



Annual Report 2021-2022

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OFFICE BEARERS

Office Bearers

GENERAL COMMITTEE

ROLE	NAME
Commodore	Georgie Silverwood
Vice Commodore	Scott Llewelyn
Rear Commodore	Mark Klemens
Secretary	Nikki Shwarz
Treasurer	Shaun Chalmers
Club Captain	Tim Collett
Committee	Adam Richards
Committee	Debra Kwasnicki
Committee	Howard Critchley
Committee	Richard Martin
Committee	Rollo Wright

OUR TEAM

ROLE	NAME
Chief Executive Officer	Henry Dyer
Communications & Sponsorship	Hollie Hick
Finance	Deborah Hodgson
Accounts & Membership	Karen Harvey
Food and Beverage	Dan Mestan
Restaurant	Robert Skipper
Head Chef	Bernard McCarthy
Maintenance	Kiean Wicks
Sailing	Ben Fels
Sailing Administration	Julia Mackinnon
Training	David White
Volunteers	Debra Kwasnicki

COMMODORE'S COMMENTS

Commodore's Comments

This is my first annual report since being appointed Commodore and covers a 15-month period to align our accounts with the 30 June financial year, as per the motion to change the Club Rules to amend the financial year end in 2021.

This past year we continued to manage the challenges of the pandemic and the commencement of our long-awaited Clubhouse redevelopment. You will see in this Annual Report that the Club has returned a small deficit, as a result of the impacts of the pandemic and the closure of our dining facility, but our balance sheet remains in a reasonable position as we head into the 2022-23 financial year.

Operating a temporary Clubhouse was always going to be an expensive venture but as a Committee we were committed to continuing to offer hospitality services to our Members, albeit on a restricted scale. It has been wonderful to see how members have embraced the temporary Clubhouse, the innovative post sailing celebrations on Lavender Hill and the events hosted at the Continental Hotel. We recognise the impact of the redevelopment on members, both in terms of sailing and hospitality, but know it will all be worth it once our new Clubhouse is open.

Our membership has increased slightly over the past financial year, however the majority of this is due to how we now record junior members. What has been wonderful to see is the substantial increase in Next Gen members since creating this category. They are a very active group of members, particularly in sailing, and represent an important part of the future of our club.

We have been fortunate to secure a number of new sponsors and retain many of our long-term partners and I take this opportunity to thank them for their support throughout the year.

I would also like to extend a thank you to our General Committee, Sailing Committee and the many sub-committees within our Club. They work very hard to make sure we are one of the best sailing clubs in Australia, and I am very grateful for their support.

Our Club Treasurer, Club Captain and CEO will go into more detail on the Club achievements, which leaves me to just say thank you for your support and understanding over what has been a very difficult couple of years. Our General Committee and Management Team are ready for what will be an exciting 2022-23 year, and I cannot wait to see everyone at the Club in our incredible new Clubhouse.



Georgie Silverwood

Commodore

September 21, 2022

CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer's Report

STRATEGIC HIGHLIGHTS

Like many businesses on the Peninsula, the Sailing Club was not immune to the effects of increased COVID cases during the 21/22 summer. We were impacted by staff shortages, disrupting our Clubhouse trading and sailing programs during the first week of January.

COVID saw some organisations reconsider their sponsorship with the Club and this was an opportunity for Hollie to overhaul our sponsorship stable. We had seven new sponsors join us this season and our sponsored race days were reinvigorated.

We managed to construct the new Sailing Shed, new concrete retaining walls on the hardstand and some much-needed landscaping on the Clubhouse banks, car park and Lavender Hill.

Work continued to progress with enhancements to our membership management systems by implementing the new membership categories, creating a dedicated member-only web page and distributing access cards which will provide much more security control once the Clubhouse is reopened.

Most importantly, we commenced works on the Clubhouse redevelopment and established the fantastic temporary Clubhouse on the Eastern Lawn. I can't say that this has not had its challenges, but our Management Team has found viable workarounds.

OPERATING HIGHLIGHTS

We had a slightly fragmented but enjoyable 2021-22 Couta Boat season on the water. Our end of season presentation night was a sellout enjoyed by all. Pommery Summer Drinks was also a highlight, with many enjoying the first real chance to socialise post all the lockdowns.

The Sailing Team was joined by Julia Mackinnon, who has already significantly impacted how we communicate and organise the Couta Boats and the OTB fleets.

The maintenance team again worked hard to keep all the SSCBC boats on the water and operational. They completed the mammoth task of bumping out of the Clubhouse ready for redevelopment and responded to all the team's calls for assistance while working in temporary facilities.

Our Food and Beverage team continues to go from strength to strength with the appointment of Dan Mestan, our F&B Manager. Dan and our Head Chef Bernard are working on the new Clubhouse offering, with more options, greater function support and fresh pop-up specials and concepts. A core diligent team of staff have continued to serve members in the temporary Clubhouse.

On the Finance and membership front, sadly we saw Sara leave us after expertly implementing our new member management software, NorthStar. It was time for her to hand over the reins to Deb and our new Accounts and Administration team member, Karen Harvey.

LOOKING AHEAD

As you can imagine the focus of the management team is purely the success of the redevelopment. There is much more work to be done to get us back in the Clubhouse and our Management Team is working on overhauling processes and

CHIEF EXECUTIVE OFFICER'S REPORT

procedures to make the transition smooth. We look forward to the vast improvement this will bring to the members' experience with world-class sailing and dining facilities.

A handwritten signature in black ink, appearing to read 'H. Dyer', with a long horizontal flourish extending to the right.

Henry Dyer
Chief Executive Officer
September 21, 2022

CLUB CAPTAIN'S REPORT

Club Captain's Report

Another sailing season is complete - and we should all be proud to have survived the ongoing challenges of COVID. We also had to tackle an unusually obstinate easterly breeze and work around the start of clubhouse renovations. Despite these challenges, we managed to complete one of the most enjoyable and competitive aggregate series for many years.

COUTA BOAT RACES

We started the season a few weeks late with The Wooden Boatshop series and after Christmas we got a bit more serious with the Berwick Motor Group Couta Boat Nationals. Unfortunately, we were hit by a COVID outbreak straight after that series. KPMG Day had to be cancelled and the Portsea Cup postponed.

