Royal Brighton Yacht Club Inc.

ABN: 24 768 210 467

Financial Statements

For the Year Ended 30 June 2021

Royal Brighton Yacht Club Inc.

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Contents

For the Year Ended 30 June 2021

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General Committee's Report

30 June 2021

The general committee members submit their report, together with the financial statements of the Association for the financial year ended 30 June 2021.

General committee members

The names of general committee members throughout the year and at the date of this report are:

Peter Strain	Commodore
John Mooney	Vice Commodore
Paul Jenkins	Rear Commodore
Brett Heath	Club Captain
Peter Demura	Honorary Treasurer
Catherine Hurley	Committee Member
Murray Cowdell	Committee Member
Kalpana Merrett	Committee Member
Peter Gebhardt	Committee Member
Marnie Irving	Committee Member
Peter Coleman	Committee Member
James Leckey	Vice Commodore (resigned)
Paul Pascoe	Commodore (resigned)
Niesje Hees	Committee Member (resigned)

Principal activities

The principal activities of the Association during the financial year were to continue facilitating and promoting of the sport of sailing generally, and in particular, racing between sailing yachts.

Operating result

The deficit of the Association for the financial year amounted to $ (59,462) (2020: $ (156,340)).

Events after the reporting date

On the 15th July, the Victorian Government announced a 5 day lockdown in response to the delta variant outbreak spreading from New South Wales. This lockdown was extended an extra week and restrictions began to lift on the 28th July. Then further outbreaks forced a sixth lockdown to commence on the 6th August. The 6th lockdown is expected to end on Thursday 2nd of September . Given the situation, it is not practical to estimate the impacts of the pandemic on the financial statements of the Association.

Except for the above, 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 Association, the results of those operations or the state of affairs of the Association in future financial years.

Signed in accordance with a resolution of the Members of the Committee:

Commodore: .... Peter Strain

Honorary Treasurer: .... Peter Demura

Dated this 17 day of SEPTEMBER 2021

Royal Brighton Yacht Club Inc.

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Member subscription income		786,931	762,858
Marina, hardstand and boat storage income		1,190,758	1,138,262
Bar and catering sales		2,003,681	2,322,016
Franchise income		43,087	52,436
Sailing income		175,681	315,144
Donations, grants and sponsorship income		7,985	52,698
Government grants and subsidies (COVID-19)	5	328,650	324,250
Other income	5	140,243	206,289
Gain on disposal of assets		-	2,987
		4,677,016	5,176,940
Bar and catering cost of goods sold		(721,408)	(751,366)
Employee and contractor expenses	7	(1,915,146)	(2,173,178)
Property expenses		(280,126)	(325,309)
Repairs, maintenance and equipment		(169,932)	(183,750)
Sailing expenses		(40,084)	(129,887)
Other expenses		(437,571)	(567,624)
Operating surplus before interest, depreciation and amortisation		1,112,749	1,045,826
Interest income	6	352	2,650
Finance expenses	6	(79,848)	(94,045)
Depreciation and amortisation		(1,092,715)	(1,110,771)
Deficit before income tax		(59,462)	(156,340)
Income tax expense	2(b)	-	-
Deficit for the year attributable to the members		(59,462)	(156,340)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the members		(59,462)	(156,340)

The accompanying notes form part of these financial statements.

Royal Brighton Yacht Club Inc.

ABN: 24 768 210 467

Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,124,009	512,529
Trade and other receivables	9	94,650	154,969
Inventories	10	70,951	76,727
Other assets	12	97,468	113,635
TOTAL CURRENT ASSETS		1,387,078	857,860
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,849,954	7,795,985
TOTAL NON-CURRENT ASSETS		6,849,954	7,795,985
TOTAL ASSETS		8,237,032	8,653,845
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	306,446	278,380
Borrowings	14	486,577	270,146
Lease liabilities	17	91,618	87,725
Employee benefits	16	132,625	124,594
Other liabilities	15	602,891	605,938
TOTAL CURRENT LIABILITIES		1,620,157	1,366,783
NON-CURRENT LIABILITIES			
Borrowings	14	876,314	1,254,757
Lease liabilities	17	656,383	749,271
Employee benefits	16	20,380	29,633
Other liabilities	15	73,552	203,693
TOTAL NON-CURRENT LIABILITIES		1,626,629	2,237,354
TOTAL LIABILITIES		3,246,786	3,604,137
NET ASSETS		4,990,246	5,049,708
EQUITY			
Yachting Foundation No 2 reserve	18	17,786	17,786
Accumulated surplus		4,972,460	5,031,922
		4,990,246	5,049,708
TOTAL EQUITY		4,990,246	5,049,708

