



MIDDLE HARBOUR YACHT CLUB



ANNUAL REPORT
2019/2020

OUR VISION

To create a Club that has a sustainable future, is financially strong and is the destination of choice for members and guests both on and off the water.

OUR MISSION

Capitalise on the Club's unique location and its core commitment to sailing and boating to encourage greater member and guest patronage.

Continue to provide and improve the marina and clubhouse facilities and associated hospitality and community based services to promote a family friendly environment and increase the participation of members and guests in all facets of the Club's activities.



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DIRECTORS, OFFICERS AND MANAGEMENT

BOARD OF DIRECTORS

The Directors of the company at the date of this report are:

Robin Aldis	Chairman
Peter Lewis	Commodore
Philip Clinton	
Neil Drabsch	
Nicola Morgan	
Edith Hurt	
Shaun Lane	
Laurie McAllister	
John McCuaig	

FLAG OFFICERS

Peter Lewis	Commodore
Geoff Charters	Vice Commodore Racing
Evan Hodge	Vice Commodore Cruising
Alister Copley	Vice Commodore Youth Sailing
Liz Charles	Club Captain

MANAGEMENT

Mark Maybury	CEO/Club Secretary
Bruce Aitken	Finance Manager/Company Secretary
David Staley	Sailing Manager
Matt Pyne	Marina Manager

COMPANY DETAILS

Middle Harbour Yacht Club Limited
(A Company limited by guarantee)
ACN 000 248 877; ABN 95 000 248 877
Lower Parriwi Road, Mosman NSW 2088
Phone: 02 9969 1244 | Web: www.mhyc.com.au

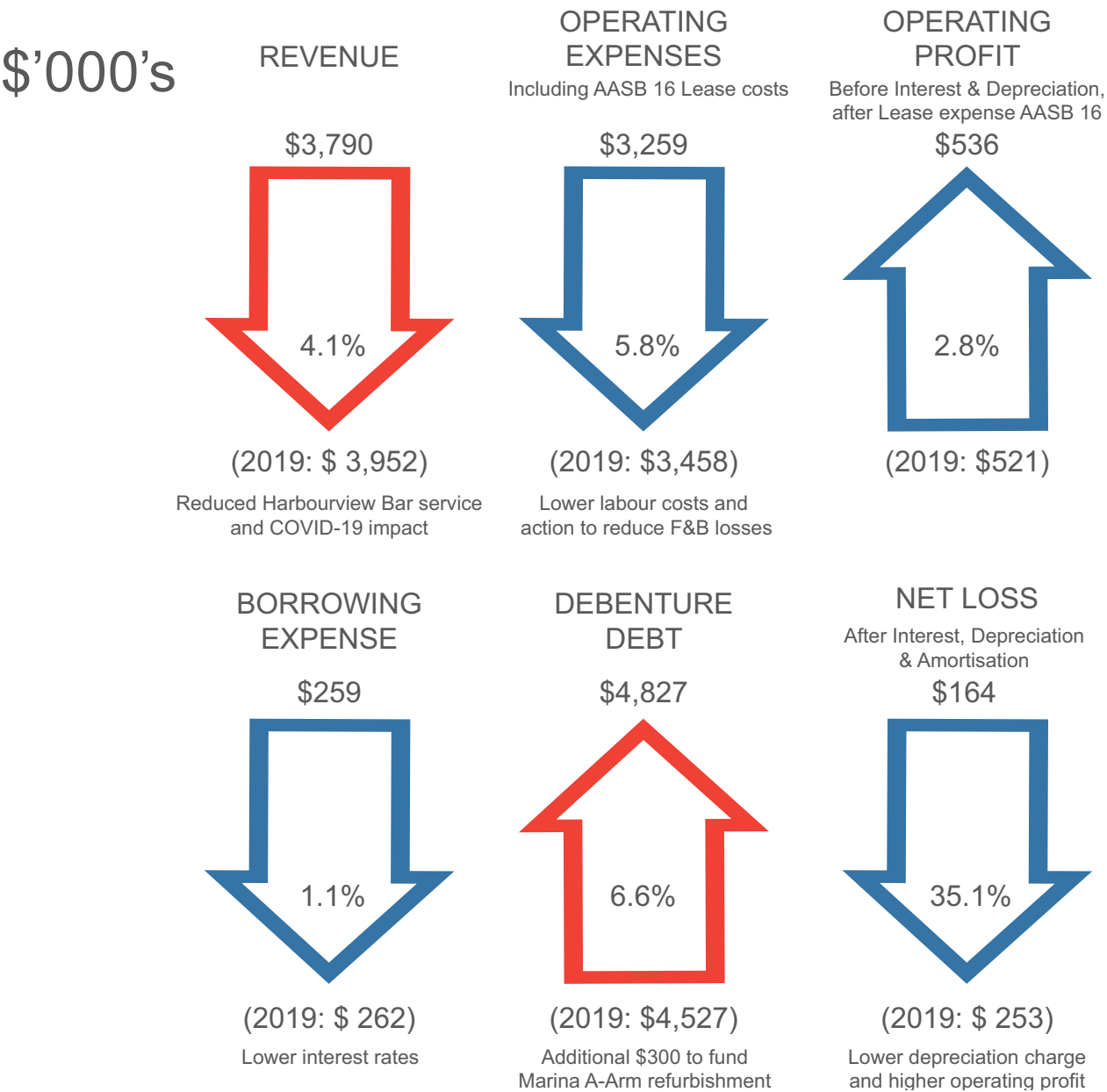
AUDITORS

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



FINANCIAL HIGHLIGHTS

80TH ANNIVERSARY YEAR





**CHAIRMAN
ROB ALDIS**

CHAIRMAN'S REPORT

The 2019/2020 financial year proved to be one of extremes and an eventful year for the Club. In my first year as chairman, we had a very a successful sailing and boating year and an improvement in cash profit following implementation of some of the strategic changes to our business model. Overall Club activities were performing very well until the world was impacted by the COVID-19 pandemic, which resulted in the cessation of sailing activities and the effective closure of the Club to members from 23 March 2020.

At the time of writing this report Club activities continue to be impacted by government restrictions with only limited services available to members. Trading in last two months of our financial year was negative with fixed costs well in excess of limited trading revenue. However, the financial impact of the forced closure of the Club was to some extent offset by income from the marina which continued to operate as usual.

It was encouraging to see an active year in sailing and boating activities details of which are set out in the Commodore's and Flag Officers reports. Looking back on the bulk of the years we saw an increase in yachts participating in Club events, particularly the Thursday Twilight series and Wednesday and Saturday racing was also well supported with good fleets. The Sydney Harbour Regatta held in March was once again a great success.

In support of our primary aim to provide our members effective and quality facilities and service during the year, as part of our maintenance program we commenced work on plans for the marina A-Arm and Club buildings and surrounds. A special thank you to members who provided continuing and strong support to our debenture program to assist funding the A-Arm refurbishment costs. While some food and beverage services were reduced to curb trading losses, the Sandbar services were upgraded to meet increased demand.

None of the Club's activities or achievements during the year could have eventuated without the support of our many members and I take this opportunity to thank all our members for their continued patronage, interest and active involvement in our sailing and boating activities and Club life generally.

Financial Results

It is pleasing to report that the operating profit before depreciation and interest expense was \$686,750, adjusted for lease amortisation and interest expense of \$151,235 as required under the new accounting standard AASB 16, the adjusted profit was up 2.8% when compared with last year. While overall revenue was down 4.1% to \$3,790,442 this was due to planned reduction in the Harbourview Bar and Bistro services and the impact of the Club closure in late March and April.