In true club fashion we bounced back and had a very busy summer season. Two highlights were the Acacia Energy Next Gen Regatta and the Pommery Lady's Skippers Day. Both saw record fleets, brilliant sailing and enthusiastic celebrations.

The end of the season came in a rush as we squeezed in the WBS Portsea Cup, Coastal Living State Titles and Continental Hotel Sorrento Cup. The Club Championship came down to the last race and I congratulate our new club champions Sally and Mercury on handicap, and Jocelyn and Morning Star on line honours.

The Winter Series was cursed with appalling weather but we managed to finish enough races to make a series. In Division One Bella C2016 took out line honours and handicap. In Division Two Jessamine C1922 also took out line honours and handicap.

Planning is now well and truly underway for the 2022-23 season. It will kick off with the National Titles running in Sydney in October, and back at the club for opening day in November.

OFF THE BEACH SAILING

Our incredible junior fleet has continued to do the Club proud travelling to many events including the Summer Optimist Regatta in Sydney, 2022 Musto Australian Optimist Championships, Buxton Cup, Schnapper Point Regatta, Sail Sandy and Victorian Optimist Titles. Many have also been training over winter at Albert Park.

The Optimist National Championships served as the selection regatta for the Worlds, Asian and European Championships. Taking out his second title was Aidan Simmons. The other Team Sorrento sailors selected to represent Australia include Callum Simmons, Dmitry Sorokin and Jorja Mahoney, who travelled to Denmark. Henri Levenspeil travelled to take part in the Optimist African Championships in September with David White accompanying him as Team Coach.

The successes don't stop here. In the Australian Optimist Development Squad are Augustus Buividas, Miles Levenspeil and Lottie Griffith. They headed to New Caledonia with Jack Lewis as the Coach. Riley Cantwell travelled to Portugal in August to race in the Laser World Titles.

Meanwhile, over on Lake Garda, Aidan Simmons jumped out of his Opti for the last time and competed in the Waszp International Games – where he won the 6.9 Division. Aidan was also recently awarded the Australian Sailing – Vic Youth Sailor of the Year. A remarkable accomplishment, which makes us even more excited to announce that the next Waszp world titles will be held in December 2023 at Sorrento.

CLUB CAPTAIN'S REPORT

NEXT GEN

The Next Gen Regatta was one of the highlights of the summer season, but this dynamic group is now doing a whole lot more than that. There is now a twilight series through summer and they are also representing SSCBC at a number of dinghy and keelboat regattas. These include National Sailing League and the VIS Cup.

In July, eight of our Next Gen sailors represented the club and our country at the Global Team Racing Regatta at the New York Yacht Club. They trained hard for many months and did us proud at the event, coming a close sixth. Congratulations and thanks to David White (Team Coach), Jack Abbott, George Aulich, Jack Felsenthal, Grace Cockman, Tom Trotman, Tom Klemens, James McLennan and Sunday Gibson.

A new emerging class is the wing foil with Jack Abbott taking out the Australian National Titles and being awarded the Australian Sailing - Vic Male Sailor of the Year. We are seeing more of these at the club and will be giving them our full support. Our Next Gen team are also active within the She Sails Task Force and were a big part of the helping rebuild the Lady Skippers race.

THANK YOU

Sailing is the beating heart of the Club and I want to thank our Sailing Team (Ben Fels, David White, Julia Mackinnon) for running the races; the Maintenance Team for keeping us on the water (Kieran Wicks, Riley Alexander and Jackson Daniel); all of the Bosuns and Instructors. A special thanks to Peter Osbourne for acting as our primary Race Officer for Coutu Boats and all our wonderful volunteers both on and off the water.



Tim Collett

Club Captain

September 21, 2022

Sailing Committee 2021-22:

- Tim Collett
- Nick Sankey
- Rhys Tucker
- James Mighell
- Tom Trotman
- Peter Osbourne
- Andrew Skinner
- Drew Marget
- Sally Law
- Scott Llewelyn
- Deb Kwasnicki

TREASURER'S REPORT

Treasurer's Report

OVERVIEW

I am pleased to provide my fourth Sorrento Sailing Couta Boat Club ("SSCBC" or "Club") Treasurer's report to the Members.

The 2022 Financial Statements are the first following the change of financial year end to June which was approved at the 2021 Annual General Meeting. As such, the 2022 statement presents 15 months to 30 June 2022 whilst 2021 presents 12 months to 31 March 2021, limiting the usefulness of comparability. References to 2022 and 2021 in this report reflect the Financial Statement presentation. I refer Members to the interim financial disclosures included in Tidings Magazine which presented a surplus of \$390k for the 12 months to 31 March 2022, comparing favourably to the 2021 corresponding period.

The reported statutory deficit for 2022 was \$85k. The unfavourable statutory result reflects the 15-month dynamic with the period from April to June 2022 incurring a deficit of \$475k, a reflection of no member subscription income and limited trading due to the clubhouse redevelopment.

Operationally, 2022 was a challenging year due to:

- COVID lockdowns and trading restrictions throughout winter and spring 2021;
- the wave of COVID infection which resulted in event cancellations, a reduced sailing program in both training and racing, lower patronage and chronic staffing constraints;
- the need to vacate the clubhouse for redevelopment; and
- operating the temporary clubhouse, including responding to liquor license issues.

Notwithstanding the above, our team of staff and volunteers delivered a quality sailing and social program. Additionally, strategic objectives were achieved including implementing the membership category rationalisation initiative and commencing the clubhouse redevelopment building phase.

OPERATING UNIT PERFORMANCE

Set out in the table and commentary below is a summary of the relative performance of each operating unit within the Club.

\$000s	2022	2021	Var
Net club fees	2,140	1,906	234
Members services	(213)	(375)	162
Food and beverage	(282)	103	(385)
Sailing	(261)	(166)	(95)
Training centre	(143)	(70)	(73)
Communications and sponsorship	39	(45)	84
Maintenance	(461)	(255)	(206)
Net general and administration	(530)	(436)	(94)
Operating unit surplus/(deficit) before depreciation	290	661	(371)
FY20 net adjustments	0	(0)	0
Depreciation	(374)	(297)	(77)
Reported surplus/deficit	(85)	363	(448)

Club Fees increased due to the member growth and subscription rate increase.