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Accumulated Surplus	Yachting Foundation No 2 Reserve	Total
	$	$	$
Balance at 1 July 2020	5,031,922	17,786	5,049,708
Deficit for the year	(59,462)	-	(59,462)
Balance at 30 June 2021	4,972,460	17,786	4,990,246

2020

	Accumulated Surplus	Yachting Foundation No 2 Reserve	Total
	$	$	$
Balance at 1 July 2019	5,188,262	17,786	5,206,048
Deficit for the year	(156,340)	-	(156,340)
Balance at 30 June 2020	5,031,922	17,786	5,049,708

Royal Brighton Yacht Club Inc.

ABN: 24 768 210 467

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		4,603,820	5,500,032
Payments to suppliers and employees		(3,988,995)	(5,282,685)
Interest received		352	2,650
Finance costs paid		(79,848)	(90,654)
COVID relief income - Jobkeeper		397,650	155,250
COVID relief income - Cash Flow Boost		50,000	50,000
Net cash provided by/(used in) operating activities	24	982,979	334,593
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment		-	29,589
Payments for property, plant and equipment		(147,183)	(122,520)
Net cash provided by/(used in) investing activities		(147,183)	(92,931)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		(163,100)	(53,175)
Repayment of leases		(61,216)	(40,974)
Net cash provided by/(used in) financing activities		(224,316)	(94,149)
Net increase/(decrease) in cash and cash equivalents held		611,480	147,513
Cash and cash equivalents at beginning of year		512,529	365,016
Cash and cash equivalents at end of financial year	8	1,124,009	512,529

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial statements cover Royal Brighton Yacht Club Inc. as an individual entity. Royal Brighton Yacht Club Inc. is a not-for-profit Association incorporated in Victoria under the *Associations Incorporation Reform Act 2012* ('the Act').

The functional and presentation currency of Royal Brighton Yacht Club Inc. is Australian dollars.

The financial report was authorised for issue by the General Committee on 17th September 2021.

Comparatives are consistent with prior years, unless otherwise stated in note 3: retrospective restatements.

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 Act.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or 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 to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Sale of goods

Revenue from the sale of food and beverages is recognised at the point of sale, when the economic benefits associated with the transaction flows to the Association and can be reliably measured.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Rendering of services

Revenue from subscriptions, maintenance fees and the lease of marina, hardstand and OTB space is recognised over the period where the customer is entitled to receive benefits from the service provided by the Association. Revenue is recognised when economic benefits are expected to flow to the Association and can be reliably measured.

The Association has numerous long-term leases for Marina space, spanning periods of twelve months and twenty years. Revenue from these leases are defined as operating leases and recognised on a straight-line basis over the agreement terms. All agreements will expire prior to the Association's current lease of the marina.

Interest

Interest is recognised as it accrues using the effective interest method, by calculating the amortised cost of a financial asset and allocating interest over the relevant period. Interest is allocated using the effective rate, which discounts estimated future cash receipts through the expected life of the financial asset to its respective net carrying amount.

Deferred and unearned revenue

The Association receives funds in advance from it's members. These are treated as liabilities of the Association until the requirements of the revenue recognition criteria have been satisfied. These deferred amounts are then released to revenue.

(b) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

Cash flows in the 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.

2 Summary of Significant Accounting Policies

(e) 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 using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Plant and Equipment	4.00 - 50.00%
Leasehold improvements	2.00 - 50.00%

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.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Association 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.

