



# Annual Report 2018 - 2019

**SSCBC**  
**COMMODORE'S REPORT**  
**ANNUAL GENERAL MEETING**  
**10 JUNE 2019**

Last year, as your new Commodore, I set out my major initiatives for this past year and what would be my major drivers. I announced that we would be undertaking a Member Survey, setting up a House Committee, appointing a new Chair to our Social Committee and progressing the Clubhouse redevelopment project.

In doing so, I mentioned that the following were paramount in my mind – and remain so.

- Retaining the warm, welcoming and family friendly environment of the Club
- Sound financial management
- Increased participation in sailing
- Providing excellent facilities and hospitality services for all our members, sailors and non-sailors.

I can happily report that your Committee and our Management team have achieved all the above and more.

Our House Committee led by Howard Critchley has focused, among other things, on upgrading our kitchen, bar and dining facilities. New carpets, new kitchen equipment, new table tops, new chairs. There is still more to come.

Our Social Committee, led by Georgie Silverwood, put together an active social program, during the season and beyond, with a noticeable focus on families. How much fun was the family New Year's Eve party, the Family Fun Night and more? How good was the sell-out Summer Drinks party?

Some 581 members participated in our Member Survey. This is providing an invaluable tool for improving our services to members. Your Committee and management were rated highly across the food and beverage experience, the Club facilities, member services, sailing experiences, communications and club governance. The survey also provided instructive direction as we continue to raise the level of services to our members.

Not surprisingly, members value highly sound financial management while investing back into our sailing and hospitality services. Members are supportive of the Clubhouse redevelopment project but need to know more and to be kept informed on progress. Members have reservations about the growth in membership (on that one, note that our membership base only grew by 1.2% last year).

Some good suggestions came through the survey. To mention a few: good coffee is important to our members. Welcome Ari, our new Club Barista. Next season Henry is introducing a variety of measures to reduce the wait times for coffee during the hectic

coffee rush hours. More regular cleaning of the toilets and change rooms will be introduced, non-member access to the Club is to be tightened up. Quicker answering of incoming phone calls is being worked on.

Have a read of the summary of the key findings from the Survey on the website and you can read a copy of the survey report at the office. It is driving a lot of what your Committee and management are up to.

We took on a big task when we decided to take our food and beverage services “in house”. Henry Dyer and his team – Bernard, Ari, Thomas, Jade, Skipper and Belinda together with all our casual staff have delivered in spades. Members are not only enjoying excellent meals, bar service, coffee, Taco Beach etc. but also, we feel that the Club is “ours” again. Our F&B team is more attuned to members’ needs. Our F&B services ran at a marginal profit this year – it could have been a lot worse.

I love this story from F&B. When new to the job, in early December, Henry and Bernard gathered all the bar and dining staff together for a training day. They had 50 teenagers and young adults who were sons and daughters of members (a great story in itself). Knowing that they had the season upon them they wanted to be as prepared as possible. Henry asked the group “Put up your hand if you have had any food and beverage experience”. Not one person put up their hand. Daunting. But they delivered and many of them will be back next year and continue to work with us. Very gratifying.

I will leave it to Club Captain Scott Llewelyn to report on our incredibly successful sailing and sail training activities, and Treasurer Shaun Chalmers to report on our financials.

Rollo Wright from our Infrastructure Committee will provide a full briefing and update on the Clubhouse redevelopment project. I will not steal his thunder. However, this major project is on track – it focusses on fixing the functional shortcomings in our current Clubhouse – tiny kitchen, overcrowded staff and administrative offices, cramped members’ areas (bar, deck and lounge area) and shortage of storage and training facilities for sailors. It is not an architectural statement, but it is about providing for our members’ needs over the next 10 years.

Unfortunately, it will come at a cost. We will test the construction market later this year to get a better idea of the actual cost, but our current estimates are around the \$6 million mark, hopefully less. With over \$3 million designated funds in the bank we are in a strong financial position. The shortfall will be partially filled by the sale of lockers and donations. However, it is more than likely that members will need to support the project financially, through a levy. The size and timing of the levy is yet to be determined. We will keep members informed as we get more definite cost estimates. Our current target is to start construction in February/March 2021.

You will have seen the recent announcement about our General Manager, Phil Hall, leaving the Club. Phil has made an incredible contribution over his nearly 12 years of service. As we all know, Phil is always there to assist – either out on the water ferrying members to and from their boats, assisting in race management, making sure our big sponsored events are

going well and working with his staff to deliver all our member services. He has developed a great management team. The success of your Club reflects very well on the contribution that Phil has made. Thank you, Phil.

Phil's position will be replaced by the appointment of a new CEO. An executive search firm has been appointed; I will keep members informed of our progress. Our intention is to appoint someone by the end of September. Phil will be staying with us until that time.

Another change is the retirement of your Club Secretary, Phil Wise, from the Committee. Phil has made a huge contribution over his many years on the Committee. Managing all the new member applications, sometimes giving up whole Saturdays and Sundays for interviews. His wise counsel on club governance, taking on the difficult task of the occasional disciplining of members. On top of that, Phil guided and implemented the updating of our Rules last year. A big effort all round. Thanks Phil.