TREASURER'S REPORT

Member services costs decreased compared to 2021 due to the absence of COVID vouchers offset somewhat by a return of some member events.

Food and beverage deficit reflects the lockdown impact in winter and spring 2021 plus the 15-month dynamic as the current period captures additional loss-making months. Note that SSCBC received COVID grants of \$291k which was based on the number of seats in our food and beverage operation. Consistent with prior year, COVID grants are allocated against Net general and administration.

Sailing reported a higher deficit due to 15 months of expenses.

Training reported a higher deficit due to 15 months of expenses and lower training revenue as COVID impacted staffing resulted in course cancellation and refunds.

Communications and sponsorship improved due to the return of sponsor events and positive work of Management and Committee to attract new sponsors.

Maintenance costs increased due to the capture of 15 months of expenses and additional work required on fleet.

Net general and administration costs increased due the 15 months of expenses.

UNDERLYING EBITDA

\$000s	2022	2021	Var
Reported surplus/deficit	(85)	363	(448)
Add back			
Net interest	(3)	(11)	8
Depreciation	374	297	77
Reported EBITDA	287	650	(363)
Joining fees and other deferred income	(231)	(191)	(40)
Net COVID related support and expenditure	(291)	(261)	(30)
Underlying EBITDA	(236)	198	(433)

Underlying EBITDA is a key measure of the sustainability of SSCBC operations (although the inclusion of 15 months makes it somewhat misleading). The three months from April to June incurred EBITDA deficit of c.\$400k. Assessing year on year underlying EBITDA adjusting for this period indicates a modest improvement against 2021.

CAPITAL EXPENDITURE

\$000s	2022
IT	2
Support fleet	89
Food & Beverage	9
Sailing Shed	173
General Building and Grounds	34
Other	4
Total capital expenditure (ex redevelopment)	310
Capitalised redevelopment expenditure	998
Total capital expenditure	1,308

Excluding redevelopment, significant capital expenditure in 2022 included the acquisition of a new Highfield rubber inflatable boat and construction of the new sailing shed.

TREASURER'S REPORT

CASH POSITION

The cash balance at 30 June 2022 was \$3,066k (2021: \$4,099k). The cash balance will be utilised and finance facilities drawn down as the redevelopment progresses toward completion, the team move in and sailing operations ramp up.

REDEVELOPMENT & FUNDING

The redevelopment project has encountered multiple challenges, both project and industry related. The financial impact is twofold, a budget overrun and uncertain program completion date impacting our ability to forecast operational revenue. The Committee and Management are implementing the following (not exhaustive) proactive and sensible initiatives to ensure financial sustainability whilst continuing to deliver our best in class sailing and other programs:

- cost control in all departments;
- non-essential capex deferred;
- scenario planning for variable clubhouse availability scenarios during summer period;
- sale of surplus assets (e.g. moorings);
- renewed focus on fundraising including donations and member bond issue; and
- securing an increase in the finance facility if required once there is greater certainty of forward cash flow and headroom.

Once completed, the new clubhouse will provide opportunities to expand our revenue base in a more efficient manner across all operating areas. The SSCBC membership proposition will also be enhanced supporting join fee revenue as the member base turns over in future years. Notwithstanding the upside dividend from the facility, it is probable that the building levy will be in place beyond the three-year period initially communicated. The Committee and Management will continue to be fully transparent about the Club's financial position as the redevelopment is finalised and normal operations resume.

CONCLUSION

The next 12 months will be a challenging period for SSCBC; however, your Club is well positioned operationally and financially to navigate these choppy waters. The Committee request that we remain united, focused and supportive as we progress towards completion and opening. Once operational, the redeveloped clubhouse will provide world class sailing, beach activity and social facilities and the SSCBC membership value proposition will be further enhanced.