Management actions to reduce costs resulted in lower operating expenses, down by 5.8% to \$3,265,950 when compared with last year. Operating expenses are adjusted to include the lease amortisation and interest cost referred above. The reduction in costs arose from lower labour and other direct expenses in our aim to limit losses from food and beverage services offset by higher costs associated with our sailing activities and overheads such as insurance and repairs and maintenance.

Interest expense on the debenture debt was \$259,391 slightly lower compared with last year reflecting overall lower average interest rates. After the non-cash charge for depreciation of \$440,409 (\$512,646 last year) the net financial result was a loss of \$164,284 compared with a loss of \$253,271 the previous year. Net cash flow from operating activities was positive at \$84,277 compared to \$153,390 the previous year.

Thank you to members who supported an increase in debenture debt through the issue of a further \$300,000 to assist funding for the planned work on the marina A-Arm. While some work was undertaken during this financial year, due to the COVID-19 crisis and the Club shutdown, work will not be completed until May 2021.

There was a reduction in the issue and renewal of prepaid long-term marina licences reflecting the offer of a reduced term, now a maximum three years and generally the lower discount due to the lower interest rate environment. One licence was issued during the year adding around \$50,000 to operating cash flow. As the long-term marina licences expire, monthly cash flow from the marina will increase.

Debenture debt is now \$4,827,500 (2019: \$4,527,500) at an average interest rate of 5.37% pa. The combined debenture debt and prepaid marine licence liability is \$5,352,439 compared with \$5,209,394 at the close of last year.

During the year a number of our senior members promoted and facilitated the formation of the MHYC Foundation Trust with its prime purpose of assisting to preserve, develop and maintain the standards and facilities of the Club. The committee for the Frank Likley Trust, which mainly focusses on supporting youth sailing activities also agreed to transfer its funds and resources to the Foundation. The Foundation is a wonderful initiative and I look forward to members continued and active support of its fund-raising initiatives. A more detailed report of the Foundation is included in the annual report on page 16.

Overall, our financial position at the end of the year is much improved and with a strong cash position we were in good shape to deal with the uncertainty and disruption caused by the COVID-19 crisis.

The net assets of the Club at year end was \$6,549,015 (2019: \$6,713,299) the reduction mainly due to the large non-cash depreciation charge.

Corporate Governance

We are mindful of the need to ensure that we have in place an effective corporate governance framework and policies and practices of a high standard. Last year we reviewed and updated our committee terms of reference and to assist management and the board added a further committee, the Clubhouse Committee, comprising the chairman, commodore and chairman of Finance & Risk to deal with more of the day to day issues and co-ordinate the work of a number of sub-committees. The board now has four committees reporting directly to the board, the Sailing Committee, the Marina Committee, the Finance & Risk Committee and the Clubhouse Committee. These committees are comprised of members of the Club who provide many hours of their time and service in support of the Club and assisting management for which they receive our appreciation and thanks.

During the year we completed a review of the major business risks that the Club may be exposed, to identify, analyse, evaluate and seek a response to mitigating these risks. Our response to the COVID-19 crisis was assisted by this exercise.

Outlook

The directors and management reviewed and updated our strategic plan covering the next five years and have developed short, medium and long term objectives targeted to ensure the Club is able to support its members and has the facilities and financial strength to continue its activities into the future.

While the COVID-19 crisis has disrupted our business and members access to the Club, during the shutdown period we have been active in implementing some of our short term plans

to commence a maintenance and refurbishment program. This program is targeted to:

- Improve and update the Club entrance and breezeway.
- Repairs and maintenance to the Sandbar, update equipment and services.
- Maintenance of our start boat and youth sailing RIBs and equipment.
- Upgrade and relocation of our main powerboard.

During the year ahead there are few issues which are worthy of noting as follows:

- Financial planning for the next year has been designed to manage the continued impact of the COVID-19 pandemic on Club activities so that we will be able to emerge from this in a sound financial position.
- Our aim to replace our marker boat, "Sandpiper" with a vessel also capable of providing a back-up as a starter boat.
- The Club will be active in a coordinated manner with the other sailing Clubs in Sydney to ensure that a sailing and racing programme is made available in a safe and practical manner as soon as conditions will permit a resumption of all activities.
- The marina is expected to continue operating at near full capacity providing steady and reliable cash flow.
- We are aiming to complete the work on the marina A-Arm in the second quarter 2021.
- Members are encouraged to continue to strongly support the Club's membership renewal due to commence in July and the Foundation's fundraising, as it is only with your support can we expect the Club to flourish into the future.

There were a number of changes to the board since last financial year, with Neil Padden and Greg Young retiring, replaced by Edith Hurt and Laurie McAllister. Thank you to the outgoing board members for their outstanding contribution and welcome to the new. It has been an active year for the board and I thank each of the board members for their time, effort and contribution to the supervision of the Club's affairs.

During the year our general manager Karen Baldwin left after nearly five years with the Club and we thank her and wish her well in the future. Our gratitude and thanks to Bruce Aitken our finance manager who assumed the role as acting general manager and with his team did a great job. The management and staff are to be complimented on providing quality service and support to members and the board during the year and particularly continuing to maintain their focus and performance in these difficult times. Our new CEO Mark Maybury has now joined management and we welcome him and look forward to working with him in the future.

It has been a rewarding year with many achievements but a lot more work to be done to ensure the Club has quality facilities, remains financially strong and has a sustainable future. The Club is a family friendly environment and I encourage all our members and their guests to continue to remain active and involved in the Club's activities.

Rob Aldis
Chairman



COMMODORE
PETER LEWIS

COMMODORE'S REPORT

The 2019/2020 year could not have been predicted by any Club. The immediate stoppage of operations in March 2020 was a one in one-hundred-year event. The board, flags, committees and staff worked hard to regroup, replan and adapt, to ensure that the Club would survive financially and that we would be in a position to reopen when restrictions were finally relaxed. This was indeed a challenge, on behalf of all the Club I would like to thank everyone involved for the diligence and perseverance in this endeavour. One unintended benefit of the COVID-19 lockdown was the cooperation and communication between the commodores of NSW and Australian Sailing. This will lead to ongoing regular meetings, enabling us to work together on common goals for our sport.

The 2019/2020 financial year was indeed a good year. Celebrating our 80th Anniversary, the Club held many celebrations and events that reflected the true spirit that is Middle Harbour Yacht Club. The Commodores Ball was one such event that marked the launch of the Middle Harbour Yacht Club Foundation and laid the groundwork for raising funds for the development of sailing, youth sailing and facilities at the Club.

Our sailing program was ambitious, hosting many regattas and events. Our sailing committee, sailing staff, marina staff, Club house and volunteers were at full stretch to ensure each and every event occurred without incident and that all competitors were well served and safe. The Sydney Harbour Regatta was the biggest in at least 5 years thanks to the support of the many Clubs involved in our signature event.

The flag officers, respective committees and their chairs, provide enormous support to the board and management with a focus on continuing to work to build membership and member benefits. Refer to the Flag Officers reports for more details on their activities.

