements

For the Year Ended 30 April 2018

The financial report includes the consolidated financial statements and notes of Middle Harbour Yacht Club Limited (Parent) and controlled entities ('the Club'). Middle Harbour Yacht Club Limited is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

The financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have an April financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Club and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Rendering of services

Revenue from rendering services comprises revenue from memberships together with other services to members and other patrons of the club and is recognised when the services are provided.

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

Rental income

Revenue from marina and moorings is recognised on a straight-line basis for leases with fixed rental increases. For all other leases, revenue is recognised when the Club has a right to receive the rent in accordance with the lease agreement.

Commercial property rental revenue is recognised on a straight-line basis over a period of lease terms as to reflect a constant periodic rate of return on the net investment.

Bar and catering revenue

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue

Interest is recognised using the effective interest method.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

(f) Inventories

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

Net realisable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

(g) Property, plant and equipment

Classes of property, plant and equipment is carried at cost or revaluation model as specified below.

Notes to the Financial Statements

For the Year Ended 30 April 2018

Property

Property is measured using the revaluation model. Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model. Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land, is depreciated on a straight-line method from the date that management, determine that the asset is available for use.

Leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Leasehold premises	5%
Marina and Moorings	5%
Building Improvements	10%
Plant and Equipment	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Impairment of non-financial assets

At the end of each reporting period the Club determines whether there is an evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements

For the Year Ended 30 April 2018

(i) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Club's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Club's financial liabilities include borrowings, trade and other payables and amounts held on trust. Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the Financial Statements

For the Year Ended 30 April 2018

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the Club gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

(j) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Provisions

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Contributions are made by the Club to an employee superannuation fund and are charged as expenses when incurred.

Notes to the Financial Statements

For the Year Ended 30 April 2018

(m) Adoption of new and revised accounting standards

During the current year, the Club adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not impacted the recognition, measurement and disclosure of the financial statements of Middle Harbour Yacht Club Limited.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Club has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Club.

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	30 April 2020	Replaces AASB 117 Leases. Requires all leases to be accounted for "on-balance sheet" by leases, other than short-term and low value asset leases. Also requires new and different disclosures about leases.	Whilst the impact of AASB 16 has not yet been fully quantified, the entity currently has operating lease commitments of \$2,277,286 which we anticipate will be brought onto the statement of financial position through the recognition of a right to use asset and associated lease liability. Interest and amortisation expense will increase and rental expense will decrease.
AASB 9 Financial Instruments and amending standards AASB 2010-7 /AASB 2012-6	30 April 2019	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The effect of changes in AASB 9 are expected to be minimal.
AASB 15 Revenue from Contracts with Customers	30 April 2019	The AASB has issued a new standard for the recognition of revenue. This will replace AASB118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.	The changes in revenue recognition requirements in AASB 15 is not likely to cause changes to the timing and amount of revenue recorded in the financial statements.

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

(o) Going concern

The financial statements have been prepared on the going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 April 2018 the Club had net current liabilities of \$538,702 (2017: \$2,263,559), of which \$230,000 (2017: \$2,375,000) related to loans repayable to debenture holders within the next 12 months.

The Directors are confident that the Club will be able to negotiate the roll-over, or reissue of these existing debenture loans. This is based on the fact that historically the Club has a proven track record of raising new debentures, and in addition the Club continues to receive ongoing support from its various stakeholders who actively participate in the debenture scheme.

The ability of the Club to continue as a going concern is dependent upon the Club continuing to achieve their projected trading budget and to successfully roll over or replace the debenture loans as they fall due. Although these conditions indicate the existence of an uncertainty which casts doubt over the Club's ability to continue as a going concern, the directors are confident that the Club will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

2 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Key estimates - fair value of Marina and moorings, Leasehold premises and Clubhouse

The Club carries these assets at fair value with changes recognised in the revaluation reserve.

The Marina and moorings, Leasehold premises and Clubhouse were independently valued on 23 of January 2013 by LandMark White valuers.

The marina and moorings were revalued by the Directors on 1 of January 2014, following the completion of the marina extension, adopting the same assumptions as were used in the 2013 independent valuation.