Shaun Chalmers
Treasurer
October 2, 2022

FINANCIAL SUMMARY

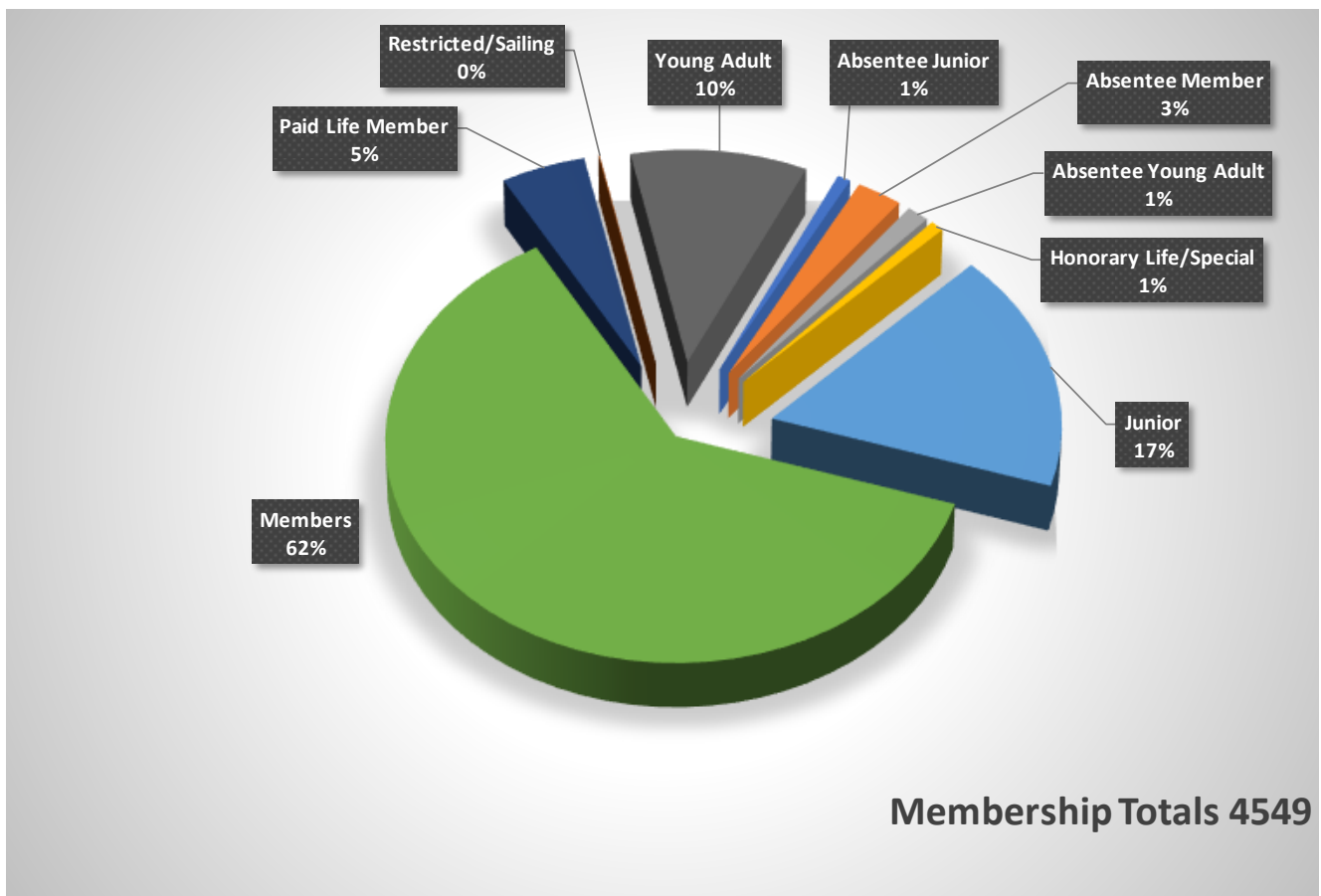
Financial Summary

As already stated in the reports above the 2021-22 year continued to be a challenging one with the pandemic and the implications of closing the Clubhouse; operating in temporary facilities and remotely. The temporary clubhouse has been an expensive exercise but has one, provided our members with some service continuity and two, meant we have been able to maintain our core personnel.

The Treasurer's report speaks to the Financial Statements; below are a few key statistics which add some of the 'colour' to our accounts.

MEMBERSHIP

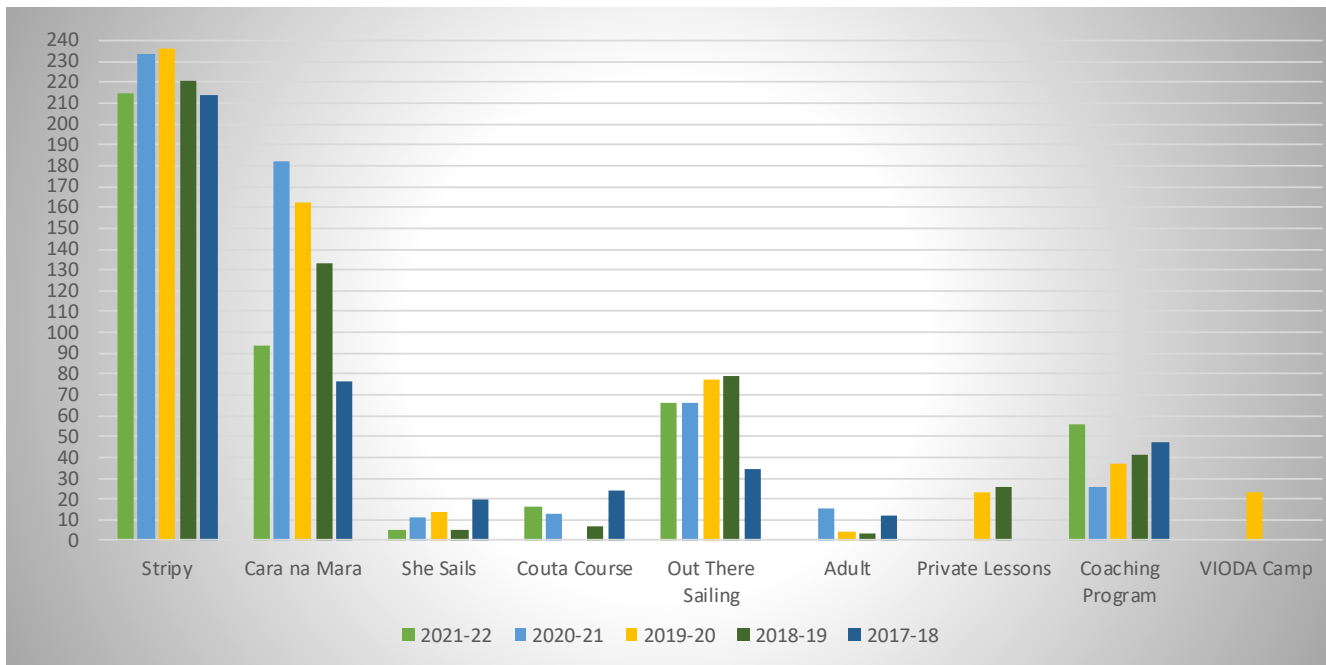
Membership as at 30 June 2022 sat at a total of 4,549 Members (based on 'head count'). The increase over 2021 (4,382) is predominately due to capturing all the juniors that used to go unrecorded in the Family Membership. However, the introduction of Next Gen has seen an increase in young adults of over 100 members. The graph below shows the split of membership over the new categories introduced in July 2021.



