



SWAN YACHT CLUB

SPECIAL PURPOSE FINANCIAL REPORT

30 JUNE 2020 FULL YEAR

Special Purpose Financial Report

30 JUNE 2020 FULL YEAR

CONTENTS

CLUB DIRECTORY	3
GENERAL MANAGER REPORT.....	4
TREASURER REPORT	11
AUDITOR'S INDEPENDENCE DECLARATION	15
FINANCIAL REPORT	16
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	16
STATEMENT OF FINANCIAL POSITION.....	17
STATEMENT OF CHANGES IN EQUITY	18
STATEMENT OF CASH FLOWS.....	19
NOTES TO THE FINANCIAL STATEMENTS.....	20
MANAGEMENT COMMITTEE'S DECLARATION	36
INDEPENDENT AUDITOR'S AUDIT REPORT TO THE MEMBERS	37

CLUB DIRECTORY

Management Committee

Mr P Nicholls	Commodore
Mr I Harwood	Vice Commodore
Mr S Browne	Rear Commodore
Mr B Piggott	Rear Commodore Power & Angling
Mr J Turnbull	Treasurer
Mr G Dart	
Mr K Sorrell	
Mr D Nankivell	
Mr M West	
Mr T Gray	
Mr J Aps	

Executive Positions

Mr D Gaspar	General Manager
-------------	-----------------

Administration Office

Riverside Road
East Fremantle
WA 6158
Telephone: +61 (0) 8 9339 3520
Facsimile: +61 (0) 8 9339 5995

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street

Subiaco, WA 6008

Web Site

www.swanyachtclub.com.au

General Manager Report
For the Year ended 30 June 2020

GENERAL MANAGER REPORT

On behalf of Commodore Paul Nicholls, the Management Committee and all the team members I have great pleasure in presenting the Annual Report for 116th Club year ending 30 June 2020.

The year will always be remembered for the COVID-19 pandemic and the challenges it has presented. The COVID-19 pandemic can be described as the greatest global health calamity of the century and the greatest challenge that humankind has faced since the Second World War.

Government measures to help stop the spread of COVID-19 pandemic had an immediate effect on the club economics and human resources whilst our members were forced into lockdown unable to enjoy the riverside lifestyle, which admittedly I now feel, we may have been taking for granted over the many, many years.

I take this opportunity to thank our members, committees, staff and our volunteers who have supported the Club during this incredibly challenging and historical year a year that we were still able to achieve some outstanding goals and milestones.

Highlights of 2020

The following is a summary of just some of the Club achievements over the past 12 months.

Our membership activity for the year continued to show a positive trend. Overall membership at the end of the Financial Year had increased by 4.49% to 2904 which equals a combined increase of 7.49% over the past two seasons.

A growing membership is essential for the long-term sustainability of any Club and I thank those members who actively encourage their family and friends to get on board and join our vibrant club community.

2019/2020 saw the Swan Yacht Club build on a number of major events that again demonstrated the versatility of the Club.

The long awaited introduction of WA first licensed River Deck was officially opened in January 2020 by Mayor Jim O'Neill and Commodore Paul Nicholls offering members an outstanding new amenity for both social and boating activities.

The Odyssey Expeditions weekend partnered with 6PR drew in over 60 new members with member Giuseppe Pica taking home the Odyssey Expeditions Cruise valued at \$16,900!

November's Melbourne Cup reached its *high water mark* in popularity. The race that stops the nation attracted over 755 members and guests, enjoying the range of fun colourful activities and refreshments.

The Club added to the already popular Member's *Sundowner on a quarterly basis* with the addition of theme nights on the deck throughout the warmer months held for the member's enjoyment.

The Club delivered on budgeted capital improvements including riverbed maintenance, River Deck install and jetty works along jetty 3/4/ 5 and 6.

You will read in the Treasurer's report the solid financial result for the Club, an outstanding result taking into account the devastating effect the COVID-19 pandemic has had on the Club overall operations.

In summary, 2019/2020 year was one where the Club demonstrated its agility. For a major part of the year it was *steady as we go* delivering on activities, commitments and assessing future innovations before the world

General Manager Report

For the Year ended 30 June 2020

was turned upside down as we experienced lock downs, radically adjusted services and overall re- modelling via zoom whilst home schooling.

Incredibly, the Club still found the energy to commence the main bar re- development which was scheduled to take place during our seasonal downturn. COVID -19 initially meant all capital expenditure was put on hold but once we were able to fully assess the full impact of the situation the Committee unanimously agreed to commit to the works, making best use of the downtime with the aim to provide members with a much improved amenity in time for the popular warmer months.

The commitment and energy demonstrated by Committee, Volunteers and Staff has been outstanding. We accept that we are not out of the woods yet and will demonstrate the flexibility and agility that has afforded us the ability to respond swiftly to matters and continue to operate throughout what we all know has been an extremely testing period.

Delivering our strategy

The Club exists: *To give members access to a riverside lifestyle, quality marine infrastructure and a friendly club based community.*

Our long term vision is: *Bringing Life to the River.*

Our offer: *A riverside lifestyle, underpinned by quality marine infrastructure, brilliant service, and great food and entertainment in an unbeatable, family friendly setting, with a true club vibe.*

Looking forward we will continue to execute our strategy in three key areas:

Facilities and Infrastructure

A number of key capital expenditure initiatives were started and/or completed during the financial year they include:

- Riverbed Maintenance – Completed February 2020
- River Deck – Completed December 2019
- Main bar redevelopment - Commenced May 2020
- Cross Head Jetty Maintenance – Completed February 2020
- CCTV upgrades - December 2019
- Trailer parking bollards – January 2020

Attracting, Engaging People and the way forward

As mentioned above, our membership activity for the year continued to show a positive trend. Overall membership at the end of the Financial Year had increased by 4.49% to 2904 which equals a combined increase of 7.49% over the past two seasons.

Pleasingly, the Club Member Net Promoter Score (*How likely are you to recommend the Swan Yacht Club to others*) survey results remain positive.

