

Gosford Sailing Club Ltd

ABN 64 000 703 462

Annual Report - 30 April 2023

Gosford Sailing Club Ltd
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Gosford Sailing Club Ltd
Directors' report
30 April 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 April 2023.

Directors

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

Mr. Paul Gulliksen
Mr. David Slingsby
Mr. David Neate
Ms. Sarah Brennan
Mr. Stephen Luther
Mr. Jan Muysken (Appointed August 2022)
Mr. Chris Radford (Appointed April 2023)
Mr. Gary Sinclair (Resigned January 2023)
Mr. David Rowe (Resigned January 2023)

Objectives

Short Term Objectives

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

Long Term Objectives

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

Strategy for achieving the objectives

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

- Increase memberships of social and sailing.
- Provide high standard facilities and service to our members and guests.
- Purchase and maintain suitable equipment and facilities to support and promote sailing and the safety of the sailors.
- Continue with the Club's building and renovation program to upgrade the facilities.
- Promotion of the corporate sailing facility.
- Continued employment of a professional sailing manager.

Principal activities

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

- promoting and conducting sailing activities for members and guests.
- operation of hospitality services for the benefit of members and their guests.
- conducting the Australian Sailing School Program for members and the wider community.

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

Operating Result

The surplus of the company for the financial year was \$237,827 (2022: deficit of \$301,060).

The surplus for the 2023 financial year includes \$73,670 of proceeds from the insurance claim relating to Splinter. The surplus also includes \$143,959 from Hardstand & Marina, \$290,128 from Club gaming activities, a deficit from Hospitality operations of \$143,760 and a contribution to sailing activities of \$58,500.

Performance Measures

In rebuilding the business in the post pandemic environment the company is using basic performance measures to return to a profitable and sustainable level of operations and will be further developing these in the medium and longer term.

Significant Changes in the year

The Club was not subject to any enforced restrictions on trade or sailing activities arising as a result of the Global Pandemic during the 2023 financial year.

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

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Events after the reporting period

As part of an ongoing overall Club redevelopment, In May 2023 the Club finalised payments for the new lift, due to be installed and completed during the 2024 year.

In May 2023, the Board were made aware of significant repair and maintenance works required to be conducted on the marina over the next 18 months. A plan for the timeline and completion of restorative works is currently in progress.

In June 2023, the Club received the balance of funds due from the Insurer in regard to the claim submitted for the sinking of splinter.

No other matter or circumstance has arisen since 30 April 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Future Developments

The future developments of Gosford Sailing Club Ltd include the following:

- Focus on sound financial trading and cash flow position for the club;
- Continue to develop the Club's Sailing Academy;
- Roof replacement, lift replacement, upgrading bar equipment, and streamlining of processes aided by the integration and upgrading of equipment;
- Pursue the extension of the leased land area for future development of Club facilities and rigging areas;
- Upgrade the existing change room facilities; and
- Continually reviewing and adjusting operational requirements with reference to the increasing trading pressures as a result of increased inflation, and the flow-on effects on the cost of operations, including goods and wages.

Environmental Issues

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

Information on directors

Name: Mr. Paul Gulliksen
Qualifications: Retired IT Professional
Special responsibilities: President

Name: Mr. David Slingsby
Qualifications: Private company director
Special responsibilities: Vice President

Name: Mr. David Neate
Qualifications: Programme Manager, CPPD
Special responsibilities: Commodore

Name: Ms. Sarah Brennan
Qualifications: Real Estate Agent
Special responsibilities: Director

Name: Mr. Stephen Luther
Qualifications: Private Company Director
Special responsibilities: Director

Name: Mr. Jan Muysken (Appointed August 2022)
Qualifications: Director and Business Advisor
Special responsibilities: Treasurer

Name: Mr. Christopher Radford (Appointed April 2023)
Qualifications: Company Director
Special responsibilities: Director

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30 April 2023

Name: Mr. Gary Sinclair (Resigned January 2023)
Qualifications: IT Specialist
Special responsibilities: Club Captain

Name: Mr. David Rowe (Resigned January 2023)
Qualifications: Private Company Director
Special responsibilities: Director

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 April 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr. Paul Gulliksen	11	11
Mr. David Slingsby	9	11
Mr. David Neate	10	11
Ms. Sarah Brennan	9	11
Mr. Stephen Luther	9	11
Mr. Jan Muysken (Appointed August 2022)	9	9
Mr. Chris Radford (Appointed April 2023)	1	1
Mr. Gary Sinclair (Resigned January 2023)	2	6
Mr. David Rowe (Resigned January 2023)	4	6

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

Contributions on winding up

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

Total number of members at the end of the financial year is 5,868 (2022: 4,129).