FINANCIAL SUMMARY

TRAINING CENTRE

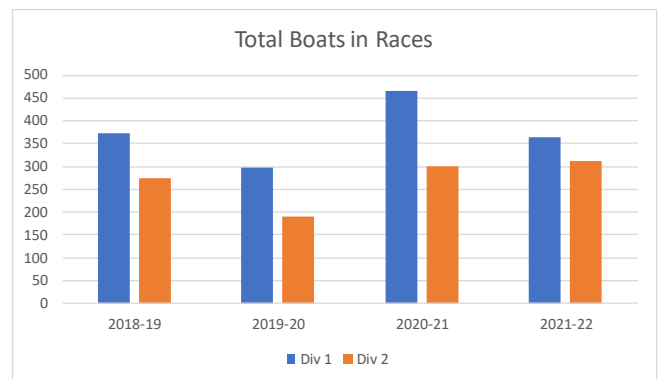
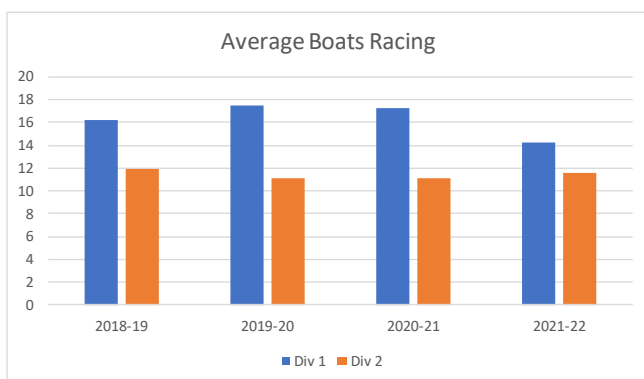
The Training Centre had a total of 452 participants in its various courses during the 2021-22 Sailing Season - a drop on the previous year of 560. The big issue here was the impact of COVID amongst our training instructors which unfortunately resulted in the cancellation of a number of our summer training programs. The graph below breaks the participants up across the various courses on offer and shows a comparison against the previous four years.



SAILING

Unfortunately sailing participation was down in the 2021-22 season with Division 1 seeing a reduction, whilst Division 2 continues its resurgence. The impacts of COVID and particularly family gathering limits at the start to the aggregate season in December saw family time prioritised over sailing and then Omicron outbreak in January resulted in our biggest races being abandoned.

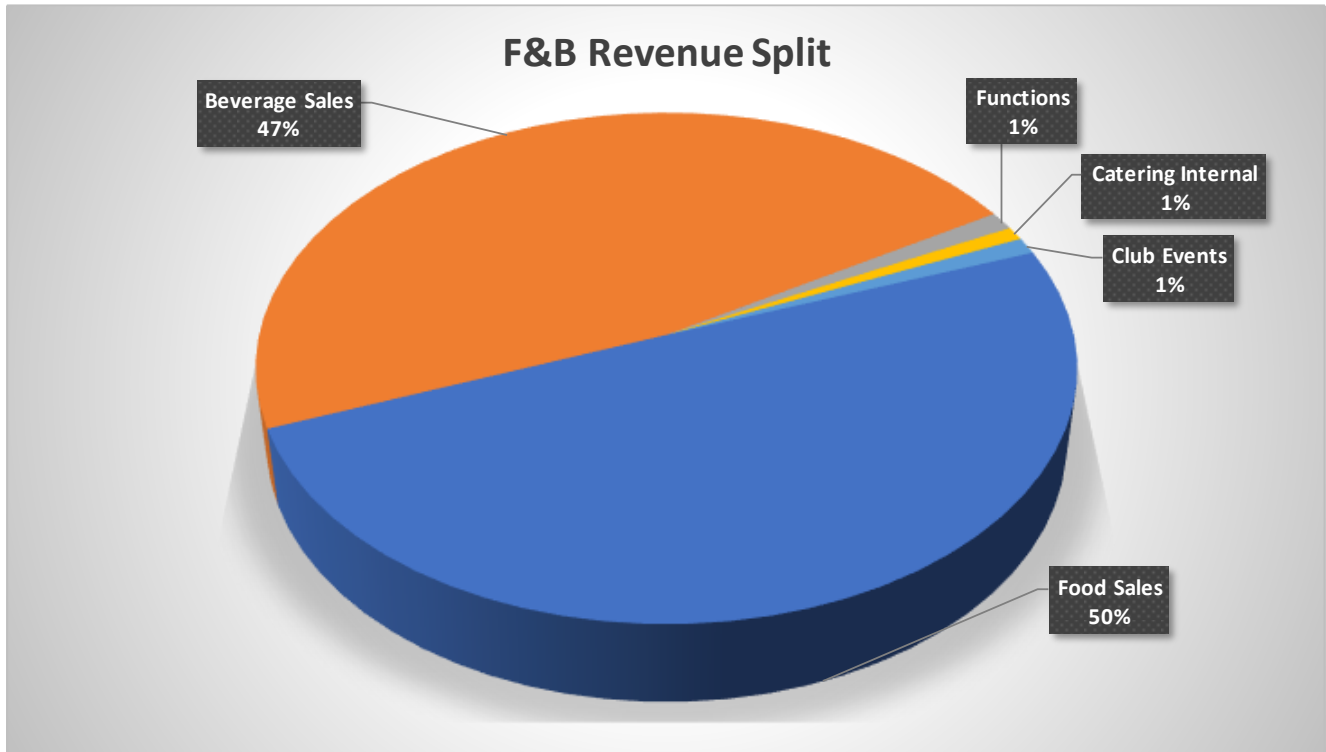
Pleasingly our Lady Skippers race had the highest participation race with 27 boats on the water.



FINANCIAL SUMMARY

FOOD AND BEVERAGE

The following graph shows the percentage split of Food and Beverage revenue: where Club Events represents Member events e.g. presentation night etc.; Catering Internal is the food and beverage supplied to regattas and volunteer packs; and Functions are external events such as weddings. The largest portion of food and beverage sales represent revenue from Members and their guests.