We are thankful for our sponsors continued support, with their assistance and that of the sponsorship committee, we continue to develop active programs benefiting our members. Our fleets continue to grow, particularly twilights, Wednesday's and feature events. Our ability to host regattas for Sydney 38's, Farr 40's, Mc38's, Adams 10's, J24's and other one-design series makes us a strong and unique Club. Racing all year round is our aim and our selfless volunteers help us achieve this. Our youth sailing and schools sailing is really developing and we are aware more focus is needed in this area, as it is the nursery for our future sailors. Our cruising division is vibrant and active and has a full program of cruises, activities, and training exercises. This division is developing programs with other Clubs to encourage the use of boats for adventures offshore and beyond.

Our Club survives on the generosity and hard work of our volunteers. Volunteering at Middle Harbour is a tradition and binds the Club together. To all our volunteers on and off the water Thankyou, Thankyou, Thankyou! I commend volunteering to all. It helps you meet people, learn new skills and is a way of giving to the Club's future.

Unfortunately, as always we have lost a few members this year. We have remembered and honoured them. We at Middle Harbour are sailing together, because they gave of themselves, to teach us, donate, and volunteer. These were esteemed members, contributors, and active participants. We will miss them but they will not be forgotten.

To the board, flag officers, staff, volunteers and members; Thank you for your time, friendship, and support. Together we are facing the challenge of a post COVID-19 world. Be safe, enjoy your boating, and have healthy and prosperous year.

Yours in Sailing,

Peter Lewis
Commodore

SYDNEY HARBOUR REGATTA

The Sydney Harbour Regatta, held in March each year is Sydney's premier yacht racing event - the biggest event of its kind in New South Wales and one of the largest competitive keelboat regattas in Australia. It is also one of the highlights of Middle Harbour Yacht Club's sailing calendar.

First held in 1996, the event has grown to become the strongest competitive sailing regatta since the 2000 Sydney Olympics. This year the Regatta will be held on the weekend of March 7-8.

Over 160 boats across 20 diverse classes/divisions took part in the 2019 Regatta, the 14th year of the event and a highlight of the 80th Anniversary celebrations for MHYC. From the NSW Championships in the Adams 10, Cavalier 28 and J70 along with a diversity of other classes, the aim of the regatta is to include:

- Premier Class (offshore racing)
- Performance Classes (inshore racing)
- Numerous one-design classes including Etchells, Yngling, Adams 10, Cavalier 28 and J70

2019 also saw all competitors flying 'Clean Up Australia' flags from their backstays in support of Clean Up Sydney Harbour on the Sunday of the race. The campaign has successfully run for 30 years and was the brainchild of the late Ian Kiernan AO who would be thrilled to see the growth of the legacy he left behind.

The regatta is constantly evolving, with classes updated and racing formats reviewed year on year. The 2020 Sydney Harbour Regatta will include the J70 NSW Championships and

an interclub competition has been added to the Performance Spinnaker fleets.

One thing that never changes is the support of other yacht Clubs around Sydney and the willingness of the race management volunteers. Without their commitment to the regatta's success it would be impossible to host an event of this magnitude.

Our volunteers are a class apart, and so are our commercial supporters: there are some incredible prizes on offer thanks to the generosity of our major sponsors – Robert Oatley Wines, Helly Hansen, Ryan Short Marine, Air New Zealand and Coral Sea Marina Resort (formerly Abell Point Marina).

Competitors at all levels of sailing can be found taking part, from keen Club sailing enthusiasts right up to national and world champions and sailors who have represented their country at the Olympics. It is no exaggeration - some of the biggest names in yachting can be found contesting the Premier IRC class divisions on windward/leeward offshore courses.

The shore-side activity surrounding the Sydney Harbour Regatta is also keenly anticipated as an integral part of this spectacular regatta. Spectators and competitors can look forward to great entertainment, food, live music, fantastic prizes from our generous sponsors and an energetic party atmosphere.

Middle Harbour's beach is the place to head after the day's racing is done, affording the chance to unwind with a refreshing drink, catch up with old friends and make many new ones.

For the latest on the Sydney Harbour Regatta, visit the website at www.shr.mhyc.com.au



FLAG OFFICERS REPORTS

VICE COMMODORE RACING REPORT - GEOFF CHARTERS

The 2019/2020 sailing year has been an exciting and unpredictable one! The Club was enjoying a spectacular spring and summer across all forms of sailing, only to have it all come to a shuddering halt in late March due to the now familiar COVID-19 pandemic. Following health advice and government restrictions, the Club, in concert with all other major sailing Clubs, took the sensible and conservative approach and stopped all forms of racing, until further notice.

Up to this point, Club racing enjoyed excellent support, racing was competitive, fair and close in each of the series. Our congratulations go to all the winners of the truncated summer series. Unfortunately, we will not be in a position to celebrate their achievements in person, until social distancing restrictions are lifted sufficiently for the Club to host a prizegiving ceremony, hopefully later this calendar year. We look forward to that event with great anticipation!

The MHYC sailing programs continue to provide our members and visiting crews the opportunity to participate in a diverse and busy range of sailing activities that enhance our sailors' skills and provide fun, fair and close racing for all levels.

Our flagship event, the Sydney Harbour Regatta (SHR) was

again a great success, with more than 20 Clubs from two Australian states and Hong Kong making up 19 divisions. The Club looks forward to the 16th Anniversary of the SHR being staged again in March 2021.

Sailing participation and particularly competitive sailing participation continues to evolve. It is pleasing to note that MHYC sailors continue to support interclub competitions, ensuring our development as sailors.

The Club is extremely fortunate to have a great group of volunteers, from race management to committee members, through to maintenance personnel and of course, the sailing office staff, all of whom work tirelessly and quietly in the background to help the Club function as seamlessly as it does and enable us to race as often as we do – our sincere thanks to you all.

Middle Harbour Yacht Club remains the Club that is welcoming, inclusive, and supportive of all members. While we have had a difficult few months, we believe that the ongoing evolution of our culture and the strong leadership from the board make our Club the best Club in Sydney.

Stay safe and sail well, as we move to reopen Club activities in the coming months.



VICE COMMODORE CRUISING REPORT - EVAN HODGE

The cruising division membership continues to grow with enthusiastic support from an active group of members interested in the many boating activities organised throughout the year.

2019/2020 got off to a great start with fine cruising around the harbour.

In October 2019, the cruising division organised the 'Make-A-Wish' sailing day. Club staff assisted while the cruising division and other Club members volunteered their yachts to host families whose children have been challenged with health issues. It is a day away from their usual routine. It was an enjoyable sail up the harbour and back. All participants had a great time and appreciated the efforts of MHYC. We are planning to carry on the tradition for this coming year.

The Tapas Tie up was held in November at Sugarloaf. The Tapas Tie up is a great evening of food and drink from around the world. Each vessel chose a country and provided a tapas style dish with accompanying drink from their country of choice. It is a great way to cruise the world without leaving Middle Harbour. (Something we may be doing more of now).

Late December and January 2020, we had two vessels Buggalugs and Nashira head down to Jervis Bay and meet up with Bundeena for a New Year cruise. Celebrations started out well, but the bushfires came to impact us, the National Parks closed, and the smoke and ash seemed to follow us around the bay.



The Australia Day weekend saw 7 yachts sail up the harbour and anchor in Blackwattle Bay for a quiet night of seafood and a few drinks. Australia Day saw the MHYC flotilla join the splendour mayhem of Sydney Harbour before seeking the tranquillity of Sugarloaf once again.

Up until the COVID-19 lockdown members had extended cruises to North Queensland and other destinations. With the current restrictions on cruising, our members have been able to reminisce and produce wonderfully written articles that we have published in the Compass Rose. The cruising division committee voted to ensure the Compass Rose monthly newsletter continued to be published in these unprecedented times, as it keeps all the members socially connected.