Phil Wise will be replaced by Nikki Schwarz as Club Secretary. I am sure Nikki is well known to many of you. A longstanding member of the Club, she has previously served on the Finance Committee and has children in the junior sailing program. Nikki is a Chartered Accountant and is well qualified to take on the Secretary role. I look forward to working with her. Welcome Nikki.

After many years of service to the Club, Susie DiPierdomenico retired from the Committee and the Social Committee. Thanks so much Susie for your amazing contribution. Susie is replaced by Georgie Silverwood – a very active member of the Club with kids in junior sail training.

I would also like to welcome Deb Hodgson to our management team, as our new Finance Manager. Deb has taken on the task with gusto. Once she gets on top of the routine bookkeeping and monthly financial reporting, Deb will be looking to improve all our financial, management and membership software systems to enhance our services to members and management efficiencies.

Deb replaces Rosemary Trevethan, our Bookkeeper for many years. Many thanks Rosemary for your valuable contribution over a period of substantial growth in the volume and complexity of the accounting and financial task.

Finally, many thanks to my Committee and all the SSCBC management team. It has been a great year; I have enjoyed it. An even greater year to come.

My priorities going forward include – finding a new CEO, progressing the Clubhouse redevelopment project and its funding, refreshing and increasing participation in our Couta boat fleet and improving further our food and beverage services to members. We have recently completed our Strategic Plan for the next 5 years – have a look at it, it is on the website.

Thanks

Graham Cunningham      Commodore



## SSCBC

### CLUB CAPTAIN'S REPORT

#### ANNUAL GENERAL MEETING

10 JUNE 2019

The 2018/19 season has been a season to remember. The weather provided us with mainly ideal sailing conditions throughout December/January, with none of our major events needing to be cancelled. It has been some years since we have been so fortunate.

Our Strategic Sailing Plan, put in place just over three years ago, has delivered on all of its KPIs:

- Appointing a highly skilled training and development manager to oversee the growth of our training and sailing programs.
- Growth and transition of our dinghy sailors;
- An increase in overall numbers racing;
- Supporting new sailing initiatives such as the foiling Waszp, The development of our teams/match racing program;
- An increase in our dinghy sailors travelling to State and National events;
- Introducing a new audience to Cota boats – with the growth of Division 2 - welcomed *Jessamine, Magpie, Waltzing Matilda* and *Aliscia*
- Increased numbers year on year in the highly successful Next Gen event; and
- A focus on developing home grown coaches - all of this overseen by our Training & Development Manager, David White, and newly appointed Sailing Manager, Ben Fels, and SSCBC Management. These people have all been instrumental in the activation of this plan and its successful outcomes.

**What is next?** With the assistance of Drew Marget, Howard Critchley, Ben Fels, David White and others, we are embarking on the next Strategic Sailing Plan. This will encompass a plan for the growth of our Cota Boat fleet, the continued development and transition of our dinghy sailors (target 80-100 junior, youth and open sailors), some new inclusive formats of sailing that cater for Members throughout their life stages, and development plans for the sailing hardstand, east and western lawn spaces.

Congratulations must go to our Cota Boat sailors. Both the Div. 1 and Div. 2 Cota boat fleets have been highly competitive this season, with many different skippers and crew occupying the podium each Saturday. Our thanks must also be extended to your support of our key events, not limited to:

- KPMG Day
- Mercedes-Benz Mornington CBA Nationals
- Gant CBA Portsea Cup
- CBA State Championships
- Lacco Cup

Couta Conversations were once again was a great success this season. Thank you to Max Chester and Ben Fels for their coordination and implementation of these speaking and on water events. Their ongoing passion to ensure all Couta boat sailors continue to benefit from these interactive sessions is to be congratulated.

Our dedicated training center led by David White, has achieved a 31% increase in participation numbers over the past year, that's 125% growth since Dave joined us at the Club only 2 ½ years ago. Our female instructor and coach numbers are at an all-time high with 50% being female along with 50% of our coached sailors being female.

Another busy summer for our Dinghy Sailors, with many travelling to Tasmania for the Nationals, Youths and Optimist Championships. I would like to take this opportunity to recognise all of our parents who travelled to Tasmania in support. It is a huge effort ensuring sailors are the priority during this time. Thank you and well done.

Royal Brighton Yacht Club hosted the 2019 Victorian State Optimist Championships, 18 SSCBC sailors entered this event, a very impressive number and our largest group since 2013-14.

Congratulations to all of our junior, youth and open sailors who have been busy competing at National and International regattas over recent months.

Congratulations to Will and Sam Phillips in a 49er and Tess Lloyd in a 49erFX on being selected for the Australian Sailing Team for this year's Tokyo 2020 Olympic Test Event. Ben Fels has also been appointed as the only Australian judge for this event.

Our Club's dedicated volunteers and Sailing Committee have once again been outstanding. This group of tireless workers roll up and get the job done day in, day out. It's been great to see that we have expanded our team to include more Members participating on and off the water and we will be further expanding and diversifying the teams to host more regattas over the 2020 summer of sailing. We are so fortunate to have such committed and passionate people, both on and off the water, working hard behind the scenes to ensure our safety and enable our love of sailing. An enormous thank you to all our valued volunteers.