Full members jumping from **7.84** in 2018/2019 to **8.08** in 2019/2020 with the score rated out of 10.

The results remain consistent from the Social members response **8.35** in 2018/2019 recorded at **8.27** 2019/2020.

General Manager Report
For the Year ended 30 June 2020

Innovation underpins the Club philosophy on growth and we will continue to assess new member offers, work closely with our community and improve our current processes based on measurable data.

An incredibly successful activation point, as touched on, turned out to be the introduction of the River Deck. The new amenity introduced in December 2019 and formerly opened in January 2020 featured across the State in club news and was extremely popular prior to the forced COVID-19 shutdown.

The Odyssey Weekend; with the support of Odyssey Expeditions and KAS Helicopters, the Club hosted a long list of activities throughout the two and half days including; live broadcast from 6PR, cruises out to the Odyssey vessel, Department of Transport demonstrations, Fremantle Rowing Club activities, Affiliate demonstrations, live entertainment and with member, Giuseppe Pica taking home the 9 day Kimberly Odyssey Kimberly tour.

The support shown by our Club community was incredible sponsors, presenters, volunteers and staff all pitched in to make it a great weekend.

Activities such as Odyssey Weekend increases our community outreach are a welcomed revenue stream and an innovative offer that enables the Club to further engage volunteers and optimise sponsors.

Financial sustainability

On completion of the building works, the focus was directed to functions and events whilst acknowledging the need to recognise our traditional sources of income including the marina and membership.

Our Marina, Membership and Galley remained steady throughout the season with the big improver being the Bar.

The increase in return can be attributed to a number of factors including the introduction of the River Deck which attracted crowds keen to experience the new amenity, increased number of member activation activities e. g members sundowners and theme nights on the deck, increased membership activity in general and additional bar areas enabling the club to service the members needs and improving the overall experience.

In the short term the club continues to review all revenue and expenses.

During the year, the Club conducted competitive tenders for multiple supply contracts.

All future capital expenditure is planned and equally important is the ability for the Club to maintain our facilities on and off the water. The Club has in place a 10 year maintenance plan with sufficient financial reserves to finance future capital and maintenance programs and acknowledges the risk COVID-19 presents.

Safety and Environmental Initiatives

The following is an overview of the safety initiatives introduced over the past 12 months.

- Alfresco CCTV install
- Riverbed Maintenance
- Commencement of Jetty 5 redevelopment
- Increased slipway safety mechanisms
- Marina underwater survey and anode replacement

General Manager Report
For the Year ended 30 June 2020

Environmental initiatives

The Club continued its commitment to environmental sustainability incorporating all the environmentally sustainable features that we can afford.

The main bar renovations will include the replacement of existing lighting systems with low energy lighting technologies, implementing changes to heating and ventilation systems, sound proofing of the wet bar area, removal of an outdated cool room system.

We continue to revise our Environmental Management Plan, Landscape Management Plan, Stormwater Management Plan and Recycling initiatives.

The Club represents itself as a responsible ambassador and promoter of sustainable design.

Mooring Committee

The Mooring Committee has been active over the past 12 months. The Mooring Committee includes the following members; Steven Browne, Kim Sorrell, Graham Dart, Garth Sorrell, Dennis Nankivell and Greg Roach.

The following are some of the key activities the Committee are responsible for and undertaken in the past 12 months.

Governance in relation to Pens and Pen Compliance

The Committee will continue to enforce all rules and regulations relating to the policing of the marina. The Points List, Pen Compliance and Pen Licence Agreements are annually audited in an effort to ensure members meet the standard obligations.

Maintenance Plan

The Mooring Committee has worked to identify regular and future maintenance activities for the club and have assembled a 10 year plan so that the activities can be budgeted for on a regular basis.

Cross head jetty maintenance during the season along with ongoing pile replacements were two major works undertaken in company with the club River Bed Maintenance Program which commenced August 2019 and was completed February 2020.

The pile caps install continued throughout the season and I thank the volunteers who assisted with these works.

The Pen allocations

The Mooring Committee is responsible for the allocation of pens to members. The pen wait list is the Committee's number 1 tool when allocating pens at the Mooring Committee monthly meeting. Members must ensure information provided is accurate and current at all times.

House Committee

The 2019/2020 year saw the Club host a number of major function and events but unfortunately there were an equal number of activities that had to be cancelled due to the COVID-19 Pandemic.

The House Committee includes the following members; Ian Harwood, Paul Nicholls, James Aps, Mark West, Brian Piggott, and Tim Gray.

General Manager Report**For the Year ended 30 June 2020*****Functions and Events***

Among them was New Year's Eve event, Rowing Club activities, Australia Day, Father's Day, and Day with our Sports Stars, Melbourne Cup, Open Day and Christmas Day luncheon.

I would like to acknowledge the efforts of Marian Byfield and Barb Jerries two driving forces behind our Ladies Social Group who have assisted with the creating of many outstanding activities including the Commodores Ball over the years. I look forward to working with Di Schoch who is taking the lead working with towards the creation of another outstanding Commodores event later in September.

Separately, members were treated throughout the year with offers which included significantly discounted beverages, wine tasting evenings, Sundowners on land and on the new River Deck, Open Mic Night, AFL Grand Final and lunch time specials offering affordable food and beverage offers

Community partners and suppliers

To Paul Davies and the team at Maddington & Canning vale Toyota your promotional role in making the partnership so effective is much appreciated.

Corporate Challenge sponsorship continued to promote members and supplier's businesses from within growing to an outstanding 39 participants

McFarland Plumbing, the winning team taking home an advertising package valued at \$25,000.