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing 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 Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the 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 is recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Net gains or losses, including any interest income are 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

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating the expected credit loss (ECL), the Association 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 Association's historical experience and informed credit assessment and including forward looking information.

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

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the Association 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 Association 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.

Where the Association 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 Association 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 Association comprise trade payables, bank and other loans and lease liabilities.

2 Summary of Significant Accounting Policies

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

At inception of a contract, the Association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 Summary of Significant Accounting Policies

(i) Leases

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee benefits

Provision is made for the Association'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 one year 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 high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Going concern

The Association's activities resulted in a deficit for the year ended 30 June 2021 of $59,462 (30 June 2020: deficit $156,340). It has a net current deficiency as at 30 June 2021 of $233,079 (30 June 2020: $378,783). Encompassed within the total is $452,664 of memberships for the 2022 year received in advance.

The full impact of the COVID-19 situation continues to evolve at the date of this report as the state of Victoria enters its 6th lock-down. The Association is uncertain as to the final impact that the pandemic will have on its financial situation and liquidity and the future results of operations during FY2022.

The financial statements have been prepared on the basis that the Association is a going concern which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

At 30 June 2021 the Association had net assets of $4,990,246, cash reserves of $1,124,009 and generated net cash inflows from operating activities of $982,979.

As the COVID-19 pandemic has resulted in temporary restrictions over the Association’s catering and sailing revenue, management have stress tested their forecast model for more long-term restrictions in their catering revenue streams which has also considered the mitigating impact of the Covid-19 Disaster Payment and other Federal, State and Local Government Support. This also considers costs reductions in relation to catering cost of goods sold and other operating and administrative expenses.

The General Committee believe that the Association will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time the General Committee are of the opinion that no asset is likely to be realised for an amount less and the amount at which is recorded in the financial statements for the year ended 30 June 2021.

2 Summary of Significant Accounting Policies

(l) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

3 Retrospective restatement

The following restatement has been determined based on the following:

- Reclassified deferred income to be allocated within the next 12 months as a current liability.

	Previously stated	30 June 2020 Adjustments	Restated
	$	$	$
Statement of Financial Position			
Other liabilities - current	475,798	130,140	605,938
Other liabilities - non-current	333,833	(130,140)	203,693

4 Critical Accounting Estimates and Judgments

The General Committee make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Revenue and Other Income

Other Income breakup

	2021 $	2020 $
Other Income		
- COVID relief income - Jobkeeper	328,650	224,250
- COVID relief income - Cash Flow Boost	-	100,000
- Other income	140,243	206,289
	468,893	530,539

During the COVID-19 pandemic, the Australian Government offered various cash stimulus packages to eligible entities to keep staff employed.

Royal Brighton Yacht Club were entitled to the Jobkeeper package between the periods April to September of 2020 and January to March of 2021. During this period, the Government supplemented fortnightly salaries for staff up to $1,500 per employee during the initial stages of this stimulus package. This amount was decreased to $1,000 during the second phase, where Royal Brighton Yacht Club was eligible.

Royal Brighton Yacht Club were also entitled to receive Cash Flow Boost, which supplemented eliglbe organsations' PAYG withheld obligations during the period March to September 2020. $50,000 was initially provided during phase 1, which was recorded as income in the 2020 financial year. As the pandemic progressed, the government offered the same amount in phase 2, for the same amount received during phase 1, for a maximum of $100,000.

Royal Brighton Yacht Club received further support from the local and state governments. Successful applications were made and the Association were entitled to receive cash injections under programs including the Licensed Hospitality Venue Fund and Outdoor Eating and Entertainment Package. The Association also received rent relief over a six-month period for an executed lease with Victoria Parks and the Bayside City Council, given the financial impacts of lockdowns from the COVID-19 pandemic.