At our Club's recent Couta Boat presentation night it was proudly announced that Mark Lloyd and Tonia Grimshaw-Lloyd were awarded the Bernie Ross Award, which recognizes the Club Persons of the Year. Congratulations to Mark and Tonia and thank you for all that you do for our Club.

Our She Sails initiatives have been very successful, particularly in the powerboating stream where over 30 women and girls have completed training and accreditation.

These collaborative supporting training programs have given our Members the knowledge, competence and confidence in the skills to then come out and

participate in all the Club's programs, which leaves us with a much more inclusive Club.

Looking ahead, in early January 2020, SSCBC will host the Australian Youth Championships as part of the 2019-2020 Summer of Sailing, which sees Melbourne play host to many Olympic qualifying regattas throughout December, January and early February. This Championship is the premium youth event in the Australian sailing calendar and we are delighted to be selected as the host Club. Moving forward to the long weekend in March next year and we are thrilled that VIODA has announced SSCBC as the Club that will be home to the 2020 Optimists State Championships.

I would also like to take this opportunity to thank Phil Hall, for not only this past season but for his 12 years of commitment to our Club and the support he has offered to sailing as a whole from the sailing committee right through to the hands-on operations of day to day sailing. Phil, thank you.

Thank you all for another great season, enjoy the winter with your family and friends and we will see you all out on the water in no time.

Scott Llewelyn

**SSCBC**  
**TREASURER'S REPORT**  
**ANNUAL GENERAL MEETING**  
**10 JUNE 2019**

I am pleased to provide this Treasurer's report to support the Annual Report of the Sorrento Sailing Couta Boat Club (SSCBC) for the year ended 31 March 2019 (FY19). SSCBC's surplus for FY19 was \$111,347, (FY18: \$321,765). The decline is attributable to the structural change of the food and beverage (F&B) operations, offset somewhat by improved efficiencies in other functions.

The scope, breadth and complexity of operations at SSCBC continues to expand which brings greater demand on its financial resources. To ensure our club can continue to deliver world class sailing and ancillary programs, the Committee established the following objectives to guide the near term financial strategy:

1. General club operations and sustaining capital expenditure to be funded from annual recurring revenue, primarily comprising of subscriptions;
2. Joining fees and interest income to be retained and deployed for periodic major capital improvements; and
3. Develop a funding plan to deliver the proposed Clubhouse redevelopment in a sustainable manner.

As referenced above, in early FY19, significant challenges arose with the F&B contractor which required immediate action to ensure this critical function met member expectations of quality and value. Historically, SSCBC outsourced F&B operations and received revenue based rent and partial expense reimbursement. Recent experience indicated that this model may no longer be viable. Following diligent analysis of all options, including an assessment of comparable clubs, your Committee elected to establish an in-house F&B capability. The immediate financial implications of this transition are significant:

- Approximately \$300,000 of annual revenue forgone;
- exposure to operational risk (and upside); and
- an immediate capital expenditure requirement to address underinvestment in kitchen, furnishings and table settings.

Notwithstanding the financial challenges of this initiative, our F&B team is delivering an exceptional product and the foundations are laid for a sustainable business which our members can enjoy and be proud of. This is affirmed by member feedback and revenue growth both of which are trending positively.

The financial position of your club is sound with cash on hand at year-end of \$3,632,811 (2018: \$3,114,045) and a surplus despite challenging circumstances. It is from this position of strength that the club can continue to invest in its facilities, fleet of boats, couta boat and off-the-beach racing, regattas, sail training and social activities, details of which are further outlined on the final pages of the financial report.

As advised through various forums, plans for the clubhouse redevelopment project are at an advanced staged. The Committee will not progress major works until total project funding is secured including a cash reserve to address unexpected downside events unrelated to the project. To meet



these objectives the Committee believes that a building levy may be required. The final determination of a potential levy, its quantum and timing will be resolved when planning approval is granted and robust project costings are on hand.

The current financial report includes a change in presentation where the historical approach of allocating components of retained earnings to certain reserves has been discontinued. The FY19 report continues to apply the policy from prior periods of presenting funds raised for the clubhouse redevelopment project as a liability. This policy will be reviewed in future periods as fundraising initiatives do not give rise to an obligation which is a current liability in nature.

In April 2019, Deborah Hodgson joined the team as Finance Manager to meet the increasing requirements of our growing club. Once established in the role, Deborah will work closely with the office team and Committee to continue the process of improving the finance function of SSCBC and to ensure it has the capacity and capability to support our expanding operations and major projects. In welcoming Deborah, we farewell Rosemary Trevethan and thank her for her tenure as bookkeeper.

In closing, I would like to thank my General Committee colleagues and particularly Commodore Cunningham, for their support and friendship. It is a pleasure to serve this club and its members as its Treasurer.

**Shaun Chalmers**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SORRENTO SAILING COUTA BOAT CLUB INC.

### Opinion

We have audited the financial report of Sorrento Sailing Couta Boat Club Inc (the Club), which comprises the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Director's declaration.

In our opinion, the financial report of Sorrento Sailing Couta Boat Club Inc is in accordance with *Associations Incorporation Reform Act 2012 (VIC)*, including:

- (a) giving a true and fair view of the Entity's financial position as at 31 March 2019 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards- Reduced Disclosure Requirements.