Our monthly meetings held on the 3rd Monday of each month were getting a great turnout with the speakers generating interest in their adventures before everything stopped abruptly with the COVID-19 pandemic. We have started hosting our monthly meetings remotely with two being held thus far with another being planned as I write this report.

Thanks to all our members for their interest and support and look forward to an active and fun boating year ahead.



VICE COMMODORE YOUTH SAILING - ALISTER COPLEY

While 2019 and the start of 2020 was all going to plan, the recent events have shown us how the need to change and adapt is paramount to ongoing survival. I feel that sailing is a great sport which allows you to push the boundaries and change depending on the current conditions you are facing.

Our Club, has shown that even with no on-water sailing occurring over the April and May, we were still able to stay connected via a variety of electronic mediums. The recent e-series racing was a great example of the ability to combine youth and adults in the sport of sailing and is a key for the next phase in youth sailing at MHYC.

The past season has also seen some fantastic sailing achievements completed both locally at our Club and further afield at various state and national championships.

We have some monumental learning in our Learn to Sail programs. Youth and centreboard sailing at MHYC is continuing to provide that safe challenging Club environment allowing our youth sailors to explore their own horizons. A keenly contested racing program consisting of Optimists, 29ers and 420's allowed our Club based racing program to continue while supporting other sailing events around the state and country.

The Learn to Sail program continues with very busy Tackers and Teenage programs providing expert tuition under the lead of our Head Instructor Drew Lucas and supported by Elizabeth Turner in the office and the team of amazing instructors.

The introduction of expert coaching programs in the Optimists and 29er program now mean MHYC youth can sail for MHYC while competing at the highest levels.

The schools program continued to develop with 4 girls' schools now involved in the school sailing program meaning over 50 girls are actively sailing for their school each week in summer. This culminated with an end of season, all female teams racing regatta hosted by MHYC and The NSW Teams Sailing Association and demonstrated the amazing sailing talent that these girls have on the water.

While at the time of writing, activities on the water have just started to fire up, we continue to maintain our vessels and plan for the upcoming season ahead. We have a vibrant and engaged committee in youth and centreboard sailing actively supporting the activities at the Club including the weekly Sunday BBQ and on water race support roles.

Our winter holiday program was incredibly popular with over 20 kids from all areas of the program on the water during the first week, the second week was dedicated to Opti development sessions.

The year ahead will see further growth to our program with our keen and talented teenagers being able to participate in additional youth development programs.

We also want to create more opportunities to socialise at the Club and have some new initiatives including social sailing, on water family treasure hunts, more BBQ's, info night, social gathering, on-water racing and fun events, MHYC supported events at other Clubs both in NSW and hopefully around the country, opening day events and more e-racing.

So come along and get involved, I guarantee the more you get involved the more fun you will have.



CLUB CAPTAIN - LIZ CHARLES

Middle Harbour Yacht Club has enjoyed another season in 2019/2020 of excellent racing across all formats. The members have participated and been successful at Club, state national and international level regattas and championships.

Club racing has enjoyed excellent support and the racing has been competitive, fair and close in each of the series the Club has run. While Saturday annual point score fleets have been stable, the Club has enjoyed renewed energy in the Twilight series, the social Saturday racing and participation in the feature events held throughout the year.

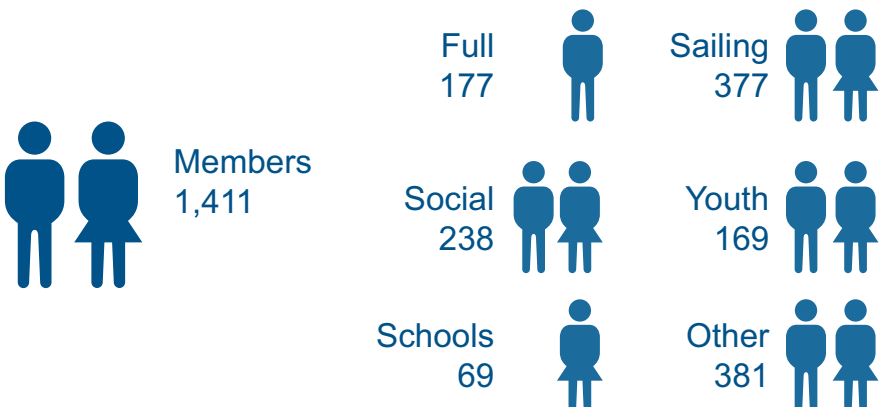
The continued refinement of our programs particularly the introduction of Windward / Leeward sprint racing has resulted in MHYC skippers and crew improving their levels of seamanship and sailing skill dramatically. This is demonstrated by MHYC boats featuring prominently at the top of the leaderboards in interClub competitions and inshore as well as offshore. MHYC is punching well above its weight competitively, thanks to these sailors.

Our continued integration of womens' events in the MHYC racing programs is having a positive effect on the development and levels of participation of our female members. We look forward to more inclusion and even greater levels of participation from our female sailors.

Our flagship events, the Sydney Harbour Regatta (March) and Sydney Short Ocean Racing Championship (November), continue to be recognised as premier two day events on and outside Sydney Harbour and we look forward to their continued expansion and growth, with the inclusion of more classes and fleets, with support from the other premier Clubs on the harbour.

We take this opportunity to acknowledge our superb group of race management volunteers who enable us to race as often as we do. We recognise their skill and commitment and owe them all a huge vote of thanks and appreciation.

MEMBERSHIP NUMBERS



YOUTH SAILING

Youth Sailing at MHYC is run by our very own Australian Sailing Accredited 'Discover Sailing Centre'. Located in its own office, Discover Sailing is positioned just past the Sandbar Café next door to Flying Fish.

The Club has a long tradition of youth sailing dating back to 1963 when a small fleet of timber boats and a handful of young sailors laid the foundation for Frank Likely, in 1966, to begin the first youth sailing courses at the Club. Over the decades since then, many world class sailors have emerged from the program.

We saw a large boost in enthusiasm towards the Club's young, future sailors with the establishment of the Australian Sailing team facilities here in 2013 which has enabled the Olympic and Paralympic teams to training alongside our beginner sailors. Today the program has grown to cater for over 400 young sailors each year.

The MHYC Discover Sailing Centre offers Learn to Sail courses for ages 7-17 with a pathway that follows from complete beginner to competent sailor or even elite racer regardless of when you start. For children who have completed the learn to sail programs or have joined us from a sailing background, we run development programs for multiple world sailing recognised dinghy classes.

Our talented and experienced young sailors compete in Club, local, regional, national and international competitions. Inspiration to take their sailing journey to wherever they want is easy to find whilst training amongst Australian Olympians and world champions.

Our team of staff and volunteers are all qualified to the Australian Sailing national governing body standard and are passionate about inspiring the next generation of participants in their sport. The values and discipline gained from sailing is instilled in our instructors and coaches and is passed on in their teachings, creating an environment of mutual respect and a wholesome Club atmosphere. This is seen so clearly on any training or race day at the Club as well as at our youth sailing social events held throughout the year.

The MHYC Discover Sailing Centre also coordinates schools sailing programs for many local schools providing a local Club facility in which to explore the aquatic environment. To get involved or to find out more information call us on 02 8969 3116.