A huge thankyou goes out to all who participated. They include;

Ace Roofing WA	Asahi Premium Beverages
Ascent Shipwrights	Attadale Travel & Cruise
Bayforce Solutions Pty Ltd	Brown Brothers Furniture
Capital Legal	Caporn Young
Carfellas	CVAC
DMI Signs	East Fremantle Pool Supplies
Engineering Supplies Pty Ltd	Fairway Panel & Paint
Fresh Provisions	Global Civil and Mining
Independent Piling Services	Indianic Group Pty Ltd
Marine Technology Group Pty Ltd	Matt Crawford Architects
McFarland Plumbing	Mews Marine Brokers
Ocean Shipwrights	Paul Nicholls Boat Sales
Perna Group	Pleisure Marine
Prestige Marine	Riley's Electrical Services
Shorewater Marine	Sweeny's Marine
Soltoggio Bros	Maddington and Canningvale Toyota
Transconsult Pty Ltd	Trident Insurance
Worldwide Marine Spares	Wright Marine
Xtreme Protective Coatings	Yard Property
Mansfield Marine	

I encourage all members to get on board and support our growing community with the full list of Swan Yacht Club listed businesses displayed on our website.

General Manager Report
For the Year ended 30 June 2020

Our Club Affiliates include:

Stand Up Paddle WA
Fremantle Swan Dragon Boat Club

Fremantle Outriggers Canoe Club
Training Ship Perth – Navy Cadets

Separately, the Fremantle Rowing Club offer of gym membership has proven popular with 20 members taking up the offer of the Rowing Club gym membership whilst enjoying the social amenities of the Swan. I encourage all members to walk across and check out the gym facilities at the Rowing Club. They have done an incredible job transforming an underutilized space into a thriving community hub which supports not only the Rowing Club High Performance Program but a growing number of our community.

In company with Club Affiliates our Angling Section is the Club's key Sub – Section.

I would like to congratulate Angling Captain, James Aps and his able team, on a successful Angling season. Unfortunately, the crew were not able to host the Intra Club tournament due to COVID-19.

Our Social Events Group led by Marian Byfield were again busy responsible for a successful Cancer Council, Biggest Morning Tea, Commodores Ball and Ladies Lunches. Incredibly resilient, even with a maximum number of 20 patrons permitted Marian hosted the Biggest Morning Tea at the Club demonstrating both her and Don's commitment to this incredible cause.

The big improver for the season was our ability to host activities on the water which offered members the opportunity to test some new offers whilst gazing over the Swan. Some of those activities included local club wind ups, engagements, birthdays and club related activities. The River Deck can accommodate up to 80 members and their guests.

Separately the Club supported many worthy causes throughout the year including Police Legacy, WA Hogs Police Football Team, Perth Children's Hospital, East Fremantle and South Fremantle Football Club and Fremantle Rowing Club.

The Club continues to promote the Act, Belong - Commit message. A comprehensive health promotion campaign that encourages individuals to take action to protect and promote their own mental wellbeing and encourages organisations that provides mentally healthy activities to promote participation in those activities.

Inclusiveness is the strength of the Club. The House Committee will again be working on initiatives to offer a greater variety of functions and events in the coming year while keeping the environment relaxed and inviting.

Five Year Plan, Policy and Procedure

The Management Committee continue to ensure clear direction and financial security of the Club.

Our 2018-2022 Five Year Strategic Plan in company with our strategies will ensure the club has sufficient financial reserves to finance the future capital and maintenance programs.

We are proud to have completed the River Deck and River Bed Maintenance in the 2019/2020 financial year. These two projects required an incredible level of planning and energy to execute by those directly involved.

Planning for the Jetty 5 replacement has commenced with the project scheduled to be undertaken in 2021/2022.

The Town of East Fremantle Rent Review is anticipated in the first half of the season did not eventuate due to COVID-19 and the Club looks forward to working closely with the Town for a positive outcome in the months to come as we navigate our way through the pandemic with our key partner.

General Manager Report
For the Year ended 30 June 2020

Summary

The year has been incredibly challenging. COVID-19 left us all feeling uncertain about our future. The overwhelming support shown by our members meant that we have made it through the first stage of an incredibly challenging period for human kind.

Well done to our frontline food and beverage staff for their resilience shown. Our Bosuns, thank you for your commitment including the early starts maintaining the Club and assisting with anything and everything we have thrown at you over the year.

To the administration team Dave, Kayla, Natalie, Ryan and Cindy thank you for your commitment to the Club's mission, planning and support.

We acknowledge the efforts of Kayla Page who left us in June 2020 heading back to Canada. Kayla fulfilled the role of Functions and Events Manager during a period of exceptional growth introducing events such as The Habitat Garden Party and the incredibly popular Melbourne Cup party which has gone from strength to strength under her leadership. We wish Kayla all the best for her future endeavours.

The Management Committee and Sub Committees over the past 12 months have continued their commitment to governance. Monthly Management Meetings were swiftly replaced with COVID-19 weekly planning meetings when the pandemic took hold. I have thoroughly enjoyed working through the challenges and ultimately the successes as a team throughout this unprecedented time.

The Swan Yacht Club will continue engage members with an aim to increase patronage and drive revenue growth which will lead to re-investment, brilliant evolving offer and a more vibrant Club where we aim to offer lower prices and ultimately happier members.

I look forward to working with Commodore Ian Harwood and the team for another year as the Club continues with its mission of 'Bringing life to the river'!

In closing, I thank Commodore Paul Nicholls for his support throughout his tenure, not only as Commodore but throughout his extended time on Committee, an outstanding ambassador for the Swan Yacht Club; proud of our combined achievements I wish him all the best as he closes out his term.

Catch you at the Club!

Damien Gaspar



General Manager
31 July 2020

Treasurer Report

For the Year ended 30 June 2020

TREASURER'S REPORT***Financial Performance***

After the success of 2019, the club started extremely positively with several winter concert events which were enjoyed by a large number of members. Leading into summer was just as positive with strong sales and support from members. Summer continued to show good sales until the interruption of COVID-19. The club adapted to the changing environment quickly and made every attempt to minimise the impact of the eventual forced closure of the club from March through to mid-June. During this time the club has been able to maintain record membership numbers and reschedule a large number of functions and events. Total reported surplus for the year to 30 June 2020 was \$690k, compared to \$878k for the prior year.