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

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

### Responsibilities of Directors for the Financial Report

The Committee of Sorrento Sailing Couta Boat Club Inc. are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012 (VIC)*. The Committee's responsibility also includes such internal controls as the Committee determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee 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 the Committee either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SORRENTO SAILING COUTA BOAT CLUB INC. (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Report**


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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
McLean Delmo Bentleys Audit Pty Ltd

  
**Martin Fensome**  
Partner

Hawthorn  
28 May 2019

**COMPILATION REPORT  
TO THE MEMBERS OF SORRENTO SAILING COUTA BOAT CLUB INC.**

We have compiled the accompanying special purpose financial statements of Sorrento Sailing Couta Boat Club Inc., which comprise the income and expenditure statement on pages 29 to 30, for the year then ended 31 March 2019. The specific purpose for which the special purpose financial statements have been prepared is to provide private information to the Board.

**The Responsibility of The Directors**

The directors of Sorrento Sailing Couta Boat Club Inc. are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

**Our Responsibility**

On the basis of information provided by the directors we have compiled the accompanying special purpose financial statements in accordance with APES 315 *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.


**Assurance Disclaimer**

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. Accordingly, these special purpose financial statements may not be suitable for other purposes. We do not accept responsibility for the contents of the special purpose financial statements.



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome  
Partner

Hawthorn  
28 May 2019

SORRENTO SAILING COUTA BOAT CLUB INC.

(Incorporated under the Associations Incorporation Reform Act (Vic) 2012)

FINANCIAL REPORT

FOR THE YEAR ENDED

31 MARCH 2019


SORRENTO SAILING COUTA BOAT CLUB INC.

ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF  
FINANCIAL POSITION OF INCORPORATED ASSOCIATION

We, Graham Cunningham and Shaun Chalmers, being members of the Committee of the Sorrento Sailing Couta Boat Club Inc., certify that—

The statements attached to this certificate give a true and fair view of the financial position of the Sorrento Sailing Couta Boat Club Inc. during and at the end of the financial year of the association ending on 31 March 2019.

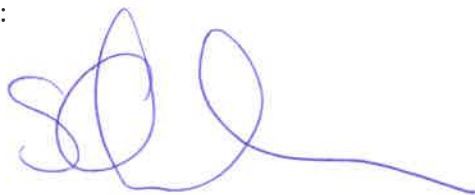
Signed:



Graham Cunningham  
Commodore

Dated: 28 MAY 2019

Signed:



Shaun Chalmers  
Treasurer

Dated: 28 MAY 2019



SORRENTO SAILING COUTA BOAT CLUB INC.  
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	NOTE	<u>2019</u> \$	<u>2018</u> \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	770,128	715,354
Inventory		84,390	79,254
Trade and Other Receivables	6	66,038	138,745
Prepayments		87,662	75,304
Financial Assets	5	2,862,683	2,398,691
		-----	-----
<b>TOTAL CURRENT ASSETS</b>		3,870,901	3,407,348
		-----	-----
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	7	4,176,820	4,086,694
Club Trophies		11,730	11,730
		-----	-----
<b>TOTAL NON-CURRENT ASSETS</b>		4,188,550	4,098,424
		-----	-----
<b>TOTAL ASSETS</b>		8,059,451	7,505,772
		-----	-----
<b>CURRENT LIABILITIES</b>			
Other Payables	8	871,781	459,507
Provisions	9	132,524	102,466
		-----	-----
<b>TOTAL CURRENT LIABILITIES</b>		1,004,305	561,973
		-----	-----
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	-	-
		-----	-----
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	-
		-----	-----
<b>TOTAL LIABILITIES</b>		1,004,305	561,973
		-----	-----
<b>NET ASSETS</b>		7,055,146	6,943,799
		=====	=====
<b>EQUITY</b>			
Retained Earnings	11	7,017,713	1,133,073
Reserves	12	37,433	5,810,726
		-----	-----
<b>TOTAL EQUITY</b>		7,055,146	6,943,799
		=====	=====

SORRENTO SAILING COUTA BOAT CLUB INC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	<u>2019</u> \$	<u>2018</u> \$
Revenues from operations	2	4,345,285	2,933,224
Depreciation and amortisation expenses	3	(296,761)	(246,751)
Other expenses		(3,937,177)	(2,364,708)
Surplus before income tax expense		----- 111,347	----- 321,765
Income tax expense	10	-	-
Surplus after income tax expense		----- 111,347	----- 321,765
Total Comprehensive Income		----- =====	----- =====

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

SORRENTO SAILING COUTA BOAT CLUB INC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	<b>Retained Earnings</b>	<b>Youth Fund</b>	<b>Jetty Development</b>	<b>Clubhouse Building</b>	<b>Asset Revaluation</b>	<b>Total</b>
	\$	\$		\$	\$	\$
<b>Balance at 1 April 2017</b>	976,095	66,781	21,000	5,520,725	37,433	6,622,034
Surplus attributable to members	321,765	-	-	-	-	321,765
Other comprehensive income for the year	-	-	-	-	-	-
Transfer from/(to) reserves	<u>(164,787)</u>	<u>(66,781)</u>	<u>7,000</u>	<u>224,568</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 March 2018</b>	<u>1,133,073</u>	<u>-</u>	<u>28,000</u>	<u>5,745,293</u>	<u>37,433</u>	<u>6,943,799</u>
Surplus attributable to members	111,347	-	-	-	-	111,347
Other comprehensive income for the year	-	-	-	-	-	-
Transfer from/(to) reserves	<u>5,773,293</u>	<u>-</u>	<u>(28,000)</u>	<u>(5,745,293)</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 March 2019</b>	<u>7,017,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,433</u>	<u>7,055,146</u>