6 Finance Income and Expenses

Finance income

	2021	2020
	$	$
- Interest income	352	2,650
	352	2,650

Finance expenses

	2021	2020
	$	$
Interest expense		
Interest expense	52,031	63,811
Interest expense on lease liability	27,817	30,234
	79,848	94,045

7 Employee expenses

The result for the year includes the following specific employee expenses:

	2021	2020
	$	$
Employee and contractor expenses		
Salaries and wages	1,699,559	1,967,492
Superannuation	137,955	164,132
Leave expenses	940	(4,900)
Other payroll expenses	76,692	46,454
	1,915,146	2,173,178

8 Cash and Cash Equivalents

	2021	2020
	$	$
Cash at bank and in hand	1,102,207	388,019
Short-term money market investments	21,802	124,510
	1,124,009	512,529

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Trade and other receivables

	2021	2020
	$	$
CURRENT		
Trade receivables	103,067	45,658
Allowance for doubtful debts	(8,417)	(26,939)
	94,650	18,719
Other receivables	-	136,250
	94,650	154,969

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

10 Inventories

	2021	2020
	$	$
CURRENT		
Beverages	52,085	36,356
Food	9,693	13,633
Clothing and merchandise	9,173	26,738
	70,951	76,727

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Property, plant and equipment

	2021 $	2020 $
PLANT AND EQUIPMENT		
Clubhouse leasehold improvements		
At cost	9,313,761	9,177,708
Accumulated depreciation	(4,814,526)	(4,369,902)
	4,499,235	4,807,806
Marina leasehold improvements		
At cost	8,703,137	8,700,761
Accumulated depreciation	(7,688,214)	(7,271,097)
	1,014,923	1,429,664
Plant and equipment		
At cost	2,744,905	2,736,650
Accumulated depreciation	(2,133,869)	(2,001,486)
	611,036	735,164
Total plant and equipment	6,125,194	6,972,634
RIGHT-OF-USE		
Parks Victoria and buildings		
At cost	213,299	213,299
Accumulated depreciation	(111,286)	(55,643)
Total Parks Victoria and buildings	102,013	157,656
Bayside City Council land and buildings		
At cost	708,643	708,643
Accumulated depreciation	(85,896)	(42,948)
Total Bayside City Council land and buildings	622,747	665,695
Total right-of-use	724,760	823,351
Total property, plant and equipment	6,849,954	7,795,985

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Clubhouse improvements	Marina improvements	Plant and equipment	Parks Victoria land and buildings	Bayside City Council land and buildings	Total
	$	$	$	$	$	$
Year ended 30 June 2021						
Balance at the beginning of year	4,807,806	1,429,664	735,164	157,656	665,695	7,795,985
Additions	136,053	2,375	8,754	-	-	147,182
Disposals	-	-	(498)	-	-	(498)
Depreciation expense	(444,624)	(417,116)	(132,384)	(55,643)	(42,948)	(1,092,715)
Balance at the end of the year	4,499,235	1,014,923	611,036	102,013	622,747	6,849,954

Notes to the Financial Statements

For the Year Ended 30 June 2021

12 Other Assets

	2021 $	2020 $
CURRENT		
Prepayments	93,265	97,118
Other assets	4,203	16,517
	97,468	113,635

13 Trade and Other Payables

	2021 $	2020 $
CURRENT		
Trade payables	89,873	70,871
Accrued expenses	117,688	32,339
Other payables	98,885	175,170
	306,446	278,380

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Borrowings

	2021 $	2020 $
CURRENT		
Equipment loan commitment	49,450	59,896
Premium funding	68,031	64,958
Bank borrowings	369,096	145,292
	486,577	270,146

14 Borrowings

	2021 $	2020 $
NON-CURRENT		
Equipment loan commitment	38,772	63,565
Bank borrowings	837,542	1,191,192
	876,314	1,254,757

The bank borrowing facility was initially for a total amount of $2,000,000 from Bank of Melbourne and was drawn down in the year ended 30 June 2017. The facilities were varied in November 2019, with the two facilities consolidated into one facility for a total amount of $1,450,000. On 15th of October 2020 the existing facility agreement was further varied, with a total facility limit of $1,658,000. The facility is repayable in instalments over a facility term of 4 years. The facility is secured by means of a mortgage over the Association's assets and undertakings. The interest rate on the facility consists of the sum of:

-Base rate: BBSY 0.1460%p.a (indicative)

-Business loan margin: 1.460% (indicative)

-Margin rate: 0.200% p.a

Interest is payable on the outstanding amount of the facility. As at 30 June 2021, the loan facility outstanding was $1.21 million (2020: $1.34 million).