Marina and membership income were lower than anticipated and is largely representative of the current economic climate. Interest for pens has been strong however it has been somewhat difficult to have the interested party commit. Bar sales continued to produce strong results and galley fell just short of budget but was still able to return a surplus for the year. Functions and events income decreased due to the uncertainty of COVID-19 however it is positive to note that many functions did not cancel but have made the commitment to reschedule. Administrative costs were tightly managed throughout the year and as a result the overall costs were well below budget.

Capital expenditure focus this year centred on two main projects. Firstly, riverbed maintenance planning commenced in May 2019 and the project was completed in April 2020 and came in under budget. Planning for the "Riverdeck", Perth's first floating bar/deck, commenced in April 2018 and had its official opening in January 2020. The Riverdeck was well occupied during the summer months and Friday theme nights were a great success.

Marina & Memberships

Marina income was below expectation this year with fewer than anticipated pen movements. The implementation of AASB 15, a new accounting standard that affects the timing of revenue recognition, also saw a reduction of income from the profit and loss and relocated to the balance sheet for future earnings periods. Membership numbers continue to remain at last year's high numbers however membership revenue will show a reduction due to the adoption of AASB 15 whereby nomination fees are distributed over the life of the membership rather than recognising the income in one year.

In 2020, Marina income was down 10% on the previous year. The marina revenue has reduced due to lower pen movements. Marina revenue will also show a reduction due to implementation of AASB 15 whereby ingoing fees are now required to be distributed over the life of the membership rather than recognising the income in one year as per previous accounting standards. During the year there were very few pens that remained empty for an extended period. Marina repairs and maintenance expenses totalled \$105,000 again this year to ensure the upkeep of the jetties for members as well as a complete safety audit to ensure the safety of all members and guests whilst moving around the club.

Membership and marina fees for the 2021 financial year have been issued and will remain at the 2020 prices.

Going forward we will be looking to maintain current memberships and increasing the bar and galley revenue as a preferable means to maintain and grow the club's revenues therefore limiting future fee increases.

Treasurer Report

For the Year ended 30 June 2020

Bar/Galley/Functions

The strong growth of the 2019 Bar/Galley/Functions sales were maintained through the majority of the 2020 financial year but were forced to stop abruptly with closure of the club by government direction due to COVID-19 in mid-March. The club was quick to manage the closure with measures immediately implemented to ensure expenses were mitigated during the period of shutdown. This included standing down the casual staff and management voluntarily reducing hours and pay of the full time staff. The club subsequently made available to all staff, which met the Government eligibility criteria, the JobKeeper subsidy, which enabled the club to retain the existing team on favourable terms to the club and continues to provide it for as long as the club is eligible. The club was also able to offer not only the JobKeeper staff but those that did not meet the criteria their positions back once the club was permitted to re-open in June. The club was also well supported by local and state government, and was the beneficiary of rent and rate waivers and tax rebates. Whilst the COVID-19 shutdown period was challenging in dealing with a fast moving and uncertain regulatory environment, we feel fortunate to have emerged from the shutdown with minimal impact on our financial position. There are many people to thank for this including the committee, management, staff, Town of East Fremantle, state and federal governments, and of course our many members who have been unwavering in their support of the club.

The completion of the "Riverdeck" this summer allowed us to offer more area for the use of members and offered an additional function area. The club hosted various Friday night themed events during January and February which saw strong sales in both food and beverage for those months. The club continued to promote and manage numerous recurring events and several new events and all were well received and supported. The club will continue to be proactive in offering the best in events in its stunning building and new deck and allow us as a club to continue to "bring life to the river".

Administration

A detailed breakdown of administration costs is outlined in note 4(a) of the financial statements. Costs associated with administration have had a heavy focus in cost reduction this year and resulted in the expenses being reduced by \$209,000 from the previous year. It should also be noted that with the adoption of AASB 16, another new accounting standard dealing with the treatment of leases, the lease expenses are now removed from the administration expenses as per the accounting standard and are represented as liabilities in the balance sheet.

The main areas of increase in administration expenses were in the advertising, information technology, security and insurance premiums. Management's efforts to reducing expenses were represented by large reductions in cleaning, committee expenses, printing and postage and staff amenities. It should also be noted the reduction of wages was aided by the JobKeeper subsidy and the moratorium of state payroll tax. All administration staff remain vigilant on spending.

Non-cash and Non-recurring Items

\$357k in other income relates to an accrual of revenue for the FC membership transaction. The club received \$3.5m as a result of the FC merger and in exchange provided lifetime memberships to FC members. In accordance with the matching principle of accounting, a liability is recognised which represents the club's obligation to provide the benefit of lifetime membership over several years, and each year a component of revenue is recognised which reduces the liability balance.

Treasurer Report**For the Year ended 30 June 2020**

Capital Expenditures

The club has invested \$639k in capital expenditure during the year. The majority of the expenditure included:

- Riverbed Maintenance – \$319,000
- River Deck – \$249,000
- Cross Head Jetty Maintenance - \$56,000
- CCTV upgrades - \$5,000
- Trailer parking bollards – \$10,000

The new year's budget allows capital works funds to be used in the redevelopment of the main downstairs bar and initial planning works for jetty five replacement.

Financial Position

The last twelve months have been used to reinvest funds into our capital projects and still maintain a positive cash balance. As at 30 June 2020 the cash balance was \$2.03m, which represents a strong balance which we cautiously believe provides adequate headroom as we prepare for a substantial future capital investment program, particularly jetty five.

Overall the 2020 financial year has allowed the club to increase its capital expenditure, maintain its membership levels and see a rise in the bank account balances whilst working its way through COVID-19 closure and its related effects.

Outlook & Forward Looking Initiatives

To continue to improve the financial contribution of the Bar & Galley, with the main bar renovations expected to be completed in the first quarter of the 2021 financial year. The redevelopment will allow an improved level of bar service by introducing new efficiencies with additional taps and service areas resulting in better service and enjoyment for all members. We anticipate that this will allow our strong sales to continue to assist ongoing financial performance for much needed funding for future capital works and maintenance programs.

Treasury & Funding

An overall budget for the year ending 30 June 2021 is still being finalised as we are still grappling with the effects of COVID-19 but is expected to be completed before the end of the first quarter. The cashflow budget shows the club as being capable of being able to manage cashflow effectively throughout the period of uncertainty.