THE ACCOMPANYING NOTES FORM PART OF THESE FINANCIAL STATEMENTS

SORRENTO SAILING COUTA BOAT CLUB INC.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	<u>2019</u> \$	<u>2018</u> \$
Cash Flows from Operating Activities:			
- Receipts from Members		1,763,470	1,772,229
- Fundraising & Sundry Receipts		2,920,855	1,446,817
- Payments to Employees, Suppliers & Others		(4,220,201)	(2,435,472)
- Interest Received		117,066	85,382
		-----	-----
Net Cash Provided by Operating Activities		581,190	868,956
		-----	-----
Cash Flows from Investing Activities:			
- Fixed assets purchases		(386,887)	(313,359)
- Proceeds on disposal of fixed assets		-	9,818
- Proceeds from/(Payment for) other Financial assets		(463,992)	(44,787)
		-----	-----
Net Cash Used in Investing Activities		(850,879)	(348,328)
		-----	-----
Cash Flows from Financing Activities:			
- Proceeds from the issue of Licence granting use of an existing/proposed locker		324,463	-
		-----	-----
Net Cash Provided by Financing Activities		324,463	-
		-----	-----
Net Increase/ Decrease in Cash Held		54,774	520,628
Cash at Beginning of Year		715,354	194,726
		-----	-----
Cash at End of Financial Year	4	770,128	715,354
		=====	=====

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. STATEMENT OF ACCOUNTING POLICIES

Sorrento Sailing Couta Boat Club Inc. applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Reform Act 2012*. Sorrento Sailing Couta Boat Club Inc. is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted by the club in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Property, Plant and Equipment

Each class of property, plant and equipment is shown at cost or fair value and is depreciated over their expected useful economic life. The Club received the benefit of voluntary labour and direct payment for materials for some of these works from members. The aggregate value of these contributions of time and in kind have not been taken up in these financial statements because their measurement is not possible.

Moorings

The Club capitalises purchased moorings at cost. The cost associated with these assets includes both the authority for mooring or berthing a vessel in a regulated area and the mooring tackle.

Depreciation

The depreciable amount of all fixed assets including buildings, are depreciated on either a straight line or diminishing value basis, depending on the class of asset, over their useful lives to the Club commencing from the time the asset is held for use.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1(a) Property, plant and equipment (cont)

Depreciation (cont)

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Plant, Equipment & Furniture	10%-33.3%
Water Storage & Treatment	2.5%-3%
Jetty	5%
Boats	7.5% -20%
Moorings	2.5%
Motor Vehicles	22.5%-33.3%

(b) Revenue

(i) Operational

The Club derives its income from the operations of a Sailing Club. Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers. Members' annual subscriptions are accounted for on an accruals basis. Subscriptions received in respect of the year ending 31 March 2020 are recorded as income in advance and will be brought to account as income in that year. New members' joining fees are accounted for on receipt.

(ii) Fund Raising

Funds raised for the Clubhouse Redevelopment project which includes the leasing of lockers, donations and the issuing of paid Life memberships are recorded as income in advance and will be recorded as income when the Redevelopment project is completed.

(iii) Australian Sports Foundation Donations

The Club has also been the recipient of Grants from the Australian Sports Foundation. These grants represent the funds contributed to the Foundation by members nominating the Clubhouse Redevelopment Project as their preferred beneficiary. The grants are accounted for as income when received from the Foundation.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as an item of the expenses. Receivables and payables in the balance sheet are shown inclusive of GST.



SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

- (d) Inventories  
Inventories are measured at the lower of cost and net realisable value.
- (e) Club Trophies  
The Club silver and plate trophies are recorded at their insurance valuations.
- (f) Employee Benefits  
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Employee benefit provisions are reported as current liabilities where the Club does not have an unconditional right to defer settlement for at least 12 months.

- (g) Fair Value Measurement  
The Club measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Club would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(g) Fair Value Measurement (cont)

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the entity at the reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(h) Use of estimates and judgements

The preparation of a financial report requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(j) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(k) Accounts Payable and Other Payables

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

(l) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(1) Financial Instruments (cont'd)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income. A financial liability cannot be reclassified.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(I) Financial Instruments (cont'd)

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss on the basis of the two primary criteria, being:
  - the contractual cash flow characteristics of the financial asset; and
  - the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates financial instruments as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(l) Financial Instruments (cont'd)

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.



SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(1) Financial Instruments (cont'd)

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(1) Financial Instruments (cont'd)

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment was recognised in profit or loss as an impairment gain or loss.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(1) Financial Instruments (cont'd)

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- Where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss. In order to make such determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset. Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(l) Financial Instruments (cont'd)

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory applicable dates for future reporting periods and which the company has decided not to early adopt.