Dividends

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

Share in Companies

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

Indemnifying Officer

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

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

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

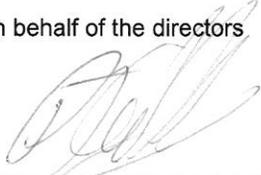
Auditor's independence declaration

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

Gosford Sailing Club Ltd
Directors' report
30 April 2023

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

On behalf of the directors



Mr. Paul Gulliksen
Director



Mr. Jan Muysken
Director

13 July 2023

Gosford Sailing Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 April 2023

	Note	2023 \$	2022 \$
Revenue	4	3,619,449	1,915,453
Other income	5	74,237	98,603
Expenses			
Cost of goods sold		(1,126,583)	(547,727)
Audit and accounting expenses		(23,000)	(33,930)
Advertising expenses		(2,705)	(4,804)
Employment expenses		(1,200,393)	(764,925)
Depreciation and amortisation expense	24	(308,920)	(298,664)
Entertainment expenses		(3,545)	(3,045)
Boat and sailing expenses		(72,883)	(60,747)
Cleaning expenses		(63,403)	(40,692)
Utilities expenses		(64,660)	(45,629)
Finance costs	24	(51,768)	(55,925)
Insurance expenses		(120,006)	(118,466)
Rates and taxes expense		(11,881)	(14,557)
Repairs and maintenance expenses	25	(158,821)	(97,094)
Security expenses		(9,497)	(24,932)
Subscriptions and licences expenses		(54,416)	(31,648)
Computer expenses		(27,755)	(29,056)
Presentation and sailing drinks expenses		(8,606)	(8,008)
Sponsorship expenses		(5,027)	(4,000)
Other expenses		(141,990)	(131,267)
Surplus/(deficit) before income tax expense		237,827	(301,060)
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year	23	237,827	(301,060)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>237,827</u>	<u>(301,060)</u>

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

Gosford Sailing Club Ltd
Statement of financial position
As at 30 April 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	298,573	202,017
Restricted cash and cash equivalents	7	185,462	-
Trade and other receivables	8	102,119	22,725
Inventories	9	37,210	33,783
Other deposits		5,000	5,000
Total current assets		<u>628,364</u>	<u>263,525</u>
Non-current assets			
Shares in unlisted companies		750	750
Property, plant and equipment	10	2,367,716	2,502,922
Right-of-use assets	11	796,073	856,531
Intangibles	12	144,902	144,902
Total non-current assets		<u>3,309,441</u>	<u>3,505,105</u>
Total assets		<u>3,937,805</u>	<u>3,768,630</u>
Liabilities			
Current liabilities			
Trade and other payables	13	282,020	313,120
Marina deposits	14	304,900	402,438
Other	15	352,510	146,458
Borrowings	16	18,713	81,676
Lease liabilities	17	79,589	79,589
Employee benefits	18	29,989	60,472
Total current liabilities		<u>1,067,721</u>	<u>1,083,753</u>
Non-current liabilities			
Borrowings	19	60,000	67,800
Lease liabilities	20	788,537	838,337
Employee benefits	21	4,980	-
Total non-current liabilities		<u>853,517</u>	<u>906,137</u>
Total liabilities		<u>1,921,238</u>	<u>1,989,890</u>
Net assets		<u>2,016,567</u>	<u>1,778,740</u>
Equity			
Reserves	22	120,000	-
Retained surpluses	23	1,896,567	1,778,740
Total equity		<u>2,016,567</u>	<u>1,778,740</u>

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

Gosford Sailing Club Ltd
Statement of changes in equity
For the year ended 30 April 2023

	Accumulated surpluses \$	Total equity \$
Balance at 1 May 2021	2,079,800	2,079,800
Deficits after income tax expense for the year	(301,060)	(301,060)
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(301,060)</u>	<u>(301,060)</u>
Balance at 30 April 2022	<u><u>1,778,740</u></u>	<u><u>1,778,740</u></u>