The Association also has equipment loan facilities. The facilities have financed the purchase of, a computer system and inflatable boats.

15 Other Liabilities

	Note	2021 $	2020 $
CURRENT			
Deferred income	3	602,891	605,938
		602,891	605,938
NON-CURRENT			
Deferred income	3	73,552	203,693
		73,552	203,693

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Employee Benefits

	2021	2020
	$	$
CURRENT		
Long service leave	35,160	32,850
Other leave entitlements	97,465	91,744
	132,625	124,594
NON CURRENT		
Long service leave	20,380	29,633
	20,380	29,633

17 Capital and Leasing Commitments

(a) Leases

	2021	2020
	$	$
CURRENT		
- land and buildings	91,618	87,725
	91,618	87,725
NON CURRENT		
- land and buildings	656,383	749,271
	656,383	749,271
	748,001	836,996

Leases are in place for land and buildings and have terms of 21 and 75 years respectively. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Lease Commitments

	2021	2020
	$	$
Minimum payments for leases		
- not later than one year	115,999	86,234
- between one year and five years	331,296	390,824
- later than five years	479,995	536,465
	927,290	1,013,523
less finance charges	(179,289)	(176,527)
Present value of minimum lease payments	748,001	836,996

18 Reserves

	2021	2020
	$	$
Yachting Foundation No 2 reserve	17,786	17,786
	17,786	17,786

19 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Association are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Lease liabilities
- Floating rate bank loans

Although the Association does not have documented policies and procedures relating to managing financial risk, the General Committee members manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate risk and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

19 Financial Risk Management

The Association holds the following financial instruments

	2021	2020
	$	$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	1,124,009	512,529
Trade and other receivables	94,650	154,969
Total financial assets	1,218,659	667,498
Financial liabilities		
Trade and other payables	(328,949)	(278,380)
Financial liabilities at fair value		
Borrowings	(1,362,891)	(1,524,903)
Lease liabilities	(748,001)	(836,996)
Total financial liabilities	(2,439,841)	(2,640,279)

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will encounter difficulty in meeting its financial obligations as they fall due. The Association manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

The table below reflects the undiscounted contractual cash flows.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$
Financial assets								
Bank	1,124,009	512,529	-	-	-	-	1,124,009	512,529
Trade and other receivables	94,650	154,969	-	-	-	-	94,650	154,969
Financial liabilities	-	-	-	-	-	-	-	-
Trade and other payables	(328,949)	(278,380)	-	-	-	-	(328,949)	(278,380)
Lease liabilities	(83,860)	(86,234)	(206,980)	(334,354)	(457,161)	(592,935)	(748,001)	(1,013,523)
Borrowings	(490,602)	(220,018)	(872,288)	(1,282,357)	-	-	(1,362,890)	(1,502,375)
Total contractual outflows	315,248	82,866	(1,079,268)	(1,616,711)	(457,161)	(592,935)	(1,221,181)	(2,126,780)

The timing of expected outflows is not expected to be materially different from contracted cashflows.

During the current and prior year, there was no defaults or breaches of any loan.

19 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at Reporting Date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.

The Association trades primarily with Association members and other creditworthy third parties, as as such collateral is not requested nor is is the Club's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Association's exposure to bad debts is not significant. There are no significant conentrations on credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Association is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Association to fair value interest rate risk.

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2020: +1.00%/-1.00%), at the reporting date. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2021		**2020**	
	+1.00%	**-1.00%**	**+1.00%**	**-1.00%**
	$	**$**	**$**	**$**
Net results	(16,524)	16,524	(8,240)	8,240
Equity	(16,524)	16,524	(8,240)	8,240

(ii) Price risk

The club is not exposed to any significant price risk.

Notes to the Financial Statements

For the Year Ended 30 June 2021

20 Related Parties

The office bearers receive no remuneration of other benefits from the Association. They pay membership fees and are involved in other transactions with the Association on the same terms and conditions to other members.

No other related party transactions occured during the year.