SYDNEY SHORT OCEAN RACING CHAMPIONSHIP

A major sailing event in the Middle Harbour Yacht Club calendar through the year is the Sydney Short Ocean Racing Championship, held over the weekend of 22nd-23rd November in 2019.

This event marks the beginning of the regatta season in Sydney. Having celebrated 40 years in 2017, the SSORC has long been regarded as the perfect way for serious yachtsmen to test their boats and crew ahead of the following month's Rolex Sydney to Hobart Race and invariably boasts a quality line-up.

Many keen sailors see the event as the chance to shake off the winter cobwebs and prepare themselves for the season ahead.

And it wouldn't be Middle Harbour Yacht Club without some fun on dryland after the racing, with all crews, friends and family invited back to the post-race beach party on both days, with live entertainment.

The format of the SSORC has been tweaked over the past few years to cater to competitors' wishes, with the current formula being one that seems to be enjoyed by everyone involved. The regatta commences with a coastal passage race either to Cape Bailey or Lion Island and return. The second day features three offshore windward-leeward races with all race scores to count.

The SSORC includes three divisions – TP52, Division 1 and Division 2 – with scoring under IRC, ORCi, PHS and TPR for the TP52 class.

A quality field is assured, particularly with the SSORC forming one leg of the MHYC and CYCA Ocean Pointscore Series.

Inside the Harbour, the annual Seven Islands pursuit race attracts Saturday sailors and their crews from Clubs throughout Sydney and allows them to participate in the fun and competition of the first major regatta of the racing season. The race is also the first round of the Jeanneau Cup Series.

The Club thanks the Race Committee: Principal Race Officer, Denis Thompson, Saturday Race Officer, Steve Tucker and their race teams. Thanks also to the Cruising Yacht Club of Australia for making its course boats available and to Bob Cox for his efforts to promote the event.

MHYC expresses its sincere thanks to Cruising Yacht Club of Australia for race management assistance and to sponsors Helly Hansen, Club Marine, Oatley Wines, Short Marine, Vittoria Coffee and Key Sun Zinke for their support.

The 2020 SSORC will be held from 7th-8th November, three weeks earlier than usual as a lead-up to the Farr 40 World Championship being hosted in Sydney.

For more details on the event visit the dedicated website, www.ssorc.mhyc.com.au





MHYC FOUNDATION

The MHYC Foundation was established through the foresight and action of some of our senior members in January 2019. The Foundation is a not for profit trust with an independent trustee board, formed in recognition of our members continued desire to financially support the Club and create a reserve of funds from donations made by members, their estates, family groups and other approved third party sources.

The Foundation's main purpose is to create:

- A permanent fund to be administered independently from the Club, and
- to help preserve, develop and maintain the standards and facilities of the Club

The Foundation has established a number of Special Project Funds targeting particular projects that support the Club's activities. This includes the MHYC Revitalisation Fund aimed to raise funds to assist the funding of upgrades and refurbishment of the Club's buildings, surrounds and facilities, and the MHYC Development Fund in support of the aims to establish a long term development program and plans to ensure the Club has a sustainable future and is able to support its members and community in the future.

In particular, the Foundation now incorporates and provides the previous Frank Likely Trust fund, established in 1991, a new home and structure. A Special Project Fund, the FLYAS Fund

and committee has been established to manage the funds within its terms of reference based on the ideals of the Frank Likely Trust to promote the interests and activities of youth sailing.

During the first year of operation to 31 December 2019 the Foundation raised \$72,869 in addition to the \$72,995 transferred from the Frank Likely Trust fund. Grants to the Club from the Foundation were \$24,000 to support the Development Fund plans and the cost of a RIB for youth sailing. Since the Foundation's year end the Foundation has provided a further \$20,000 to assist the refurbishment of the Club gardens and entrance. Net assets at 31 December 2019 were \$121,764. Details of the Foundation's audited annual financial statements are available through the Club's web site.

A special thanks and appreciation to the Club members for their support of the Foundation during its first year. The Foundation trustee board continues to work closely with the Club and is promoting fundraising programs to support the Club's active maintenance and refurbishment program in 2020, youth sailing activities and the replacement of the marker vessel "Sandpiper".

We encourage members to continue to support our fundraising objectives. Donations can be made direct to the Foundation through the Club office or if desired a tax deductible donation through special project accounts with the Australian Sports Foundation, www.asf.org.au.

MIDDLE HARBOUR YACHT CLUB LIMITED

ABN: 95 000 248 887

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 April 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present their report on Middle Harbour Yacht Club Limited for the financial year ended 30 April 2020.

Directors

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

Names	Position	Appointed/Resigned
R Aldis	Director/ Chairman	
P Lewis	Director/ Commodore	
P Clinton	Director	
N Drabsch	Director	
E Hurt	Director	Appointed 18/07/2019
L McAllister	Director	Appointed 18/07/2019
S Lane	Director	
J McCuaig	Director	
N Morgan	Director	
N Padden	Director	Resigned 17/07/2019
G Young	Director	Resigned 17/07/2019

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

Review of operations

The financial result for the year from ordinary activities was a loss of \$164,284 (2019: \$253,271) after charging \$554,719 (2019: \$512,646) for depreciation and amortisation.

Profit before income tax, interest and depreciation for the year was \$686,750 (2019: \$521,003). The main reason for the improvement in the current year being the accounting impact on transition to AASB 16 Leases, effective from 1 May 2019, which has resulted in a decrease in the rental expense of \$145,000.

In accordance with AASB 16 Leases the Club has recognised an amortisation expense on right-of-use assets of \$114,310 (2019: \$Nil) and finance costs in relation to the lease liability of \$36,925 (2019: \$Nil).

Principal activities

The principal activities of the company during the financial year were to provide facilities and services to promote the sport of sailing and boating activities.

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

Indemnifying and Insurance of Officers

The company has provided for and paid premiums to the value of \$4,030 (2019: \$4,703) during the year for Management Liability Insurance. The insurance is in respect of legal liability for damages and legal costs with an annual aggregate limit of \$5,000,000 arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as directors or officers of the company, towards which the directors of the company contribute.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

Information on directors

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

R Aldis	
Qualifications	Civil Engineer, BE (Civil), FAICD
Experience	Over 46 years' experience in the engineering and construction sector, spending 25 years with the Contractor, Leighton Group of Companies, and then 15 years as Managing Director of an Advisory business within the Infrastructure sector. Rob also holds non-executive roles within North West Road Group and WaterNSW.

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.

P Clinton	
Qualifications	Certified Financial Planner, Accredited Estate Planning Strategist, Bachelor of Business in Accounting
Experience	Over 31 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.

N Drabsch	
Qualifications	Chartered Accountant, FCA,FAICD, FGIA, FCIS.
Experience	Practising chartered accountant for 25 years. Extensive experience as a senior executive in finance, tax, investments and funding in large international insurance companies for over 26 years including 21 years as CFO of QBE Insurance Group. Now retired and chairman of the Finance & Risk Committee.

E Hurt	
Qualifications	Master of Human Services Management and Policy, Master Project Director (MPD), GAICD
Experience	Career in project and operations management, alongside business consulting and non-executive roles. Corporate and not-for-profit experience in finance and insurance, logistics, health and medical research sectors. Extensive experience in IT, HR, executive coaching and business transformation.

L McAllister	
Experience	23 years globally with The Coca-Cola Company (TCCC) operating across 72 Countries as (TCCC) Head of Marketing, R&D & M&A across Europe Eurasia & Middle East. (TCCC) President Scandinavia. (TCCC) Chief Marketing, Commercial & Customer Officer for Coca-Cola Japan. Managing Director of Sanofi-ANZ. Currently CEO & MD of McPherson's. Experienced Board Director for 7 Companies across 6 Countries across Europe, Asia, ANZ & Global.