	Marina reserve \$	Accumulated surpluses \$	Total equity \$
Balance at 1 May 2022	-	1,778,740	1,778,740
Surpluses after income tax expense for the year	-	237,827	237,827
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	-	237,827	237,827
Establishment transfer	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>
Balance at 30 April 2023	<u><u>120,000</u></u>	<u><u>1,896,567</u></u>	<u><u>2,016,567</u></u>

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

Gosford Sailing Club Ltd
Statement of cash flows
For the year ended 30 April 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,426,530	2,001,116
Payments to suppliers (inclusive of GST)		<u>(3,132,935)</u>	<u>(1,991,960)</u>
		293,595	9,156
Interest and other finance costs paid		(3,486)	(7,643)
Government subsidies received		-	70,439
Government grants received		<u>185,462</u>	<u>-</u>
Net cash from operating activities		<u>475,571</u>	<u>71,952</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	<u>(122,790)</u>	<u>(288,517)</u>
Net cash used in investing activities		<u>(122,790)</u>	<u>(288,517)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	35,914
Repayment of borrowings		<u>(70,763)</u>	<u>(37,722)</u>
Net cash used in financing activities		<u>(70,763)</u>	<u>(1,808)</u>
Net increase/(decrease) in cash and cash equivalents		282,018	(218,373)
Cash and cash equivalents at the beginning of the financial year		<u>202,017</u>	<u>420,390</u>
Cash and cash equivalents (including restricted cash and cash equivalents) at the end of the financial year	6,7	<u><u>484,035</u></u>	<u><u>202,017</u></u>

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

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 1. General information

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

Gosford Sailing Club Ltd is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business are 28 Masons Parade, Gosford NSW 2250.

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 July 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern

As at 30 April 2023, the company's current liabilities (\$1,067,721) exceed its current assets (\$628,364) by \$439,357. The Club's liquidity ratio is below 1 which represents a risk to the Club's ability to meet its current obligations as and when they fall due and payable.

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

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 2. Significant accounting policies (continued)

The directors consider the going concern basis appropriate in consideration of the following:

- Obligations of the Club, including that creditors and financiers are being met in accordance with their normal payment terms;
- The Club has entered into unsecured loans with the members. The terms of the loans include repayment in 3 years time;
- Since the creation of the marina facility, the Club held the initial security deposits for 29 berths. In 2014, the Club has adopted an alternate berthing agreement the terms of which include the reduction of the liability of the held deposits and the Club becoming the Licence holder of relinquished berths as they become available. As at the date of this report, Gosford Sailing Club Limited has acquired 20 out of 29 berths. The remaining 9 original marina security deposit liability equates to \$304,900 (including waiting list deposits). The 20 acquired berths' licence fee balance of \$127,637 as at 30 April 2023 is recognised as other current liabilities (refer to Note 16);
- It is not anticipated that employee entitlements of \$29,989 will be extinguished by 30 April 2024;
- \$185,462 recorded as an other current liability relates to a grant received in advance, with funds are to be utilised in the 2024 financial year as part of the ongoing downstairs club redevelopment;
- The Club has benefited from the continued financial support of members; and
- The Club is exploring its strategic options for the long-term financial viability and longevity of the Club.

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

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

Gaming machine revenue is stated net of payouts.

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

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

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

Marina and sailing revenue is recognised upon receipt, and on the terms of each berthing agreement signed with a release of funds held in advance quarterly to the profit and loss.

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

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

Comparatives

Certain comparative figures have been reclassified to conform to the current year's presentation.

Income tax

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

Note 2. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

Cash and cash equivalents

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 2. Significant accounting policies (continued)

Financial Assets

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

Property, plant and equipment

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

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements, which is shorter. The land on which the Clubhouse is built is on perpetual lease with 17 years remaining.

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

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

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

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

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Building renovations	40 years
Club boats and motors	2-10 years
Gaming machines	1-8 years
Furniture and fittings	5-10 years
Plant and equipment	5-10 years
Floor coverings	10 years
Kitchen improvements	5 years
Kitchen equipment	5 years
Marina leasehold improvements	30 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 2. Significant accounting policies (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Gaming machine entitlements

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

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

Trade and other payables

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

Borrowings

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

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Borrowing costs

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

Finance costs

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

Employee benefits

Short-term employee benefits

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

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

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

Marina deposits

Since the creation of the marina facility, the club held the initial security deposits for 29 berths. In 2014, the club has adopted an alternate berthing agreement which over time reduces the liability of the held deposits and incorporates the club becoming the License holder of relinquished berths as they become available. As at the date of this report, Gosford Sailing Club Ltd has acquired 20 out of the original 29 berths. The remaining 9 original marina security deposit liability equates to \$304,900 (including waiting list deposits). The 20 acquired berths' licence fee balance of \$127,637 as at 30 April 2023 is recognised as other current liabilities (refer to Note 16).