AASB 15 Revenue from Contracts with Customers is applicable to the Club from 1 April 2019. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognized. The standard is not expected to have a material impact on initial application.

AASB 16 Leases is applicable to the Club from 1 April 2019. The standard removes the classification of leases by the lessee, and effectively treats all leases as finance leases. Short term leases (less than 12 months) and leases of low value assets (such as personal computers) are exempt from the lease accounting requirements. This standard is not expected to have a material impact on the net profit/loss, however it will on initial application increase the Club's assets and liabilities.

(o) New and Amended Accounting Policies Adopted by the Entity

Initial application of AASB 9: Financial Instruments

The entity has adopted AASB 9: Financial Instruments with a date of initial application of 1 April 2018. As a result, the entity has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior periods. Below in this note are the adjustments made to the affected financial statement line items. AASB 9 requires retrospective application with some exceptions (ie when hedge accounting in terms of the standard).

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(o) New and Amended Accounting Policies Adopted by the Entity (cont'd)

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the entity had previously designated as fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9.

There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9. The entity applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting. The date of initial application was 1 April 2018. The entity has applied AASB 9 to instruments that have not been derecognised as at 1 April 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 April 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 April 2018 have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets, as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and
- all other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned above, the entity may make irrevocable election at initial recognition of a financial asset as follows:

- the entity may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
- the entity may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(o) New and Amended Accounting Policies Adopted by the Entity (cont'd)

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment. This note contains a table that shows the effect of classification of the financial assets upon initial application.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the entity to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses are used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset. A simple approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.

The entity reviewed and assessed the existing financial assets on 1 April 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 April 2017 and 1 April 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(o) New and Amended Accounting Policies Adopted by the Entity (cont'd)

The entity uses the simplified approach and recognises lifetime expected credit loss. Additional credit loss allowances have not been recognised as at 1 April 2018 and as at 1 April as a result of application of the AASB 9. The consequential amendments to AASB 7 have also resulted in more extensive disclosures about the entity's exposure to credit risk in the consolidated financial statements.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and also the classification relates to changes in the fair value designated as FVTPL attributable to changes in the credit risk. AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income, unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. ASB 139 requires the fair value amount of the change of the financial liability designated as at FVTPL to be presented in profit or loss.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the entity's financial liabilities.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 January 2018

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(o) New and Amended Accounting Policies Adopted by the Entity (cont'd)

Financial instrument category		Carrying amount			
		AASB 139 Original	AASB 9 New	AASB 139 Original	AASB 9 recognition of additional loss allowance
<b>Financial assets</b>					
<b>Current and non-current</b>					
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	138,745	-	138,745
Financial assets	Loans and receivables (amortised cost)	Financial assets at amortised cost	2,353,904	-	2,353,904
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	715,354	-	715,354
<b>Financial liabilities</b>					
<b>Current and non-current</b>					
Trade and other payables	Amortised cost	Financial liabilities at amortised cost	459,507	-	459,507

The application of these changes in accounting policies had no impact on the cash flows of the entity.



SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>2. REVENUE</b>		
Members' annual subscriptions	1,387,544	1,274,131
Joining Fees	243,741	297,032
Sponsorship & Advertising	222,420	199,884
Race fees	27,100	225,516
Training	150,880	128,866
Social Auxiliary, Bar, Catering, Merchandise & Galley	2,086,943	792,201
Regatta Receipts	38,776	19,450
Yachting Australia Levies	80,909	86,062
Interest received	90,655	74,931
Donations	10,000	31,727
Sundry Income	6,317	6,424
	-----	-----
Total revenue	4,345,285	2,933,224
	=====	=====
<b>3. PROFIT FOR THE YEAR</b>		
Profit for the year before income tax expense has been determined after:-		
Expenses		
Cost of sales	1,833,936	382,366
Depreciation	296,761	246,751
Audit fee	6,217	6,350
Employee benefit costs	874,831	853,108
(Profit) / Loss on sale of assets	-	(1,903)

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	5,075	500
Bank Accounts	135,572	272,089
Term Deposits (Original maturity of 90 Days or less)	629,481	442,765
	-----	-----
	770,128	715,354
	=====	=====
Cash at the end of the financial year as shown in the cash flow statement. The effective interest rate on short-term bank deposits was 2.65 % (2018: 2.53%); these deposits have an average maturity of 90 days.		
<b>5. FINANCIAL ASSETS</b>		
Term Deposits (Original maturity of more than 90 days)	16 2,862,683	2,353,904
	=====	=====
The effective interest rate on short-term bank deposits was 2.53 % (2018: 2.81%); these deposits have an average maturity of 6 Months.		
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade Debtors	35,915	112,334
Sundry Debtors	30,123	26,411
	-----	-----
	66,038	138,745
	=====	=====
<b>7. PROPERTY, PLANT &amp; EQUIPMENT</b>		
Boats and Moorings		
Cost	1,371,081	1,352,089
Less Accumulated Depreciation	(680,167)	(602,897)
	-----	-----
	690,914	749,192
	=====	=====
Buildings and Improvements		
Cost	3,647,824	3,647,824
Less Accumulated Depreciation	(1,099,987)	(1,008,791)
	-----	-----
	2,547,837	2,639,033
	=====	=====
Water Storage & Treatment		
Cost	180,493	180,493
Less Accumulated Depreciation	(67,139)	(63,326)
	-----	-----
	113,354	117,167
	=====	=====