21 Key Management Personnel Remuneration

Key management personnel compose persons having authority and responsibility for planning, directing and controlling the activities of the Association.

The totals of remuneration paid to the key management personnel of Royal Brighton Yacht Club Inc. during the year are as follows:

	2021	2020
	$	$
Short-term employee benefits	253,682	159,255
Long-term benefits	4,162	4,094
Post-employment benefits	24,100	15,129
	281,944	178,478

22 Auditors' Remuneration

	2021	2020
	$	$
- audit of the financial statements	16,000	22,500
- assistance with preparing the annual financial statements	2,000	2,100
	18,000	24,600

23 Contingencies

In the opinion of the General Committee, the Association did not have any contingencies at 30 June 2021 (30 June 2020:None).

Notes to the Financial Statements

For the Year Ended 30 June 2021

24 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

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

	2021 $	2020 $
Deficit for the year	(59,462)	(156,340)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	1,092,715	1,110,771
- net gain on disposal of property, plant and equipment	-	(2,878)
- COVID-19 lease rent relief	(29,764)	(43,972)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(88,241)	(15,675)
- (increase)/decrease in other assets	140,601	56,479
- (increase)/decrease in inventories	5,775	(21,985)
- increase/(decrease) in deferred income	(170,381)	(373,523)
- increase/(decrease) in trade and other payables	92,958	(213,384)
- increase/(decrease) in provisions	(1,222)	(4,900)
Cashflows from operations	982,979	334,593

25 Events after the end of the Reporting Period

The financial report was authorised for issue on 17th September 2021 by the General Committee.

In January 2020, the spread of COVID-19 was declared a Public Health Emergency by the World Health Organisation.

The following events occurred after the reporting period, with regards to the COVID-19 pandemic.

- On the 15th July, the Victorian Government announced a 5 day lockdown in response to the delta variant outbreak spreading from New South Wales. This lockdown was extended an extra week and restrictions began to lift on the 28th July. Then further outbreaks forced a sixth lockdown to commence on the 6th of August. The sixth lockdown is expected to end on Thursday 2nd of September. Given the situation, is is not practical to estimate the impacts of the pandemic on the financial statements of the Association.

At this stage, specific details of the impact of the escalation and government restrictions have not yet been determined.

Except for the above, 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 Association, the results of those operations or the state of affairs of the Association in future financial years.

26 Statutory Information

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

Royal Brighton Yacht Club Inc.
253 Esplanade, Brighton VIC 3186

Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175
PO Box 4525, Dandenong South VIC 3164
(03) 9551 2822
info@ashfords.com.au

Royal Brighton Yacht Club Inc.

Independent Audit Report to the members of Royal Brighton Yacht Club Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Royal Brighton Yacht Club Inc. (the Association), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

(i) giving a true and fair view of the Association's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year ended; and

(ii) complying with the Associations Incorporation Reform Act 2012.

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 Association in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Reform Act 2012, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

Royal Brighton Yacht Club Inc.

Independent Audit Report to the members of Royal Brighton Yacht Club Inc.

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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's 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 Association'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 reporter, 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 Association to cease to continue as a going concern.

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

We communicate with the management 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 management 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, actions taken to eliminate threats or safeguards applied.

Andrew White - C.A

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd
Chartered Accountants

Dated: 17th September 2021

Level 3, 148 Logis Boulevard, Dandenong South VIC 3164

Royal Brighton Yacht Club Inc.

ABN: 24 768 210 467

Certificate by Members of the General Committee

Annual statements give true and fair view of financial performance and position of incorporated association

We, Peter Strain and Peter Demura, being members of the General Committee of the Royal Brighton Yacht Club Inc., certify that

- The statements attached to this certificate give a true and fair view of the financial performance and position of Royal Brighton Yacht Club Inc. during and at the end of the financial year of the association ending on 30 June 2021.
- The attached financial statements and notes comply with the Accounting Standards and the Associations Incorporation Reform Act 2012.
- There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Dated this 17 day of SEPTEMBER 2021

....

Peter Strain (Commodore)

....

Peter Demura (Honorary Treasurer)