Marina Reserve

In the 2023 financial year, the Club introduced a new reserves policy relating to the marina. The marina reserve is established to separately recognise the estimated minimum maintenance and other repair costs in a given financial year. The amount recognised in the reserve is done so once appropriated through profit or loss. It is envisaged amounts recognised in the reserve will occur in future annual reports from 30 April 2023.

Fair value measurement

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

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Tax exemption

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

Provision for impairment of inventories

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

Estimation of useful lives of assets

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

Impairment of property, plant and equipment

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

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Department of Primary Industries, Catchments and Lands lease

The buildings and marina of the Club are situated on land leased from the Department of Primary Industries, Catchments and Lands. The current lease agreement is due to expire in 2038 and is anticipated to be extended for a further 40 years by the Board and the NSW Government.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 4. Revenue

	2023	2022
	\$	\$
<i>Revenue</i>		
Bar	1,063,686	587,209
Boatshed bar and café	224,205	117,972
Bistro	1,412,866	514,672
Sailing income	154,351	125,580
Marina income	295,927	252,117
TAB and Keno commissions	15,444	7,587
Gaming machine net takings	364,680	232,759
Restaurant rent	-	22,887
Room hire	30,164	10,223
	<u>3,561,323</u>	<u>1,871,006</u>
<i>Other revenue</i>		
Donations (including COVID-19 shutdown donations from members)	-	52
Game fishing club fees	-	205
Membership fees - social	44,731	34,339
Other revenue	13,395	9,851
	<u>58,126</u>	<u>44,447</u>
Revenue	<u>3,619,449</u>	<u>1,915,453</u>

Note 5. Other income

	2023	2022
	\$	\$
Government grants	-	20,500
Government stimulus revenue	-	70,439
Insurance claims received	73,670	-
Interest received	567	7,664
	<u>74,237</u>	<u>98,603</u>

Note 6. Current assets - cash and cash equivalents

	2023	2022
	\$	\$
Cash on hand and at bank	<u>298,573</u>	<u>202,017</u>

Note 7. Current assets - restricted cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank - Government grants	<u>185,462</u>	<u>-</u>

The Club is holding \$185,462 at 30 April 2023 relating to government grant funding not yet utilised. See note 15 in regard to the current liability held for the grant.

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 8. Current assets - trade and other receivables

	2023	2022
	\$	\$
Trade receivables	34,603	30,960
Other debtors	-	680
Less: Allowance for expected credit losses	<u>(6,154)</u>	<u>(8,915)</u>
	<u>28,449</u>	<u>22,725</u>
Splinter insurance claim receivable	<u>73,670</u>	<u>-</u>
	<u>102,119</u>	<u>22,725</u>

Note 9. Current assets - inventories

	2023	2022
	\$	\$
Bar stock	<u>37,210</u>	<u>33,783</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 10. Non-current assets - property, plant and equipment

	2023	2022
	\$	\$
Clubhouse leasehold improvements and office renovation - at cost	2,510,520	2,510,520
Less: Accumulated depreciation	<u>(1,061,182)</u>	<u>(968,179)</u>
	<u>1,449,338</u>	<u>1,542,341</u>
Marina leasehold improvements - at cost	976,191	976,191
Less: Accumulated depreciation	<u>(372,587)</u>	<u>(341,121)</u>
	<u>603,604</u>	<u>635,070</u>
Plant and equipment - at cost	921,222	873,303
Less: Accumulated depreciation	<u>(768,360)</u>	<u>(716,609)</u>
	<u>152,862</u>	<u>156,694</u>
Fixtures and fittings - at cost	161,289	161,289
Less: Accumulated depreciation	<u>(138,533)</u>	<u>(132,561)</u>
	<u>22,756</u>	<u>28,728</u>
Floor coverings - at cost	41,363	41,363
Less: Accumulated depreciation	<u>(40,645)</u>	<u>(40,463)</u>
	<u>718</u>	<u>900</u>
Kitchen improvements - at cost	156,582	156,582
Less: Accumulated depreciation	<u>(153,845)</u>	<u>(153,010)</u>
	<u>2,737</u>	<u>3,572</u>
Club boats and motors - at cost	441,099	475,348
Less: Accumulated depreciation	<u>(389,274)</u>	<u>(395,202)</u>
	<u>51,825</u>	<u>80,146</u>
Gaming machines - at cost	457,414	457,414
Less: Accumulated depreciation	<u>(428,204)</u>	<u>(401,943)</u>
	<u>29,210</u>	<u>55,471</u>
Work in progress	<u>54,666</u>	<u>-</u>
	<u><u>2,367,716</u></u>	<u><u>2,502,922</u></u>