S Lane	
Qualifications	Bachelor of Accounting and qualified Chartered Accountant
Experience	After completing articles with a major accounting firm in South Africa and the USA he has held senior positions in a number of companies both listed and non listed. He has invested in a number of private companies across a broad range of industries over the years and continues to consult and hold non executive board positions.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

Information on directors

J McCuaig	
Qualifications	Diploma Financial Services, Fellow Financial Services Institute
Experience	32 Years Banking & Finance, 17 years operating own Finance Broking business.
N Morgan	
Qualifications	Qualified Pharmacist
Experience	Over 21 years' experience as a Management Consultant providing consulting services across Europe, USA and Asia Pacific.

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
R Aldis	12	10
P Lewis	12	12
P Clinton	12	11
N Drabsch	12	11
E Hurt	9	8
L McAllister	9	8
S Lane	12	8
J McCuaig	12	11
N Morgan	12	12
N Padden	3	2
G Young	3	2

Environmental issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Company Limited by 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 \$100 for all members, subject to the provisions of the company's constitution.

At 30 April 2020 the collective liability of members was \$ 134,000 (2019: \$ 129,700).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

Events after the reporting date

The COVID-19 government restrictions imposed by the federal and state governments in March 2020 have progressively been lifted since the end of the financial year which has resulted in the return to competitive sailing, the re-opening of the Club's Sandbar operations and an increase in the limits on public gatherings. Also the Club has benefitted from government subsidies available to not for profit businesses and the JobKeeper allowance.

Apart from this, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Dividends

The company is a non-profit organisation and is prevented by its constitution from paying dividends.

Proceedings on Behalf of the Company


No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.


The company was not a party to any such proceedings during the year.

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 2020 has been received and can be found on page 5 of the financial report.

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

Director: 
R Aldis

Director: 
P Lewis

Dated: 6 August 2020

AUDITOR’S INDEPEDENCE DECLARATION



Middle Harbour Yacht Club Limited
ABN: 95 000 248 877

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Middle Harbour Yacht Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 April 2020, 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

PKF

STobutt

SCOTT TOBUTT
PARTNER

6 AUGUST 2020
SYDNEY, NSW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2020

	Note	2020 \$	2019 \$
Revenue	4	3,790,442	3,952,401
Other income	4	10,023	26,242
Cost of sales		(484,387)	(562,799)
Employee benefits expense		(1,607,552)	(1,741,781)
Cleaning		(41,889)	(54,261)
Regatta and sponsorship expenses		(207,641)	(165,999)
Insurance		(164,898)	(126,904)
Rates and utilities		(130,276)	(152,643)
Rental and leasing outgoings		(31,514)	(175,344)
Repairs and maintenance		(137,465)	(151,865)
Other expenses		(308,093)	(326,044)
Profit before income tax, interest and depreciation		686,750	521,003
Finance costs		(296,315)	(261,628)
Depreciation expense		(440,409)	(512,646)
Amortisation of right-of-use assets		(114,310)	-
Loss before income tax		(164,284)	(253,271)
Income tax expense		-	-
Loss for the year		(164,284)	(253,271)
Fair value increment on revaluation of property	17	-	4,183,417
Total comprehensive income for the year		(164,284)	3,930,146

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 861 839

Liability limited by a scheme
approved under Professional
Standards Legislation

Sydney
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Newcastle
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PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.
For office locations visit www.pkf.com.au

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	416,168	279,032
Trade and other receivables	6	55,632	57,362
Inventories	7	55,635	89,690
TOTAL CURRENT ASSETS		527,435	426,084
NON-CURRENT ASSETS			
Trade and other receivables	6	81,689	81,689
Property, plant and equipment	8	11,678,142	11,989,106
Right-of-use asset	9	1,781,279	-
TOTAL NON-CURRENT ASSETS		13,541,110	12,070,795
TOTAL ASSETS		14,068,545	12,496,879
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	221,676	366,750
Borrowings	11	1,985,000	1,002,121
Short-term provisions	12	60,884	73,121
Lease liabilities	9	111,720	-
Other liabilities	13	259,004	342,723
TOTAL CURRENT LIABILITIES		2,638,284	1,784,715
NON-CURRENT LIABILITIES			
Borrowings	11	2,842,500	3,535,000
Lease liabilities	9	1,675,794	-
Long-term provisions	12	20,063	31,319
Other liabilities	13	342,889	432,546
TOTAL NON-CURRENT LIABILITIES		4,881,246	3,998,865
TOTAL LIABILITIES		7,519,530	5,783,580
NET ASSETS		6,549,015	6,713,299
EQUITY			
Reserves		9,539,158	9,539,158
Accumulated losses		(2,990,143)	(2,825,859)
TOTAL EQUITY		6,549,015	6,713,299

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2020

Balance at 1 May 2019

Loss for the year

Balance at 30 April 2020

Balance at 1 May 2018

Loss for the year

Fair value increment on revaluation of property

Balance at 30 April 2019

Note	Accumulated losses \$	Asset Revaluation Reserve \$	Total \$
	(2,825,859)	9,539,158	6,713,299
	(164,284)	-	(164,284)
	(2,990,143)	9,539,158	6,549,015

Note	Accumulated losses \$	Asset Revaluation Reserve \$	Total \$
	(2,572,588)	5,355,741	2,783,153
	(253,271)	-	(253,271)
17	-	4,183,417	4,183,417
	(2,825,859)	9,539,158	6,713,299

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		3,985,639	4,140,272
Payments to suppliers and employees		(3,610,558)	(3,739,701)
Interest received		5,511	14,447
Finance costs		(296,315)	(261,628)
Net cash provided by operating activities	20	84,277	153,390
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	4,703
Purchase of property, plant and equipment		(129,445)	(52,548)
Net cash used in investing activities		(129,445)	(47,845)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds/ (repayment) of borrowings		291,802	(138,484)
Repayment of lease liabilities		(109,498)	-
Net cash provided by / (used in) financing activities		182,304	(138,484)
Net increase/(decrease) in cash and cash equivalents held		137,136	(32,939)
Cash and cash equivalents at beginning of year		279,032	311,971
Cash and cash equivalents at end of financial year	5	416,168	279,032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

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 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements 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.

2 Summary of Significant Accounting Policies

(a) Impact of COVID - 19 and temporary Club closure

Due to the COVID-19 pandemic revenue was negatively impacted during the months of March and April 2020. The Club was forced to temporarily close at 12.00pm on 23 March 2020 by order of the Federal Government in line with stage one of the restrictions of a lockdown to reduce the spread of the COVID-19 virus. Apart from the marina operations which continued as normal, all other club activities ceased on this date.

(b) 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 2020 the Club reported current liabilities of \$2,638,284 which was greater than current assets of \$527,435. This resulted in net current liabilities of \$2,110,849 (2019: \$1,358,631), of which \$1,985k (2019: \$993k) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(c) 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.

(d) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods and services to customers at an amount that reflects the consideration of the Company expects to receive in exchange for those goods and services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price of the performance obligations
5. Recognise revenue as and when control performance obligations is transferred.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(d) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

(e) 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.

(f) 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.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

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. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

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.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or revaluation model less, where applicable, any accumulated depreciation and impairment as specified below.