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>7. PROPERTY, PLANT &amp; EQUIPMENT</b>		
(continued)		
Motor Vehicles		
Cost	113,303	113,303
Less Accumulated Depreciation	(58,107)	(40,419)
	-----	-----
	55,196	72,884
	=====	=====
Jetty		
Fair Value	350,000	350,000
Cost	-	-
Less Accumulated Depreciation	(70,000)	(52,500)
	-----	-----
	280,000	297,500
	=====	=====
Plant, Equipment & Furniture		
Cost	751,724	518,998
Less Accumulated Depreciation	(507,082)	(417,788)
	-----	-----
	244,642	101,210
	=====	=====
Capital Works in Progress		
Cost	244,877	109,708
	=====	=====
Total Property, Plant & Equipment	4,176,820	4,086,694
	=====	=====

Movements in the carrying amounts for each class of fixed assets between the beginning and end of the financial year are reconciled as follows:

	<u>Opening</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Revaluation</u>	<u>Transfers</u>	<u>Disposals/</u>	<u>Closing</u>
	<u>Balance</u>					<u>Assets</u>	<u>Balance</u>
						<u>Written Off</u>	
<u>2019</u>	\$	\$	\$	\$	\$	\$	\$
Boats and Moorings	749,192	18,992	(77,270)	-	-	-	690,914
Buildings	2,639,033	-	(91,196)	-	-	-	2,547,837
Water Storage & Treatment	117,167	-	(3,813)	-	-	-	113,354
Motor Vehicles	72,884	-	(17,688)	-	-	-	55,196
Jetty	297,500	-	(17,500)	-	-	-	280,000
Plant and Equipment	101,210	232,726	(89,294)	-	-	-	244,642
Capital Works in Progress	109,708	135,169	-	-	-	-	244,877
	4,086,694	386,887	(296,761)	-	-	-	4,176,820

**Fair Value of Jetty**

An independent appraisal of the jetty was undertaken by The Wooden Boat Shop in February 2015. The jetty is valued using the depreciated replacement cost method. Replacement costs relate to costs to replace the jetty to an "as new" standard. The value was adopted by the Club at 31 March 2015.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
Trade and Other Payables	264,742	145,987
Deposits for Lockers and Life Memberships	602,099	277,636
Income in Advance	4,940	35,884
	-----	-----
	871,781	459,507
	=====	=====

**9. PROVISIONS**

Current		
Provision for Employee Entitlements	132,524	102,466
	-----	-----
Non Current		
Provision for Employee Entitlements	-	-
	-----	-----
	132,524	102,466
	=====	=====

**Provision for Current Employee Entitlements**

The provision for employee benefits represents amounts accrued for leave. These amounts must be classified as current liabilities since the association does not have an unconditional right to defer the settlement of these amounts in the event employees resign or wish to use their leave entitlements.

**10. INCOME TAX**

The Club is not liable for income tax, as it is a non-profit organisation within the meaning of Section 50-45 of the Australian Income Tax Assessment Act, 1997, as amended.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u> \$	<u>2018</u> \$
<b>11. RETAINED EARNINGS</b>		
Retained earnings at the beginning of the financial period	1,133,073	976,095
Net surplus attributable to the Club	111,347	321,765
	-----	-----
	1,244,420	1,297,860
Transfers from/(to) Reserves:		
Youth Fund	-	66,781
Jetty Development	28,000	(7,000)
Clubhouse Building	5,745,293	(224,568)
	-----	-----
Retained Earnings at the end of the financial period	7,017,713	1,133,073
	=====	=====
<b>12. RESERVES</b>		
Youth Fund	-	-
Jetty Development	-	28,000
Clubhouse Building	-	5,745,293
Asset Revaluation	37,433	37,433
	-----	-----
	37,433	5,810,726
	=====	=====

The practice of presenting components of retained earnings as reserves has been discontinued in the Financial Year 2019 as it is not consistent with contemporary accounting principles.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

13. RELATED PARTIES

- (a) Committee Members of the Sorrento Sailing Couta Boat Club Incorporated who held office at any time during the financial year were:

Charlotte Barnaby (Resigned 11/06/2018)  
Shaun Chalmers  
Max Chester (Resigned 11/06/2018)  
Howard Critchley (Elected 11/06/2018)  
Graham Cunningham  
Susan DiPierdomenico (Resigned 27/11/2018)  
Richard Hurley (Resigned 11/06/2018)  
Mark Klemens (Elected 11/06/2018)  
Scott Llewelyn  
Jonathon Long (Elected 11/06/2018)  
Drew Marget  
Georgina Silverwood (Elected 27/11/2018)  
Phillip Wise  
Rollo Wright

- (b) During the year, the following transactions took place at normal commercial rates or terms more favourable to the Club:
- Receipt of subscriptions from office bearers and participation in Club activities.