Reconciliations

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

	Clubhouse Leasehold Improvements	Marina Leasehold Improvements	Plant & Equipment	Club Boats & Motors	Gaming Machines	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 May 2022	1,542,341	635,070	189,894	80,146	55,471	-	2,502,922
Additions	-	-	47,919	20,205	-	54,666	122,790
Disposals	-	-	-	(9,534)	-	-	(9,534)
Depreciation expense	<u>(93,003)</u>	<u>(31,466)</u>	<u>(58,740)</u>	<u>(38,992)</u>	<u>(26,261)</u>	-	<u>(248,462)</u>
Balance at 30 April 2023	<u><u>1,449,338</u></u>	<u><u>603,604</u></u>	<u><u>179,073</u></u>	<u><u>51,825</u></u>	<u><u>29,210</u></u>	<u><u>54,666</u></u>	<u><u>2,367,716</u></u>

Gosford Sailing Club Ltd
Notes to the financial statements
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Note 11. Non-current assets - right-of-use assets

	2023	2022
	\$	\$
Right-of-use assets - Land and Marina	1,025,877	1,025,877
Less: Accumulated depreciation	<u>(229,804)</u>	<u>(169,346)</u>
	<u><u>796,073</u></u>	<u><u>856,531</u></u>

Reconciliations

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

	Right-of-Use Assets	Total
	\$	\$
Balance at 1 May 2022	856,531	856,531
Depreciation expense	<u>(60,458)</u>	<u>(60,458)</u>
Balance at 30 April 2023	<u><u>796,073</u></u>	<u><u>796,073</u></u>

Note 12. Non-current assets - intangibles

	2023	2022
	\$	\$
Gaming machine entitlements	<u>144,902</u>	<u>144,902</u>

Reconciliations

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

	Gaming Machine Entitlements	Total
	\$	\$
Balance at 1 May 2022	<u>144,902</u>	<u>144,902</u>
Balance at 30 April 2023	<u><u>144,902</u></u>	<u><u>144,902</u></u>

Impairment recorded on the gaming machine entitlements in financial year 2023: \$nil (2022: \$nil).

Note 13. Current liabilities - trade and other payables

	2023	2022
	\$	\$
Trade payables	103,763	108,046
Sundry creditors and accruals	189,838	185,203
GST Payable	<u>(11,581)</u>	<u>19,871</u>
	<u><u>282,020</u></u>	<u><u>313,120</u></u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 14. Current liabilities - marina deposits

	2023	2022
	\$	\$
Marina deposits	<u>304,900</u>	<u>402,438</u>

Marina deposits relate to funds held by the club for long-term utilisation of 9 berths by members (2022: 12 berths).

Note 15. Current liabilities - other

	2023	2022
	\$	\$
Membership income in advance	23,194	26,583
Marina Berthing liabilities	127,638	68,727
Unearned CUB rebate	15,216	50,148
Refundable deposits	1,000	1,000
Grants in advance	<u>185,462</u>	<u>-</u>
	<u><u>352,510</u></u>	<u><u>146,458</u></u>

Note 16. Current liabilities - borrowings

	2023	2022
	\$	\$
Loans - unsecured	-	8,969
Hire purchase equipment	<u>18,713</u>	<u>72,707</u>
	<u><u>18,713</u></u>	<u><u>81,676</u></u>

Note 17. Current liabilities - lease liabilities

	2023	2022
	\$	\$
Lease liability - Land and Marina	<u>79,589</u>	<u>79,589</u>

Note 18. Current liabilities - employee benefits

	2023	2022
	\$	\$
Annual leave	20,741	32,469
Long service leave	<u>9,248</u>	<u>28,003</u>
	<u><u>29,989</u></u>	<u><u>60,472</u></u>