Under the cost model, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(h) Property, plant and equipment

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	3.7%
Marina and Moorings	3.7%
Clubhouse	3.7%
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.

(i) Financial instruments

Financial instruments are recognised initially on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the company classifies its financial assets into the following category, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and including forward looking information.

The company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the company in full, without recourse to the company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

Where the company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the company comprise trade payables, bank and other loans and finance lease liabilities.

(j) Impairment of non-financial assets

At the end of each reporting year, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria of AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(k) Income Tax

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

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(m) Leases

Lease liabilities are measured at the present value of the payments to be made over the lease term at the commencement of the lease are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Club would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use ("ROU") asset in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined from the contract, which is generally the case for leases in the Club.

Lease payments due within 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and is presented in the statement of profit and loss.

The short-term exemption will be applied to leases that are less than 12 months. These leases are recognised on a straight-line basis as an expense. Assets and liabilities arising from a lease are initially measured on a present value basis. lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Impact on application

The Club recognised ROU assets of \$1,895,589 and equal lease liability of \$1,895,589 at 1 May 2019, for leases previously classified as operating leases. The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 May 2019 was 2%

	\$
Operating lease commitments at 30 April 2019	2,136,243
Discounted using the incremental borrowing rate at 1 May 2019	(240,654)
Add:	-
Finance lease liabilities	1,859,985
Add adjustments as a result of a different treatment of extension options	-
Add leases not recognised as a lease under AASB 17	-
Less:	-
Short-term leases included in commitments note	-
Leases for low value assets included in commitments note	-
Lease liabilities recognised at 1 May 2019	1,859,985

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(n) Employee benefits

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.

(o) Adoption of new and revised accounting standards

The Club has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019.

- AASB 16 Leases; and
- AASB 15 Revenue from contracts with customers; and
- AASB 1058 Income of Not-for-Profit Entities

AASB 16 Leases

In the current year, the Club has applied AASB16 Leases and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2019.

AASB 16 introduces a single lease accounting model that eliminates the requirements for leases to be classified as operating or finance leases.

AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position.

There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding ROU asset will be amortised over the term of the lease. Rent expense will no longer be shown; the profit and loss impact of the leases will be through amortisation and interest charges.

The Directors reviewed and assessed the application of AASB 16 and the impact of the application is disclosed in paragraph (m).

AASB 15 Revenue from contracts with customers

AASB 15: Revenue from Contracts with Customers are applicable to the annual reporting periods beginning on or after 1 January 2019 (for NFP entities).

AASB 15 introduces a five step process for revenue recognition with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new standard applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

2 Summary of Significant Accounting Policies

(o) Adoption of new and revised accounting standards

The Club's accounting policies for its revenue streams are disclosed in detail in Note 2(d). Apart from providing more extensive disclosure for the Club's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Club.

AASB 1058 Income for Not-for-Profit Entities

AASB 1058: Income for Not-for-Profit Entities are applicable to the annual reporting periods beginning on or after 1 January 2019.

AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public NFP entities, previously AASB 1004 Contribution. the timing of income recognition depends on whether such transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

The Club's accounting policies for its revenue streams are disclosed in detail in Note 2(d). Apart from providing more extensive disclosure for the Club's revenue transactions, the application of AASB 1058 has not had a significant impact on the financial position and/or financial performance of the Club.

3 Critical Accounting Estimates and Judgements

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

On 23 January 2013 the leasehold premises, marina and moorings and clubhouse development held by the Club were independently valued by Landmark White valuers.

On 1 January 2014 the marina and moorings were subsequently valued by the directors, following the completion of the marina extension, adopting the same assumptions as were used in the 2013 independent valuation.

On 30 April 2019 the directors performed a valuation based on assessment of the current net commercial income of the marina and leasehold properties, considering income and expense items from the budget to the year to 30 April 2020 and allocating income and expenses relevant to the business units that would be available for sale based on vacant possession. The director's assessment was based on a capitalisation rate of 9.5%.

The directors performed a reassessment in the current year and found that the assessment as at 30 April 2019 is still valid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

3 Critical Accounting Estimates and Judgements

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 2% to 2.5% have been factored into valuation models for the next 32 years on the basis of the lease to be renegotiated with NSW Maritime in 2021. The rates used incorporate allowance for inflation. Pre-tax discount rates of 9.5% to 10% have been used in all models.

Key judgements - 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.

Key judgements - Transition to AASB 16 Leases

The directors of the club have made significant judgements regarding the recognition of leases and under AASB 16. Specifically these judgements relate to the incremental borrowing rate applied of 2% and the likelihood of a renewal of the lease agreement with NSW Maritime under the existing terms and conditions.

At the reporting date the terms and conditions for a renewal of the existing lease agreement are deemed to be reasonably uncertain. Management have therefore assessed the lease under AASB16 with an expected lease term until June 2034, in accordance with the original signed agreement dated 14 August 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

4 Revenue and Other Income

	2020	2019
	\$	\$
- Rendering of services	993,559	928,272
- Marina Rentals	1,492,479	1,486,107
- Mooring Rentals	35,046	40,936
- Bar and Catering revenue	1,037,022	1,250,216
- Other miscellaneous sales revenue	24,490	26,008
- Interest income	5,511	14,447
- Commercial rental income	184,233	185,830
- Donations	1,000	11,984
- Other revenue	17,102	8,601
	3,790,442	3,952,401
Other Income		
- Other income	10,023	26,242

5 Cash and cash equivalents

Cash on hand	8,074	8,074
Cash at bank	408,094	270,958
	416,168	279,032

6 Trade and other receivables

CURRENT		
Trade receivables	15,787	31,239
Other receivables	39,845	26,123
	55,632	57,362
NON-CURRENT		
Term deposits	81,689	81,689

7 Inventories

CURRENT		
Merchandise stock, at cost	20,119	30,428
Bar stock, at cost	35,516	59,262
	55,635	89,690

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

8 Property, plant and equipment

	2020 \$	2019 \$
Marina and Moorings		
At fair value	10,008,990	9,900,000
Less: accumulated depreciation	(330,904)	-
	<u>9,678,086</u>	<u>9,900,000</u>
Leasehold premises		
At fair value	880,000	880,000
Less: accumulated depreciation	(29,414)	-
	<u>850,586</u>	<u>880,000</u>
Plant and equipment		
At cost	1,225,422	1,204,967
Less: accumulated depreciation	(1,013,530)	(965,861)
	<u>211,892</u>	<u>239,106</u>
Club house		
At fair value	970,000	970,000
Less: accumulated depreciation	(32,422)	-
	<u>937,578</u>	<u>970,000</u>
Total property, plant and equipment	<u>11,678,142</u>	<u>11,989,106</u>

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 \$
2020					
Balance at the beginning of year	880,000	9,900,000	239,106	970,000	11,989,106
Additions	-	108,990	20,455	-	129,445
Depreciation expense	(29,414)	(330,904)	(47,669)	(32,422)	(440,409)
Balance at the end of the year	<u>850,586</u>	<u>9,678,086</u>	<u>211,892</u>	<u>937,578</u>	<u>11,678,142</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

9 Leases

Right-of-use assets

	\$	Total \$
Year ended 30 April 2020		
Additions	1,895,589	1,895,589
Depreciation charge	(114,310)	(114,310)
Balance at end of year	<u>1,781,279</u>	<u>1,781,279</u>

Lease liabilities

The maturity analysis of lease liabilities is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$
2020			
Lease liabilities	<u>111,720</u>	<u>558,600</u>	<u>1,117,194</u>