Audit and Internal Controls

Specific internal control processes and procedures continued to be implemented during the year and will continue to be monitored. The production of automated management reports through Micropower gives us access to valuable information quicker, to ensure management and the committee have a clear understanding of the club's performance on a timely basis.

Treasurer Report

For the Year ended 30 June 2020

The continuation of BDO as the club's auditors resulted in a thorough audit and we again welcome their suggestions and observations to improve our systems and processes. The club thanks BDO for the help and guidance they have provided since their appointment.



James Turnbull
TREASURER

31 July 2020

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE MEMBERS OF SWAN YACHT CLUB INC

As lead auditor of Swan Yacht Club Inc for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian professional accounting bodies in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 07 August 2020

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 A\$	2019 A\$
Income from continuing operations			
Bar		1,351,061	1,733,400
Galley		848,606	1,134,973
Marina		821,775	912,701
Membership		687,674	818,076
Functions and Events		686,400	760,798
		<u>4,395,516</u>	<u>5,359,948</u>
Other income			
Interest revenue		24,787	25,779
FC Memberships	19	357,848	292,707
Other revenue		4,508	34,813
		<u>387,143</u>	<u>353,299</u>
Total Income		<u>4,782,559</u>	<u>5,713,247</u>
Expenses			
Cost of sales - Bar	3(a)	1,005,645	1,271,598
Cost of sales - Galley	3(b)	1,020,539	1,321,844
Cost of sales – Functions and Events		78,475	81,767
		<u>2,104,659</u>	<u>2,675,209</u>
Other expenses from normal activities			
Administration	4(a)	1,225,211	1,488,748
Marina	4(b)	269,014	302,184
Interest Expense	4(c)	51,800	-
Depreciation and Amortisation	4(d)	441,481	368,225
		<u>1,987,506</u>	<u>2,159,157</u>
Surplus before income tax		<u>690,494</u>	<u>878,881</u>
Surplus attributable to the Club		<u>690,494</u>	<u>878,881</u>
Total Comprehensive Income attributable to the club		<u>690,494</u>	<u>878,881</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying not

Statement of Financial Position

As at 30 June 2020

	Note	2020 A\$	2019 A\$
ASSETS			
Current assets			
Cash and cash equivalents	5	2,036,415	1,892,754
Trade and other receivables	6	832,972	820,788
Inventory & spares	7	31,578	42,974
Total current assets		2,900,965	2,756,516
Non-current assets			
Restricted cash and cash equivalents	8	84,720	84,720
Property, plant and equipment	9	7,564,408	7,298,663
Right of use assets	10	853,978	-
Total non-current assets		8,503,106	7,383,383
Total assets		11,404,071	10,139,899
LIABILITIES			
Current liabilities			
Trade and other payables	11	437,454	420,120
Unearned membership income invoiced in advance	12	1,205,321	1,195,850
Nomination fees in advance	12	43,684	-
Provision for employee entitlements		50,135	34,741
Fremantle Club Amalgamation Funds	13	222,567	232,582
Lease liabilities	14	180,092	-
Total current liabilities		2,139,553	1,883,293
Non-current liabilities			
Members deposits		32,600	35,400
Nomination fees in advance	12	168,980	-
Fremantle Club Amalgamation Funds	13	1,354,796	1,702,628
Lease liabilities	14	694,441	-
Total non-current liabilities		2,250,817	1,738,028
Total liabilities		4,390,070	3,621,321
Net assets		7,014,001	6,518,578
EQUITY			
Retained earnings		6,518,578	5,639,697
Adjustment to retained earnings on adoption of AASB 15		(195,071)	-
Current year earnings		690,494	878,881
Total equity		7,014,001	6,518,578

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

Statement of Changes in Equity
For the Year ended 30 June 2020

	Retained Earnings A\$	Total Equity A\$
Balance at 1 July 2018	5,639,697	5,639,697
Surplus for the period	878,881	878,881
Total comprehensive income for the period	878,881	878,881
Balance at 30 June 2019	6,518,578	6,518,578
Surplus for the period	690,494	690,494
Adjustment for application of AASB 15	(195,071)	(195,071)
Total comprehensive income for the period	7,014,001	7,014,001
Balance at 30 June 2020	7,014,001	7,014,001

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

Statement of Cash Flows
For the Year ended 30 June 2020

	Notes	2020 A\$	2019 A\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		4,423,501	5,758,969
Payments to suppliers and employees		(3,528,155)	(4,885,871)
Interest received		24,787	25,779
Net cash inflow from operating activities	20	920,133	898,877
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(684,647)	(148,862)
Net cash outflow from investing activities		(684,647)	(148,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer from restricted cash		-	(10,800)
Lease payments		(91,825)	-
Net cash outflow from financing activities		(91,824)	(10,800)
Net increase/(decrease) in cash and cash equivalents		143,661	739,215
Cash and cash equivalents at beginning of reporting period		1,892,754	1,187,301
Cash and cash equivalents at end of reporting period	5	2,036,415	1,892,754

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

Notes to the Financial Statements

For the Year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS

1 Summary of 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. The financial statements represent the accounts of the Swan Yacht Club.

The accounting policies adopted are consistent with those of the previous financial year.

(a) New, revised or amended Accounting Standards and Interpretations adopted

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

The following new standard became applicable for the current reporting period resulting in the adoption of the following standard for the first time:

- AASB 15 *Revenue from contracts with customers* ("AASB 15")
- AASB 1058: *Income of Not-for-Profit Entities* ("AASB 1058")
- AASB 16: *Leases* ("AASB 16")

AASB 15 Revenue from Contracts with Customers

Under AASB 15, the club must assess whether the activities related to its nomination fees satisfy a performance obligation. When those activities do not satisfy a performance obligation, because no good or service is transferred to the customer, no amount of the transaction price should be allocated to those activities. Rather, the nomination fee should be included in the transaction price that is allocated to the performance obligations in the contract. Refer to 1(c) for new accounting policies.