COMMUNICATIONS

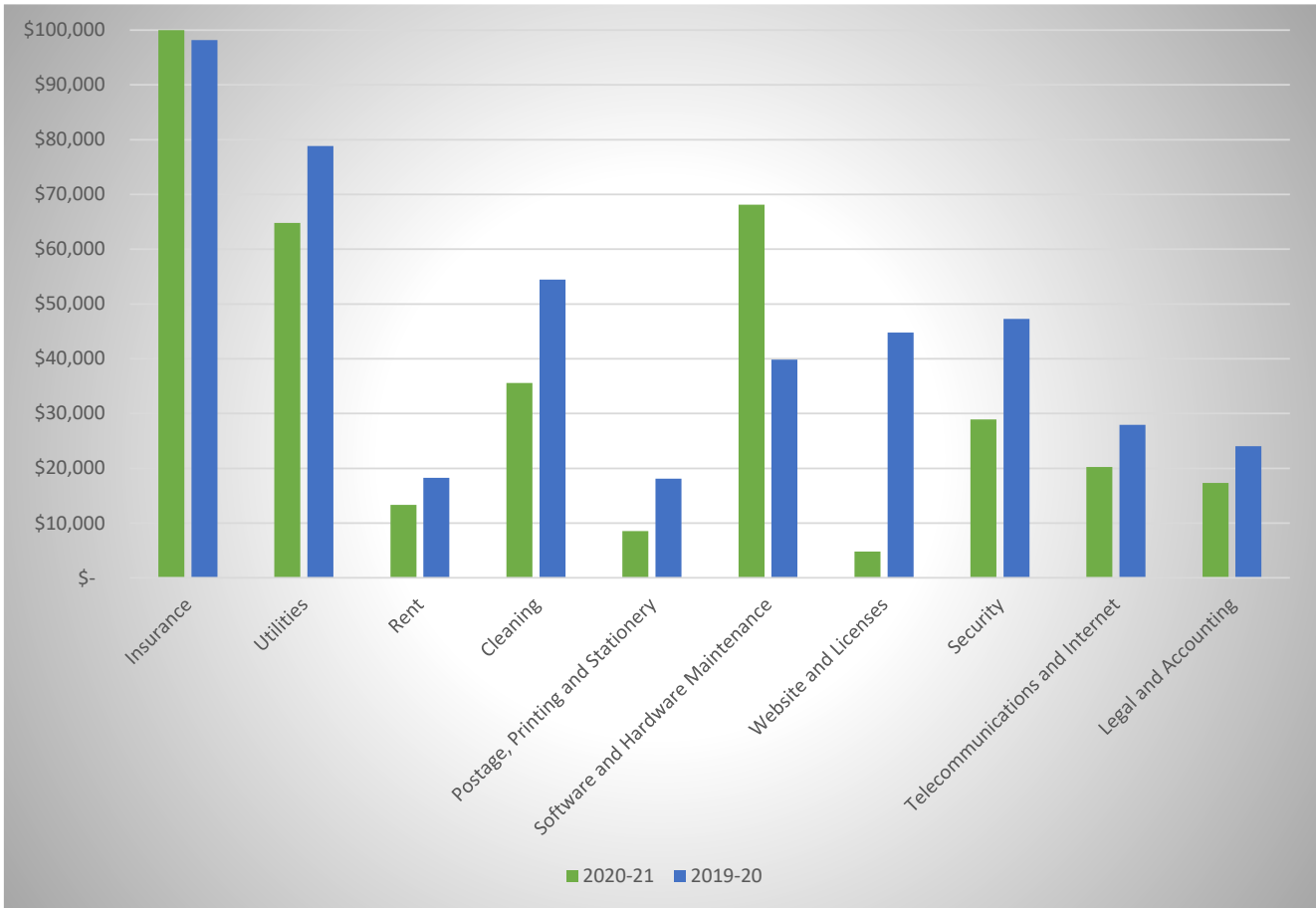
Our social media following has increased, with a 5% increase in followers on Facebook and 20% on Instagram. Our reach (views of content) on these platforms has increased on Instagram and decreased on Facebook, so the growth for us is definitely in Instagram, despite having more page likes on Facebook than Instagram followers. We will continue to profile our activities on both platforms.

In terms of our website, we are attracting newer and returning users to the website with a large increase on page views (62%) this year, obviously on the homepage but more interestingly, the boat cam page saw an increase of 106%. This was most likely due to COVID lockdown and Members using the camera to check their boats. Pleasingly, there was a 104% increase in visits to the Couta Boat Official Notice Board, so sailors are checking the site more for updates. Results traffic has slightly increased. News has slightly decreased, most likely due to Members and visitors receiving their news via social media and our weekly newsletter rather than the website. Boat sales traffic has increased by 118%, so more people are using our site to buy and sell boats. The largest increase in traffic was to our Clubhouse dining page (an increase of 374%), so visitors are checking this page more for updates and event information.

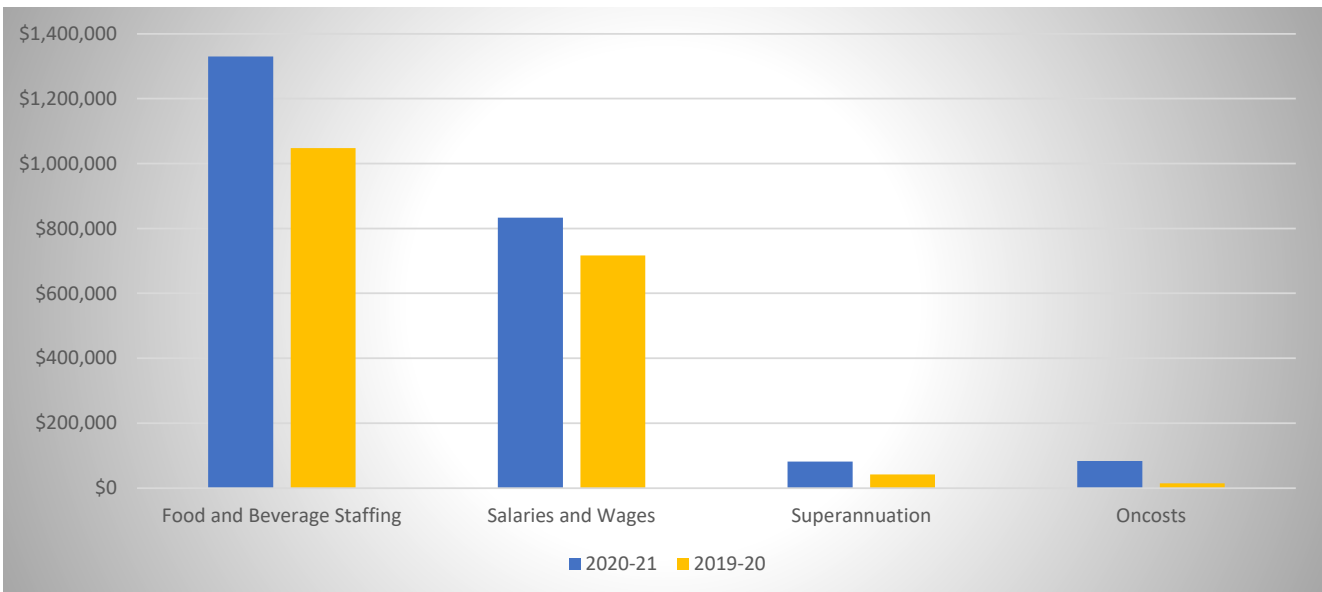
During COVID we introduced a series of 'Shooting the Breeze' podcasts, and we thank Mark Klemens for his efforts in this endeavour.