The Directors have reviewed the assumptions adopted in the 2013 valuation of the leasehold premises and clubhouse and believe the carrying value of the leasehold premises and clubhouse correctly reflects the fair value at 30 April 2018.

Key estimates - impairment of property, plant and equipment

The Club assesses impairment at the end of each reporting period by evaluating conditions specific to the Club that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for marina and moorings based in Australia, growth rates of 3% have been factored into valuation models for the next 20 years on the basis of the lease signed with NSW Maritime in 2009. The rates used incorporate allowance for inflation. Pre-tax discount rates of 10% have been used in all models.

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

Key judgments - Income tax exemption

The directors of the Club self-assess income tax exemption status each year by filling out the income tax exemption self-assessment form provided by the ATO. The directors assessed the Club as income tax exempted this financial year given its sporting nature and accumulated losses.

3 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
- Rendering of services	1,025,604	1,053,177
- Marina Rentals	1,438,517	1,405,261
- Mooring Rentals	37,993	34,184
- Bar and Catering revenue	1,233,384	1,160,660
- Other miscellaneous sales revenue	36,641	37,903
- Interest income	6,991	3,507
- Commercial rental income	117,896	63,808
- Donations	140,580	2,270
- Other revenue	5,811	5,158
	<u>4,043,417</u>	<u>3,765,928</u>

Other Income

- Insurance recoveries	-	9,222
- Other	401	25,987
	<u>401</u>	<u>35,209</u>

4 Result for the Year

The result for the year includes the following specific expenses:

Cost of sales

Cost of sales - bar and catering	538,688	588,031
Cost of Sales - Other	8,481	10,212
	<u>547,169</u>	<u>598,243</u>

Depreciation and amortisation expense

- Depreciation	663,571	666,874
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Finance Costs

- Debenture interest expense	321,496	358,305
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Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

5 Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	8,700	8,500
Cash at bank	303,271	673,301
	<u>311,971</u>	<u>681,801</u>

6 Inventories

CURRENT		
Merchandise stock, at cost	24,397	23,012
Bar stock, at cost	49,855	59,834
	<u>74,252</u>	<u>82,846</u>

7 Trade and other receivables

CURRENT		
Trade receivables	43,577	75,198
Term deposits	-	19,313
Other receivables	23,165	26,199
	<u>66,742</u>	<u>120,710</u>

NON-CURRENT		
Term deposits	81,689	81,689

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Notes to the Financial Statements For the Year Ended 30 April 2018

8 Property, plant and equipment

	2018	2017
	\$	\$
Marina and Moorings		
At fair value	8,867,501	8,850,183
Less: accumulated depreciation	<u>(1,945,028)</u>	<u>(1,494,133)</u>
	<u>6,922,473</u>	7,356,050
Leasehold premises		
At fair value	781,988	781,988
Less: accumulated depreciation	<u>(186,289)</u>	<u>(149,052)</u>
	<u>595,699</u>	632,936
Plant and equipment		
At cost	1,157,124	1,056,344
Less: accumulated depreciation	<u>(901,236)</u>	<u>(830,106)</u>
	<u>255,888</u>	226,238
Club house		
At fair value	944,201	927,451
Less: accumulated depreciation	<u>(447,771)</u>	<u>(353,002)</u>
	<u>496,430</u>	574,449
Total property, plant and equipment	<u><u>8,270,490</u></u>	<u><u>8,789,673</u></u>

Movements in carrying amounts of property, plant and equipment

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

	Leasehold premises	Marina and moorings	Plant and equipment	Clubhouse	Total
	\$	\$	\$	\$	\$
2018					
Balance at the beginning of year	632,936	7,356,050	226,238	574,449	8,789,673
Additions	-	17,318	111,192	16,750	145,260
Disposals - written down value	-	-	(10,411)	-	(10,411)
Transfers	-	-	9,539	-	9,539
Depreciation expense	<u>(37,237)</u>	<u>(450,895)</u>	<u>(80,670)</u>	<u>(94,769)</u>	<u>(663,571)</u>
Balance at the end of the year	<u><u>595,699</u></u>	<u><u>6,922,473</u></u>	<u><u>255,888</u></u>	<u><u>496,430</u></u>	<u><u>8,270,490</u></u>

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

Movements in carrying amounts of property, plant and equipment (cont'd)

On 23 January 2013, the leasehold premises, marina and moorings and clubhouse development held by the Club were valued by LandMark White valuers. They were instructed to value the fair value of property on the basis that it could be used as a "commercial marina". The current terms of the head lease do not allow for such usage. Although the Directors did not contemplate seeking a variation of the terms they believed that it was appropriate to base the unadjusted fair value as if such a variation was granted. The Directors then resolved to adopt 85% of the fair value determined by LandMark White for the marina and rigging deck, leasehold premises and clubhouse.