The impact of the new AASB 15 Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

	New	Previous	Difference
	\$	\$	\$
Nomination fees in advance (liability)	(212,665)	-	(212,665)
Retained Earnings – Opening Balance	6,323,507	6,518,578	(195,071)
Current Year – Surplus / (Deficit)	711,062	728,656	(17,594)

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 introduced changes to the income recognition by not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 Contributions, NFPs need to determine whether a transaction is a genuine donation (accounted for under AASB 1058,) or a contract with a customer (accounted for under AASB 15 Revenue from Contracts with Customers). There is no material adjustment as a result of the adoption of AASB 1058.

There is no material adjustment as a result of the adoption of AASB 1058.

Notes to the Financial Statements

For the Year ended 30 June 2020

AASB 16 Leases

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The depreciation of the lease assets and interest on the lease liabilities are recognised in the profit or loss and other comprehensive income statement. Before the adoption of AASB 16, the Entity classified each of its leases (as lessee) at inception either as a finance lease or operating lease.

Transition to AASB 16

The club adopted the new standard using the modified retrospective approach and applied the practical expedient per AASB 16.C10(a) and (c). Lease assets and liabilities are measured at the present value of future payments on the initial date of application, being 1 July 2019.

The impact of the new AASB 16 Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

	\$
Right of Use Asset	853,979
Lease Liability	(874,533)
Interest Expense	51,800
Amortisation	60,579

Refer to 1(e) for new accounting policies.

(b) Basis of preparation

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Club's members and the Constitution. The Managing Committee has determined that the Club is not a reporting entity.

The report has been prepared in accordance with the disclosure requirements of the Management Committee and the following Australian Accounting Standards:

AASB 101	<i>Presentation of Financial Statements</i>
AASB 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AASB 107	<i>Statement of Cash Flows</i>
AASB 110	<i>Events after the End of the Reporting Period</i>
AASB 116	<i>Property, Plant & Equipment</i>
AASB 9	<i>Financial Instruments</i>
AASB 1048	<i>Interpretation and Application of Standards</i>
AASB 15	<i>Revenue from contracts with customers</i> ("AASB 15")
AASB 1058	<i>Income of Not-for-Profit Entities</i> ("AASB 1058")
AASB 16	<i>Leases</i> ("AASB 16")

No other Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Notes to the Financial Statements
For the Year ended 30 June 2020

1 Summary of significant accounting policies (continued)

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Club'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 2.

The concept of accruals accounting has been adopted in preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(c) Revenue recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Nomination fee income is recognised over the estimated membership life of a new member being the period during which the club member is expected to benefit from the payment of the fee. The estimated membership life has been determined as a period of 10 years for full memberships and 5 years for social memberships. This is a significant judgement and has been based on the average life of the two membership types.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

(d) Income in advance

The Club recognises fees and charges to its members on an accruals basis and where these fees are for the delivery of future goods and services, the amounts are deferred onto the balance sheet and amortised over the period the goods and services are provided.

(e) Income tax

The Club is exempt from income tax by virtue of section 50-45 of the Income Tax Assessment Act 1997 (as amended).

(e) Leases

The leases recognised by the club under AASB 16 relate to the right to use land (Clubrooms and surrounding areas), photocopier and riverbed lease (jetty structures and mooring license).

When a contract is entered into, the club assesses whether the contract contains a lease. A lease arises when the club has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The club separates the lease and non-lease components of the contract and accounts for these separately. The club allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

Notes to the Financial Statements
For the Year ended 30 June 2020

1 Summary of significant accounting policies (continued)
(e) Leases

Lease assets and lease liabilities are recognised at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred.

Lease assets are depreciated using the straight-line method over the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and impairment losses, assessed in accordance with the Entity's impairment policies.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Entity's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the consolidated profit or loss and other comprehensive income statement.

Short-term leases and lease of low value assets

Short-term leases (lease term of 12 months or less) and leases of low value assets are recognised as incurred as an expense in the consolidated profit or loss and other comprehensive income statement. Low value assets comprise plant and equipment.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Property, plant and equipment

Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Notes to the Financial Statements
For the Year ended 30 June 2020

1 Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

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 Club and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of buildings are credited, net of tax, to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	15 to 40 years
- Administration assets	3 to 20 years
- Bar & Galley assets	3 to 30 years
- Marina assets	3 to 40 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Club policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Club prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless a payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Club has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Notes to the Financial Statements

For the Year ended 30 June 2020

1 Summary of significant accounting policies (continued)**(j) Provisions (continued)**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(k) Employee benefits*i. Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee entitlements. All other short-term employee benefit obligations are presented as payables.

ii. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Club recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

(p) Rounding of amounts

The Club is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

(q) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes Job Keeper income received due to COVID-19 during the year which has been net off with the associated salaries this year.

Notes to the Financial Statements
For the Year ended 30 June 2020

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Club makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment

The Club tests annually whether any assets have suffered any impairment, in accordance with the accounting policy stated in note 1(f). Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

ii. Deferred revenue

The club has recognised a liability in relation to the funds received in advance for contribution toward the 'Lifetime Memberships' provided to the Fremantle Club members in the 2014 financial year. In recognising revenue related to the Lifetime Memberships, the club uses estimates and assumptions to calculate the current year's membership fees incurred / "earned". The estimates are based upon historical data of the FC Memberships and are updated each year based on actual movement in membership numbers. The resulting accounting estimates will, by definition, seldom equal the related actual results.

iii. Expected credit losses of financial assets at amortised cost

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The club uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the club's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs are disclosed in note 6.

iv. Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

v. Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the club based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain and staffing. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the Financial Statements

For the Year ended 30 June 2020

3 Cost of sales for the period

	2020	2019
	A\$	A\$
(a) Bar expenses		
Value of inventory used	543,665	660,272
Employee benefits expense	510,307	595,251
Jobkeeper	(54,000)	-
Licenses	-	1,847
Minor consumables	-	2,103
Music & entertainment	-	-
Repairs & maintenance	4,890	8,599
Other	783	3,526
Total bar expenses	1,005,645	1,271,598