FINANCIAL SUMMARY

The chart below shows a comparison of the major administrative expenditure of the Club.



The following graph shows the employment costs for the Club.



FINANCIAL STATEMENTS

Financial Statements

Sorrento Sailing Couta Boat Club Inc.

Financial Statements

For the Period Ended 30 June 2022

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 30 June 2022

		2022	2021
	Note	<i>15 Months ending 30 June 2022</i>	<i>12 Months ending 31 March 2021</i>
		\$	\$
Sales revenue	3	5,297,550	4,259,728
Cost of sales		-2,251,300	-1,881,920
Gross profit		3,046,249	2,377,807
Finance income		8,860	25,639
Administrative expenses		-884,388	-611,527
Depreciation expenses		-374,289	-297,468
Department expenses		-1,870,559	-1,108,666
Other expenses		-4,473	-7,905
Finance expenses		-5,910	-14,559
Profit/(loss) for the year		-84,509	363,322
Other comprehensive income		-	-
Total comprehensive income for the year		-84,509	363,322

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As At 30 June 2022

	Note	2022	2021
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,065,986	4,098,997
Trade and other receivables	6	43,827	93,338
Inventories	7	23,202	102,384
Other assets	9	90,020	217,492
TOTAL CURRENT ASSETS		3,223,035	4,512,212
NON-CURRENT ASSETS			
Right-of-use asset	10	89,800	97,882
Property, plant and equipment	8	5,173,203	4,168,192
TOTAL NON-CURRENT ASSETS		5,263,003	4,266,074
TOTAL ASSETS		8,486,039	8,778,286
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	69,780	361,469
Lease liabilities	14	5,013	1,969
Employee benefits	12	171,775	156,209
Other liabilities	13	229,785	335,885
TOTAL CURRENT LIABILITIES		476,353	855,532
NON-CURRENT LIABILITIES			
Lease liabilities	14	89,640	129,126
Other liabilities	13	2,978,454	2,767,528
TOTAL NON-CURRENT LIABILITIES		3,068,094	2,896,654
TOTAL LIABILITIES		3,544,447	3,752,186
NET ASSETS		4,941,591	5,026,100
EQUITY			
Reserves		37,433	37,433
Retained earnings		4,904,158	4,988,667
TOTAL EQUITY		4,941,591	5,026,100

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

2022

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 April 2021	4,988,667	37,433	5,026,100
Deficit attributable to members	-84,509	-	-84,509
Balance at 30 June 2022	4,904,158	37,433	4,941,591

2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 April 2020	4,625,345	37,433	4,662,778
Surplus attributable to members	363,322	-	363,322
Balance at 31 March 2021	4,988,667	37,433	5,026,100

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members		5,761,116	4,869,325
Payments to employees and suppliers		-5,541,124	-3,811,809
Interest received		8,898	17,540
Finance costs		-5,910	-8,410
Net cash provided by/(used in) operating activities	18	<u>222,980</u>	<u>1,066,646</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		23,136	6,000
Purchase of property, plant and equipment		-1,272,932	-361,384
Net cash provided by/(used in) investing activities		<u>-1,249,796</u>	<u>-355,384</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease repayments		-6,195	-6,976
Net cash provided by/(used in) financing activities		<u>-6,195</u>	<u>-6,976</u>
Net increase/(decrease) in cash and cash equivalents held		-1,033,011	704,286
Cash and cash equivalents at beginning of year		4,098,997	3,394,711
Cash and cash equivalents at end of financial year	5	<u>3,065,986</u>	<u>4,098,997</u>

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2022

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Associations Incorporation Reform Act 2012* and Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these 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.

The 2022 Financial Statements are for a period of 15 months in order to align to the new financial year of 30 June 2022.

2. Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

At inception of a contract, Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by Association where Association is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and

FINANCIAL STATEMENTS

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost, less accumulated depreciation and impairment losses.

(c) Leases

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that Association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from the sale of goods and services is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

Admission fees are brought to account as revenue over the same time period as the average tenure of membership (assumed to be 20 years).

Life memberships and life locker use rights are brought to account as revenue over the expected use period which is based on life expectancy.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Other revenue is recognised when the right to receive the revenue has been established.

Revenue from contracts with customers

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

1. Identify the contract with the customer

FINANCIAL STATEMENTS

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

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Association are:

Sale of goods

Revenue from sale of goods is recognised when the goods are physically transferred to the customer.

Member subscriptions, admission fees, merchandise and gallery, and sponsorship and advertising

Income from these sources is recognised when the income is earned which is usually when the service is performed.

(e) Goods and services tax (GST)

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

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Property, plant and equipment

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

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the

FINANCIAL STATEMENTS

estimated useful lives of the improvements. The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant, Equipment and 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%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Cash and cash equivalents

Cash on hand includes 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.