10 Trade and other payables

	2020 \$	2019 \$
Unsecured liabilities		
Trade payables	40,286	119,480
Sundry payables and accrued expenses	<u>181,390</u>	<u>247,270</u>
	<u>221,676</u>	<u>366,750</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

11 Borrowings

	2020 \$	2019 \$
CURRENT		
Unsecured liabilities:		
Other loans	-	9,621
Secured liabilities:		
Debentures	1,985,000	992,500
	<u>1,985,000</u>	<u>1,002,121</u>
NON-CURRENT		
Secured liabilities:		
Debentures	2,842,500	3,535,000
	<u>2,842,500</u>	<u>3,535,000</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	9,678,086	9,900,000
- Leasehold premises and club house	1,788,164	1,850,000
- Other property plant and equipment	211,892	239,106
	<u>11,678,142</u>	<u>11,989,106</u>

12 Provisions

CURRENT		
Employee entitlements	60,884	73,121
NON-CURRENT		
Employee entitlements	20,063	31,319
Movement in carrying amounts		

	Annual Leave \$	Long Service Leave \$	Total \$
Opening balance at 1 May 2019	73,121	31,319	104,440
Additional provisions	18,293	1,645	19,938
Provisions used	(30,530)	(12,901)	(43,431)
Balance at 30 April 2020	<u>60,884</u>	<u>20,063</u>	<u>80,947</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

13 Other liabilities

	2020 \$	2019 \$
CURRENT		
POS liability	20,797	24,225
Other liability	-	17,606
Customer deposits	56,157	51,544
Prepaid berths guarantee fees	182,050	249,348
	<u>259,004</u>	<u>342,723</u>
NON-CURRENT		
Prepaid berths guarantee fees	342,889	432,546

14 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 9 as detailed in the accounting policies to these financial statements, are as follows

Financial Assets		
Cash and cash equivalents	416,168	279,032
Trade and other receivables	55,632	57,362
Term deposits	81,689	81,689
Total financial assets	<u>553,489</u>	<u>418,083</u>
Financial liabilities		
Trade and other payables	221,676	366,750
Borrowings	4,827,500	4,537,121
Total financial liabilities	<u>5,049,176</u>	<u>4,903,871</u>

15 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:

	2020 \$	2019 \$
Short-term employee benefits	159,302	157,939
Long-term benefits	15,134	14,727
	<u>174,436</u>	<u>172,666</u>

For details of other transactions with key management personnel, refer to Note 16: Related Party Transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

16 Related Parties

(a) The company'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 15: 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:

(i) Revenue from services

Revenue from amortisation of long term licence fees and annual maintenance fees from Directors/Directors related entities
Revenue from monthly berth fees from Directors/Directors related entities

	2020	2019
	\$	\$
	511	7,001
	49,768	27,607
	<u>50,279</u>	<u>34,608</u>

(ii) Debentures

Debentures held with Directors/Directors related entities
Debentures interest paid/payable to Directors/Directors related entities

	345,000	335,000
	<u>16,774</u>	<u>18,199</u>

(iii) Prepaid berth balance

Key management personnel:
Balance of prepaid berth fees from Directors/Directors related entities

	-	18,032
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

17 Fair Value Measurement

The company measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment
 - Marina and Moorings
 - Clubhouse
 - Leasehold Improvements

The Club does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements.

	Total
	\$
30 April 2020	
Recurring fair value measurements	
Property, plant and equipment	
Marina and Moorings	9,900,000
Clubhouse	970,000
Leasehold Improvements	880,000
	<u>11,750,000</u>

Valuation techniques used to determine fair values

In the prior year the directors reassessed the assumptions adopted in the 2013 independent valuation of the Marina and Moorings, Leasehold premises and Clubhouse. The directors' performed a valuation at 30 April 2019 and based it on assessment of the current net commercial income of the marina and leasehold properties, considering income and expense items from the budget for the year to 30 April 2021 and allocating income and expenses relevant to the business units that would be available for sale based on vacant possession. The directors' assessment was based on a capitalisation rate of 9.5%. The directors performed a reassessment in the current year and found that the assessment as at 30 April 2019 is still valid.

18 Contingencies

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

Bank guarantee

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 (2019: \$81,689).

Contingent Liability

The Club has identified that the lease agreement with NSW Maritime, which is in place until June 2034, relating to its tenancy of the marina has not been subject to the periodic rent reviews detailed in the contract.

The lease agreement with NSW Maritime is subject to a binding heads of agreement completed in June 2013 to enter into a new lease which is proposed to start from February 2016 for a 25 year term expiring in February 2041. The heads of agreement and proposed new lease was the result of changes in the leased property following the completion of the third stage of the marina.

There may be a liability in relation to the existing and proposed lease dating back to the proposed start date for the new lease of February 2016. At the date of this report the Club is in discussions with the agent and landlord to determine whether a liability exists, if any, and at this stage any potential liability cannot be measured with any reliability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

19 Controlled Entities

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2020	2019
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
MHYC Foundation Pty Ltd	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:

	2020	2019
	\$	\$
Loss for the year	(164,284)	(253,271)
Non-cash flows in profit:		
- depreciation	554,719	512,646
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,730	9,380
- (increase)/decrease in inventories	34,055	(15,438)
- increase/(decrease) in trade and other payables	(145,074)	90,872
- increase/(decrease) in other liabilities	(173,376)	(209,692)
- increase/(decrease) in provisions	(23,493)	18,893
Cashflows from operations	84,277	153,390

21 Events after the end of the Reporting Period

The financial report was authorised for issue on 06 August 2020 by the Board of Directors.

The COVID-19 government restrictions imposed by the federal and state governments in March 2020 have progressively been lifted since the end of the financial year which has resulted in the return to competitive sailing, the re-opening of the Club's Sandbar operations and an increase in the limits on public gatherings. Also the Club has benefitted from government subsidies available to not for profit businesses and the JobKeeper allowance.

Apart from this, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

22 Company Details

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

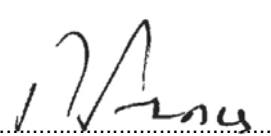
Middle Harbour Yacht Club Limited
Lower Parriwi Road
The Spit
Mosman NSW 2088


DIRECTORS' DECLARATION

The directors of the entity declare that:

- The financial statements and notes, as set out on pages 6 to 27, are in accordance with the *Corporations Act 2001* and:
 - comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - give a true and fair view of the financial position as at 30 April 2020 and of the performance for the year ended on that date of the entity.
- 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: 
R Aldis

Director: 
P Lewis

Dated: 6 August 2020

MIDDLE HARBOUR YACHT CLUB LIMITED

ABN: 95 000 248 887

INDEPENDENT AUDITOR’S REPORT

For the Year Ended 30 April 2020

INDEPENDENT AUDITOR’S 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 (the Company), which comprises the consolidated statement of financial position as at 30 April 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 the Company 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 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, 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.

Emphasis of Matter - Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 2(b) in the financial report which indicates the Company is in a net current liability position of \$2,110,849 at 30 April 2020. The Company's ability to continue as a going concern is contingent upon its ability to achieve its projected trading budget and to successfully renegotiate or replace the debenture loans as they fall due.

These conditions indicate the existence of an uncertainty which may cast doubt over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

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.

PKF

PKF

STobutt

SCOTT TOBUTT
PARTNER

6 AUGUST 2020
SYDNEY, NSW