(b) Galley expenses		
Value of inventory used	438,086	619,763
Employee benefits expense	649,138	690,243
Jobkeeper	(72,000)	-
Cleaning	-	-
Minor consumables	-	267
Repairs & maintenance	5,316	11,244
Other	-	327
Total galley expenses	1,020,540	1,321,844

Notes to the Financial Statements

For the Year ended 30 June 2020

4 Other expenses from normal activities

	2020	2019
	A\$	A\$
(a) Administration		
Advertising expenses	37,398	28,922
Bank charges	26,294	31,667
Cleaning	115,229	153,837
Committee expenses	3,775	9,397
Communication costs	12,146	16,516
Employee benefits expense	617,417	584,885
Jobkeeper incentive (refer to accounting policy 1(q))	(54,000)	-
Insurance	96,247	77,422
IT expense	14,743	9,714
Legal costs	-	-
Members amenities	21,452	38,552
Payroll tax	49,938	71,285
Printing, postage & stationery	29,885	44,101
Rent & Rates	21,568	123,191
Repairs & maintenance	6,945	9,040
Security	4,912	2,807
Staff amenities	25,442	35,422
Staff Training	6,311	6,927
Subscriptions	22,085	31,162
Utilities	92,268	105,369
Other	75,156	108,532
Total corporate and administration expenses	1,225,211	1,488,748

	2020	2019
	A\$	A\$
(b) Marina		
Employee benefits expense	169,238	150,287
Jobkeeper incentive (refer to accounting policy 1(q))	(45,000)	-
Repairs & maintenance	105,473	105,387
Riverbed & jetty lease	38,103	44,609
Other	1,200	1,901
Total marina expenses	269,014	302,184

Notes to the Financial Statements
For the Year ended 30 June 2020

	2020	2019
	A\$	A\$
(c) Interest Expense		
Interest expense relating to lease liability	51,800	-
Total marina expenses	<u>51,800</u>	<u>-</u>

	2020	2019
	A\$	A\$
(d) Depreciation and Amortisation		
Depreciation	380,902	368,225
Right of Use Asset Amortisation	60,579	-
Total marina expenses	<u>441,481</u>	<u>368,225</u>

5 Current assets – Cash and cash equivalents

	2020	2019
	A\$	A\$
Cash at bank and in hand	2,032,615	1,878,664
Cash floats, petty cash & ATM	3,800	14,090
	<u>2,036,415</u>	<u>1,892,754</u>

6 Current assets – Trade and other receivables

	2020	2019
	A\$	A\$
Trade receivables ¹	848,892	832,394
Less provision for impairment	(17,556)	(17,556)
	<u>831,336</u>	<u>814,838</u>
Other receivables	1,636	5,950
	<u>832,972</u>	<u>820,788</u>

The Club does not hold any collateral in relation to these receivables.

¹Trade receivables as at 30 June 2020 include membership fees for the next financial year, ending 30 June 2021. Management have assessed the expected credit loss for these receivables to be nil when taking into consideration historic and forward looking estimates. A provision has been made for trade receivables aged 3 months and over.

Notes to the Financial Statements

For the Year ended 30 June 2020

7 Inventories & spares

	2020	2019
	A\$	A\$
Bar	14,761	25,999
Galley	8,643	8,800
Marine spares	8,174	8,174
	<u>31,578</u>	<u>42,973</u>

8 Restricted cash and cash equivalents

	2020	2019
	A\$	A\$
Bankwest Bond Held	41,500	41,500
Swan River Trust Bond	43,220	43,220
	<u>84,720</u>	<u>84,720</u>

Notes to the Financial Statements

For the Year ended 30 June 2020

9 Non-current assets – Property, plant and equipment

	WIP A\$	Office Equipment A\$	Buildings A\$	Bar & Galley A\$	Marina A\$	Total A\$
Year ended 30 June 2019						
Opening book amount	-	74,372	5,479,543	600,320	1,363,790	7,518,025
Additions	38,000	48,099	-	24,590	56,139	166,828
Disposals	-	-	-17,965	-	-	-17,965
Depreciation charge	-	-51,756	-138,272	-98,555	-79,642	-368,225
Closing net book amount	38,000	70,715	5,323,306	526,355	1,340,287	7,298,663

As at 30 June 2019						
Cost	38,000	429,456	6,295,824	1,158,506	3,508,502	11,430,288
Accumulated depreciation	-	-358,741	-972,518	-632,151	-2,168,215	-4,131,625
Net book amount	38,000	70,715	5,323,306	526,355	1,340,287	7,298,663

Year ended 30 June 2020						
Opening book amount	38,000	70,715	5,323,306	526,355	1,340,287	7,298,663
Additions	14,241	5,993	-	44,077	582,336	646,647
Disposals	-	-	-	-	-	-
Depreciation charge	-	-38,017	-156,237	-111,732	-74,916	-380,902
Closing net book amount	52,241	38,691	5,167,069	458,700	1,847,707	7,564,408

As at 30 June 2020						
Cost	52,241	435,449	6,295,824	1,202,583	4,090,837	12,076,934
Accumulated depreciation	-	-396,758	-1,128,755	-743,883	-2,243,130	-4,512,526
Net book amount	52,241	38,691	5,167,069	458,700	1,847,707	7,564,408

10 Right of use assets

	2020 A\$	2019 A\$
Right of use assets on transition	914,558	-
Amortisation	(60,579)	-
Closing balance net of accumulated amortisation	853,979	-

Notes to the Financial Statements

For the Year ended 30 June 2020

11 Current liabilities – Trade and other payables

	2020	2019
	A\$	A\$
Trade payables	301,279	179,205
Accrued expenses	160,193	44,807
Function/Event Deposits	24,993	16,562
Goods & services tax payable	(49,011)	179,546
	437,454	420,120

12 Unearned membership income invoiced in advance

	2020	2019
	A\$	A\$
Security fees	29,223	18,293
Dinghy fees	1,600	-
Ramp fees	21,109	19,276
Pen fees	612,395	602,693
Subs fees	537,175	541,671
Rate recovery fees	3,819	13,917
	1,205,321	1,195,850

Membership income is recognised in the profit and loss on a proportional basis over the period fees are earned.