(i) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

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3. Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
Revenue		
- sale of goods and services	2,761,674	2,162,539
- membership fees	1,970,898	1,755,930
- admission fees	207,076	144,909
- life memberships and lockers	47,336	45,897
- other income	310,566	150,453
Total Revenue	5,297,550	4,259,728

4. Result for the Year

The result for the year includes the following specific expenses:

Other expenses:		
Employee benefit expenses	505,450	205,673
Net gain/(loss) on disposal of property, plant and equipment	10,177	-4,851
Superannuation contributions	27,320	112,338
Bad debts	36,411	0

5. Cash and Cash Equivalents

Cash at bank and in hand	3,065,986	1,938,984
Short-term deposits	0	2,160,014
	3,065,986	4,098,997

6. Trade and Other Receivables

CURRENT		
Trade receivables	43,827	93,338
Total current trade and other receivables	43,827	93,338

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

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

7. Inventories

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	2022	2021
	\$	\$
CURRENT		
At cost:	23,202	102,384
Inventory	23,202	102,384

8. Property, plant and equipment

Buildings		
At cost	4,031,578	3,821,998
Accumulated depreciation	-1,475,942	-1,338,333
Total buildings	2,555,636	2,483,665
Capital works in progress		
At cost	1,391,186	393,034
Plant and equipment		
At directors' valuation	350,000	350,000
At cost	2,667,695	2,567,178
Accumulated depreciation	-1,791,314	-1,625,685
Total plant and equipment	1,226,381	1,291,493
Total property, plant and equipment	5,173,203	4,168,192

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

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

	Capital Works in Progress	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Year ended 30 June 2022				
Balance at the beginning of year	393,034	2,483,665	1,291,493	4,168,192
Additions	998,152	209,580	178,333	1,386,065
Disposals/write offs	0	0	-12,959	-12,959
Depreciation expense		-137,609	-230,486	-368,094
Balance at the end of the year	1,391,186	2,555,636	1,226,381	5,173,203

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9. Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments - Insurance	50,109	100,729
Prepayments - Other	39,911	113,132
Accrued income	0	3,632
	<u>90,020</u>	<u>217,492</u>

10. Right of Use Assets

Right-of-use asset	109,699	110,182
Accumulated depreciation	-19,899	-12,299
	<u>89,800</u>	<u>97,882</u>
Statement of Profit or Loss and Other Comprehensive Income		
Depreciation - right-of-use assets	6,195	7,343
Interest expense on lease liabilities	5,910	14,559
	<u>12,105</u>	<u>21,892</u>

11. Trade and Other Payables

Current		
Trade payables	40,545	150,150
GST payable	-61,073	105,042
Sundry payables and accrued expenses	90,308	106,277
	<u>69,780</u>	<u>361,469</u>

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

12. Provisions

CURRENT		
Provision for annual leave	112,458	100,618
Provision for long service leave	31,576	0
Provision for time in lieu	27,741	55,591
	<u>171,775</u>	<u>156,209</u>

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13. Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Deposits for lockers and life memberships	44,174	42,786
Admission fees	168,861	144,909
Other deferred income	16,750	148,190
Total	229,785	335,885
NON-CURRENT		
Deposits for lockers and life memberships	836,390	893,335
Unearned sponsorship fees	64,000	64,000
Prepaid subscriptions	23,873	
Admission fees	2,054,191	1,810,193
Total	2,978,454	2,767,528

14. Lease Liabilities

Represented by:		
- lease liabilities - current	5,013	1,969
- lease liabilities - non-current	89,640	129,126
Total	94,653	131,095

15. Financial Risk Management

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

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

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

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

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

- Trade receivables
- Cash at bank
- Trade and other payables

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Net fair values

Fair value estimation

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions used have been described in the relevant areas in the Notes to the Financial Statements. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Net fair values are approximated by their carrying values of each category of financial instruments and have been disclosed in the Statement of Financial Position and in the Notes to the Financial Statements.

16. Key Management Personnel Remuneration

The total remuneration paid to the key management personnel of Sorrento Sailing Couta Boat Club Inc. during the year is \$228,310.33 (2021: \$199,563.65).

17. Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 30 June 2022. (31 March 2021: None).

18. Cash Flow Information

	2022	2021
	\$	\$
Net result for the year	-84,509	363,322
Non-cash flows in profit:		
- depreciation and amortisation	374,289	303,617
- net (gain)/loss on disposal of property, plant and equipment	-10,177	-4,851
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	-11,562	-27,108
- (increase)/decrease in prepayments	14,343	10,049
- (increase)/decrease in inventories	79,182	-23,168
- increase/(decrease) in income in advance	229,000	181,498
- increase/(decrease) in trade and other payables	-383,152	288,528
- increase/(decrease) in provisions	15,566	-25,240
Cashflows from operations	222,980	1,066,647

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19. Events after the end of the Reporting Period

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

20. Statutory Information

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

Sorrento Sailing Couta Boat Club Inc.

3154 Point Nepean Rd

Sorrento VIC 3943

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STATEMENT BY MEMBERS OF COMMITTEE

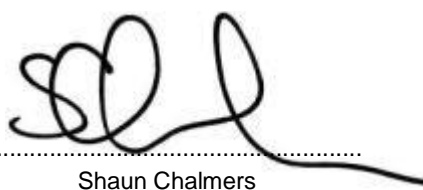
In accordance with a resolution of the committee of Sorrento Sailing Couta Boat Club, the members of the committee declare that the financial statements and notes as set out on pages 15 to 29:

1. give a true and fair view of the financial position of Sorrento Sailing Couta Boat Club as at 30 June 2022 and its performance for the period ended on that date in accordance with Australian Accounting Standards - Reduced Disclosures and the Associations Incorporation Reform Act 2012.
2. at the date of this statement, there are reasonable grounds to believe that Sorrento Sailing Couta Boat Club Inc will be able to pay its debts as and when they fall due.

This statement is signed for and on behalf of the committee by:

Commodore

Georgina Silverwood

Treasurer

Shaun Chalmers

Dated 21 September 2022

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SORRENTO SAILING COUTA BOAT CLUB INC.

Sorrento Sailing Couta Boat Club Inc.

Independent Audit Report to the members of Sorrento Sailing Couta Boat Club Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sorrento Sailing Couta Boat Club Inc. (the Association), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

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

- (i) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance and its cash flows for the period then ended; and
- (ii) complying with the Associations Incorporation Reform Act 2012 and the Australian Accounting Standards – Simplified Disclosures.

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

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

Responsibilities of Management and Those Charged with Governance

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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Sorrento Sailing Couta Boat Club Inc.

Independent Audit Report to the members of Sorrento Sailing Couta Boat Club Inc.

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

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

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

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



ACCRU MELBOURNE (AUDIT) PTY LTD



C J FLYNN
Director

21 September 2022

CONTACT US

Contact Us

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