On 1 January 2014, the Board resolved to adopt a total value for the expanded 103 berth marina and moorings of \$8,834,412. The valuation was based on an increase in total chargeable linear meters of the marina and reduced mooring farm, following the completion of the marina extension during the 2014 financial year.

The Directors have reviewed the assumptions adopted in the 2013 valuation of the leasehold premises and clubhouse and believe the carrying value of the leasehold premises and clubhouse correctly reflects the fair value at 30 April 2018.

9 Trade and other payables

	2018	2017
	\$	\$
Unsecured liabilities		
Trade payables	147,792	130,509
Sundry payables and accrued expenses	128,086	113,228
	<u>275,878</u>	<u>243,737</u>

10 Provisions

CURRENT		
Employee entitlements	72,868	91,019
NON-CURRENT		
Employee entitlements	12,679	15,357

Movement in carrying amounts

	Annual Leave	Long Service Leave	Total
	\$	\$	\$
Current			
Opening balance at 1 May 2017	65,501	40,875	106,376
Additional provisions	30,219	2,641	32,860
Provisions used	(22,852)	(30,837)	(53,689)
Balance at 30 April 2018	<u>72,868</u>	<u>12,679</u>	<u>85,547</u>

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

11 Other liabilities

	2018	2017
	\$	\$
CURRENT		
POS liability	30,059	30,077
Customer deposits	66,848	73,025
Prepaid berths guarantee fees	249,348	232,662
	<u>346,255</u>	<u>335,764</u>
NON-CURRENT		
Prepaid berths guarantee fees	610,524	592,675

12 Other Financial Liabilities

CURRENT		
Frank Likely Trust	28,182	64,912

13 Borrowings

CURRENT		
Unsecured liabilities:		
Other loans	38,484	38,484
Secured liabilities:		
Debentures	230,000	2,375,000
	<u>268,484</u>	<u>2,413,484</u>
NON-CURRENT		
Unsecured liabilities:		
Other loans	9,621	48,106
Secured liabilities:		
Debentures	4,397,500	2,827,500
	<u>4,407,121</u>	<u>2,875,606</u>

Collateral Provided

Debentures are secured by a first mortgage over the assets of the Club. The carrying amounts of non-current assets pledged as security are:

- Marina and Moorings	6,922,473	7,356,050
- Leasehold premises and club house	1,092,132	1,207,385
- Other property plant and equipment	255,885	226,238
	<u>8,270,490</u>	<u>8,789,673</u>

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

14 Capital and Leasing Commitments

(a) Commitments to NSW Maritime

	2018	2017
	\$	\$
Payable - minimum lease payments:		
- not later than one year	140,863	140,863
- between one year and five years	563,452	563,452
- later than five years	1,572,971	1,713,834
	<u>2,277,286</u>	<u>2,418,149</u>

The Club and NSW Maritime signed a 25 year head lease on 14 August 2009, which is considered an operating lease commitment. Therefore 16 years and 2 months of the lease remain outstanding at balance sheet date.

(b) Other operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- not later than one year	37,016	24,876
- between one year and five years	44,097	49,751
	<u>81,113</u>	<u>74,627</u>

Lease payments in relation to the printing system are increased on an annual basis to reflect market rentals.

During the year, an agreement was entered for a POS system. At the balance sheet date 31 months remain outstanding in relation to this operating lease.