Note 19. Non-current liabilities - borrowings

	2023	2022
	\$	\$
Loans - unsecured	<u>60,000</u>	<u>67,800</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 19. Non-current liabilities - borrowings (continued)

Total secured liabilities

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

	2023 \$	2022 \$
Hire purchase	<u>18,713</u>	<u>72,707</u>

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

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

	2023 \$	2022 \$
Loans - unsecured	<u>60,000</u>	<u>76,769</u>

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

Note 20. Non-current liabilities - lease liabilities

	2023 \$	2022 \$
Lease liability - Land and Marina	<u>788,537</u>	<u>838,337</u>

Note 21. Non-current liabilities - employee benefits

	2023 \$	2022 \$
Long service leave	<u>4,980</u>	<u>-</u>

Note 22. Equity - reserves

	2023 \$	2022 \$
Marina reserve	<u>120,000</u>	<u>-</u>

Note 23. Equity - retained surpluses

	2023 \$	2022 \$
Retained surpluses at the beginning of the financial year	1,778,740	2,079,800
Surplus/(deficit) after income tax expense for the year	237,827	(301,060)
Transfer to marina reserve	<u>(120,000)</u>	<u>-</u>
Retained surpluses at the end of the financial year	<u>1,896,567</u>	<u>1,778,740</u>

Gosford Sailing Club Ltd
Notes to the financial statements
30 April 2023

Note 24. Depreciation and finance costs

	2023	2022
	\$	\$
Depreciation		
Property, plant and equipment	248,462	238,353
Right of use assets - Land and Marina	60,458	60,311
	<u>308,920</u>	<u>298,664</u>
Total depreciation	<u>308,920</u>	<u>298,664</u>
	2023	2022
Finance costs		
Finance expense	5,069	7,643
Lease liability finance expense - Land and Marina	46,699	48,282
	<u>51,768</u>	<u>55,925</u>
Total finance costs	<u>51,768</u>	<u>55,925</u>

Note 25. Repairs and maintenance

	2023	2022
	\$	\$
Summary of repairs and maintenance expenditure		
Clubhouse	67,969	47,148
Sailing and Marina	90,852	49,946
	<u>158,821</u>	<u>97,094</u>

Note 26. Key management personnel disclosures

Compensation

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

	2023	2022
	\$	\$
Aggregate compensation	<u>184,030</u>	<u>203,997</u>

Note 27. Related party transactions

Transactions with related parties

Relatives of Paul Gulliksen (President), Stephen Luther (Director) and Chris Radford (Director) are employed by the Club in the current and prior year and received remuneration for services in accordance with the national award.

Stephen Luther has provided professional electrician services to the Company from time to time on commercial terms.

Some Directors of the Club have boat storage and marina berthing agreements with the Club. All transactions are completed on commercial terms.

Gosford Sailing Club Ltd
Notes to the financial statements
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Note 27. Related party transactions (continued)

Receivable from and payable to related parties

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

	2023	2022
	\$	\$
Current payables:		
D. Slingsby Marina Berth	30,100	30,100
D. Rowe Marina Berth	38,400	38,400

D. Slingsby has held a berth deposit since 2007.

D. Rowe has held a berth deposit since 2012.

Loans to/from related parties

Unsecured loan principal balance from Directors at 30 April 2023:

\$nil.

Terms and conditions

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

Note 28. Auditor's remuneration

	2023	2022
	\$	\$
Audit services provided by Bishop Collins Audit Pty Ltd	<u>23,000</u>	<u>22,000</u>

Note 29. Core and non-core property

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

The Clubhouse
The Marina

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

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

Gosford Sailing Club Ltd
Notes to the financial statements
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Note 30. Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. As at 30 April 2023 the number of members was 5,868 (2022: 4,129).

Note 31. Reconciliation of surplus/(deficit) after income tax to net cash from operating activities

	2023	2022
	\$	\$
Surplus/(deficit) after income tax expense for the year	237,827	(301,060)
Adjustments for:		
Depreciation and amortisation	308,920	298,664
Net loss on disposal of property, plant and equipment	9,534	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(79,394)	(50,262)
Increase in inventories	(3,427)	(1,683)
Increase/(decrease) in trade and other payables	(128,638)	188,212
Increase/(decrease) in employee benefits	(25,503)	5,226
Increase/(decrease) in other operating liabilities	156,252	(67,145)
Net cash from operating activities	<u>475,571</u>	<u>71,952</u>