Nomination fees in advance

	2020	2019
	A\$	A\$
Current	43,684	-
Non current	168,980	-

Full membership, social membership and pen ingoing fees received are recognised in the profit and loss over the expected life of the memberships.

Notes to the Financial Statements

For the Year ended 30 June 2020

13 Fremantle Club Amalgamation

	2020	2019
	A\$	A\$
FC Lifetime Memberships Deferred revenue:		
Current Liability	222,567	232,582
Non-Current Liability	1,354,796	1,702,628
	<u>1,577,363</u>	<u>1,935,210</u>

During FY15 the club entered into a Heads of Agreement to amalgamate with the Fremantle Club Inc (FC). The FC, upon voluntary winding up, transferred its surplus assets of \$3,507,272 (amalgamation funds) to SYC. The final sum was transferred on 9 May 2015. In consideration for the amalgamation funds received, all members of the FC were given a 'Members for Life' membership with SYC, in which FC members are not required to pay levies and are entitled to use SYC boating facilities. As per the agreement, the amalgamation funds are to be applied by SYC towards funding the cost of refurbishing the SYC premises within 2 years from date of transfer. At year end 30 June 2020 the club has recognised a total liability of \$1,577,363 relating to unearned membership fees based on the fair value attributed to the "Members for Life" memberships given to FC members as consideration upon amalgamation.

14 Lease liabilities

	2020	2019
	A\$	A\$
Current	180,092	-
Non-Current	694,441	-
	<u>874,533</u>	<u>-</u>

15 Accumulated Funds

	2020	2019
	A\$	A\$
Accumulated members' funds at the beginning of the of the financial year	6,518,578	5,639,697
Adjustment for application of AASB 15	(195,071)	-
Surplus/ (Loss) attributable to the club	<u>690,494</u>	<u>878,881</u>
Accumulated members' funds at the end of the financial year	<u>7,014,001</u>	<u>6,518,578</u>

Notes to the Financial Statements

For the Year ended 30 June 2020

16 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor(s) of the Club, its related practices and non-related audit firms:

	2020 A\$	2019 A\$
(a) Audit and other assurance services		
BDO Audit (WA) Pty Ltd		
Audit of financial statements	18,000	18,000
Total remuneration for audit and other assurance services	18,000	18,000
(b) Non audit and other assurance services		
Professional Services	1,000	1,000
Total remuneration for non-audit and other assurance services	1,000	1,000

17 Contingent liabilities

Other than bank guarantee in place at 30 June 2020 totalling \$84,720 relating to lease, the club had no contingent liabilities as at 30 June 2020.

18 Commitments

The Club is provided with three vehicles from Maddington Toyota as part of a major sponsorship proposal where the Club will in turn provide Melville Holden and Melville Suzuki with various advertising, brand exposure, and social benefits. The Club holds two Bank Guarantee liabilities that will need to be paid. Bankwest Bank Guarantee of \$43,220 will expire on the 05/10/2020 and the St Georges Bank Guarantee of \$41,500 will expire 22/12/2020.

The Club has committed to main bar renovations during the first quarter of the 21 financial year. Of the \$370,000 budget, \$151,500 has already been committed at 30 June 2020.

19 Events occurring after the reporting date

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Club is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during FY2021.

Management is actively monitoring the global situation and its impact on the Club's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Club is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

Although the club cannot fully estimate the length or gravity of the COVID-19 effect, from its initial assessment, the impact over the next 12 months does not appear to be significant, indicating the entity will be able to continue as a going concern.

Notes to the Financial Statements

For the Year ended 30 June 2020

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operation of the Club, the results of those operations or the state of affairs of the Club in subsequent financial years.

20 Reconciliation of surplus after income tax to net cash outflow from operating activities

	2020	2019
	A\$	A\$
Gain/(Loss) for the period	690,494	878,881
Amortisation and depreciation	441,481	368,225
Decrease/(increase) in trade and other receivables	(12,184)	371,108
Decrease/(increase) in inventory	11,396	8,751
Decrease/(increase) in prepayments	-	-
Increase/(decrease) in member deposits	(2,800)	(17,400)
Increase/(decrease) in income in advance	55,035	(3,816)
Increase/(decrease) in trade and other payables	69,147	(414,462)
Increase/(decrease) in employee provisions	15,396	(5,268)
Increase/(decrease) in FC funds	(347,832)	(287,142)
Net cash inflow used in operating activities	920,133	898,877

21 Individually significant items

		2020	2019
		A\$	A\$
Revenue			
FC Memberships	(i)	357,848	292,707

- (i) FC Membership income relates to the deferred revenue liability of \$3,502,272 received in FY15 as contribution for the Lifetime Memberships given to the Fremantle Club members upon amalgamation with SYC. The revenue recognised at 30 June 2020 of \$357,848 relates to the revenue derived from Lifetime Memberships provided during the current year and has been calculated based on the number of memberships given and the average number of years attributed to each membership.

MANAGING COMMITTEE'S DECLARATION

The Managing Committee of the Club declare that:

1. The Club is not a reporting entity because there is no user's dependant on general purpose financial statements. Accordingly, as described in note 1 to the financial statements.
2. The attached financial statements and notes thereto comply with the Accounting Standards as described in note 1 to the financial statements, and other mandatory professional reporting requirements.
3. The attached financial statements and notes thereto give a true and fair view of the Club's financial position as at 30 June 2020 and its performance for the financial period ended on that date.
4. In the Managing Committees' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Managing Committee and is signed for and on behalf of the Managing Committee members by:



Mr Paul Nicholls
Commodore
07th August 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Swan Yacht Club Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Swan Yacht Club Inc (the Entity), which comprises the statement of financial position as at 30 June 2020, 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 report, including a summary of significant accounting policies, and managements' assertion statement.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2020 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

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 Entity in accordance with 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.

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the requirements of the constitution. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the constitution and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd



Neil Smith

Director

Perth, 07 August 2020