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

15 Financial Risk Management

The main risks the Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and debentures.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	311,971	681,801
Trade and other receivables	148,431	202,399
Total financial assets	<u>460,402</u>	<u>884,200</u>
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	275,878	243,737
Borrowings	4,675,605	5,289,090
Other financial liabilities	28,182	64,912
Total financial liabilities	<u>4,979,665</u>	<u>5,597,739</u>

16 Contingencies

Contingent Liabilities

Middle Harbour Yacht Club Limited had the following security deposits held with Westpac, classified as term receivables within trade and other receivables:

- \$81,689 in respect of their Maritime Service account (2017: \$81,689); and
- The balance in relation to security to Mosman Council was \$nil (2017: \$19,313).

17 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Middle Harbour Yacht Club Limited during the year are as follows:

Short-term employee benefits	155,000	154,792
Long-term benefits	14,730	14,532
	<u>169,730</u>	<u>169,324</u>

For details of other transactions with key management personnel, refer to Note 18: Related Party Transactions.

Middle Harbour Yacht Club Limited

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Notes to the Financial Statements For the Year Ended 30 April 2018

18 Related Parties

The Club's main related parties are as follows:

(a) **The Club's main related parties are as follows:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 17: Key Management Personnel Compensation.

(b) **Other related parties**

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

A director, Mr G Young, has provided his motor vessel to the Club for race management duties during the financial year and in return the Club has reduced his marina fees. The Board has been provided with an analysis of the arm's length cost of chartering a similar vessel suitable for race management and has determined that the cost of doing so materially exceeds the marina fees foregone.

(c) **Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
(i) Revenue from services		
Revenue from amortisation of long term licence fees and annual maintenance fees from Directors/Directors related entities	16,607	13,932
Revenue from monthly berth fees from Directors/Directors related entities	38,396	49,653
	<u>55,003</u>	<u>63,585</u>
(ii) Debentures		
Debentures held with Directors/Directors related entities	235,000	510,000
Debentures interest paid/payable to Directors/Directors related entities	28,307	32,600
	<u>263,307</u>	<u>542,600</u>
(iii) Prepaid berth balance		
Key management personnel:		
Balance of prepaid berth fees from Directors/Directors related entities	71,074	32,387

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Notes to the Financial Statements For the Year Ended 30 April 2018

19 Controlled Entities

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2018	Percentage Owned (%)* 2017
Parent Entity:			
Middle Harbour Yacht Club	Australia	100	100
Subsidiaries:			
MHYC Holdings Pty Limited	Australia	100	100
MHYC Marina Management Pty Limited	Australia	100	100

*The percentage of ownership is in proportion to ownership.

20 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Loss for the year	(341,012)	(200,114)
Non-cash flows in profit:		
- depreciation	663,571	666,874
- net (profit)/loss on disposal of property, plant and equipment	(2,580)	264
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	53,968	30,372
- (increase)/decrease in inventories	8,594	7,447
- increase/(decrease) in trade and other payables	32,141	(123,426)
- increase/(decrease) in other liabilities		(194,628)
	28,340	
- increase/(decrease) in provisions	(20,829)	8,850
Cashflows from operations	<u>422,193</u>	<u>195,639</u>

21 Company Details

The registered office of and principal place of business of the Club is:

Middle Harbour Yacht Club Limited
Lower Parriwi Road
The Spit
Mosman NSW 2088

Middle Harbour Yacht Club Limited

ABN: 95 000 248 877

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 7 to 26, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 April 2018 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
N Padden

Director 
A Hurt

Dated 20/06/2018

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF MIDDLE HARBOUR YACHT CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Middle Harbour Yacht Club Limited, which comprises the consolidated statement of financial position as at 30 April 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Middle Harbour Yacht Club Limited is in accordance with the Corporations Act 2001, including:

- i). giving a true and fair view of the Club's financial position as at 30 April 2018 and its financial performance for the year ended; and
- ii). complying with Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Regulations 2001.

We have audited the financial report of Middle Harbour Yacht Club Limited which comprises the consolidated statement of financial position as at 30 April 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies, and other explanatory information, and the directors' declaration of the Club and the consolidated entity.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Middle Harbour Yacht Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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.

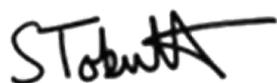
In preparing the financial report, the directors are responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Club or to 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 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 the financial report.



PKF



SCOTT TOBUTT

PARTNER

20 JUNE 2018

SYDNEY, NSW