Key Management Personnel

The following persons were the key management personnel with responsibility for planning, directing and controlling the activities of the Club during the financial year:

Shaun Chalmers	<b>Resigned 11/06/2018</b>
Graham Cunningham	Charlotte Barnaby
Philip Hall	Max Chester
Scott Llewelyn	Richard Hurley
Drew Marget	<b>Resigned 27/11/2018</b>
Phillip Wise	Susan DiPierdomenico
Rollo Wright	
	<b>Elected 27/11/2018</b>
<b>Elected 11/06/2018</b>	Georgina Silverwood
Howard Critchley	
Mark Klemens	
Jonathon Long	

	<u>2019</u>	<u>2018</u>
	\$	\$
Remuneration – short term benefits	146,308	143,761
Remuneration – long term benefits	-	-

No amount of remuneration was directly received or due and receivable by any Committee Member.

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

14. COMMITMENTS

Operating Lease Commitments

	<u>2019</u>	<u>2018</u>
	\$	\$
Payable within 1 year	8,900	6,884
Payable after 1 year, not more than 5 years	35,600	27,536
Payables after 5 years	106,800	89,491
	-----	-----
Total Commitment	151,300	123,711
	=====	=====

On 26 April 2016, the Club entered into a lease with the Mornington Shire Council for the foreshore land on which the Club buildings are situated. The lease term is 21 years, with annual rental being payable annually in advance during March of each year.

15. CONTINGENT LIABILITIES

There are no known contingent liabilities at year end.

16. AFTER THE REPORTING PERIOD

No material events have occurred subsequent to the reporting date.

17. FAIR VALUE MEASUREMENTS

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements

Held-to-maturity:

		<u>2019</u>	<u>2018</u>
		\$	\$
Term Deposits	5	2,862,683	2,353,904
		=====	=====

SORRENTO SAILING COUTA BOAT CLUB INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

18. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, and long term investments, accounts receivable and payable and Leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows;

		<u>2019</u>	<u>2018</u>
		\$	\$
Financial Assets			
Financial Assets at Amortised Cost			
Cash and Cash Equivalents	4	770,128	715,354
Term Deposits	5	2,862,683	2,353,904
Trade and Other receivables	6	66,038	138,745
		-----	-----
Total Financial Assets		3,698,849	3,208,003
		=====	=====
Financial Liabilities			
Financial Liabilities at Amortised Cost			
Trade and other payables	8	871,781	459,507
		-----	-----
Total Financial Liabilities		871,781	459,507
		=====	=====

19. ASSOCIATION DETAILS

The principal place of business of the Club is:  
Sorrento Sailing Couta Boat Club Inc.  
Foreshore  
Sorrento  
Victoria 3943



SORRENTO SAILING COUTA BOAT CLUB INC.

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>GENERAL CLUB REVENUE</b>		
Subscriptions	1,387,544	1,274,131
Joining Fees	62,500	72,464
Clubhouse Refurb Fees	181,241	224,568
Interest	90,655	74,931
Other Misc items	19,314	61,343
Sub Total	1,741,254	1,707,437
<b>SPONSORSHIP</b>		
Revenue	221,720	198,514
Expenditure	(32,521)	(42,768)
Sub Total	189,199	155,746
<b>CATERING</b>		
Food and Beverage Income	1,908,361	244,436
Reimbursables	-	73,795
Staffing Costs	(1,048,047)	-
Cost of Goods Sold	(806,130)	-
Catering R & M	(12,669)	(23,820)
Sub Total	41,515	294,411
<b>MERCHANDISING</b>		
Income	33,379	24,648
Expenses	(23,684)	(34,065)
Sub Total	9,695	(9,417)
<b>TRAINING CENTRE</b>		
Revenue	150,880	128,866
Expenses	(181,612)	(158,207)
Sub Total	(30,732)	(29,341)
<b>MEMBERSHIP SOCIAL ACTIVITIES</b>		
Revenue	145,203	174,210
Expenses	(182,898)	(250,732)
Sub Total	(37,695)	(76,522)
<b>RACING</b>		
Race Fees	27,100	22,516
Expenses	(49,860)	(43,210)
Sub Total	(22,760)	(20,694)

SORRENTO SAILING COUTA BOAT CLUB INC.

INCOME AND EXPENDITURE STATEMENT

	<u>2019</u>	<u>2018</u>
	\$	\$
GENERAL CLUB EXPENSE		
Administration	(62,335)	(92,528)
Insurance	(86,018)	(77,243)
Audit	(6,217)	(6,350)
Rent/Licenses	(32,861)	(55,862)
Computers	(64,522)	(19,838)
Postage, Printing & Stationery	(44,860)	(56,535)
Utilities	(73,880)	(53,772)
Telephone	(27,990)	(20,441)
Cleaning	(83,775)	(75,360)
Employment	(720,268)	(703,812)
Other	(65,881)	(85,177)
Sub Total	(1,268,607)	(1,247,452)
BUILDINGS & BOATS		
Building R & M	(57,761)	(72,771)
Boats R & M	(156,000)	(132,881)
Depreciation	(296,761)	(246,751)
Sub Total	(510,522)	(452,403)
SURPLUS FOR THE YEAR	<u>111,347</u>	<u>321,765</u>