

YACHTING VICTORIA INCORPORATED
ABN 26 176 852 642

FINANCIAL REPORT FOR THE YEAR ENDED 30 June 2017

Independent Auditor's Report to the Members of Yachting Victoria Incorporated

Opinion

We have audited the financial report, being a special purpose financial report, of Yachting Victoria Incorporated (the Association), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Association as of 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Associations Incorporation Reform Act Victoria 2012.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared to assist the Association to meet the requirements of Associations Incorporation Act. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

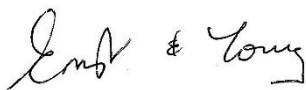
The directors of the Association are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the Associations Incorporation Reform Act Victoria 2012 and is appropriate to meet the needs of the members. The directors' responsibilities also include such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Association'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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.



Ernst & Young
Sydney
25 October 2017

BOARD OF DIRECTORS REPORT

The Board of Directors submit the financial report of Yachting Victoria Incorporated (The Association) for the year ended 30 June 2017.

Board of Directors

The Directors who have held office during the financial year:

Cherry Birch	President
Ian Cunningham	Treasurer
Callum Burns	Director
Debbie Parker	Director
Grant Dunoon	Director
Linda Goldsmith	Director
Ray Shaw	Director
Scott Llewelyn	Director
Sean Hogan	Director

Principal Activities

The principal activities of the association during the financial year were the promotion of yachting activities in Victoria.

Significant Changes

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

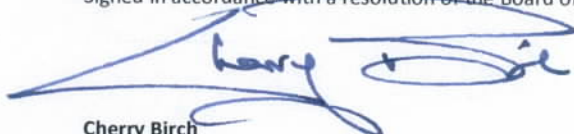
Operating Result

The Comprehensive profit for the year ended 30 June 2017 amounted to \$227,375, which was an increase of \$219,094 on the year ended 30 June 2016 (Profit \$8,281).

Significant Events after the Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

Signed in accordance with a resolution of the Board of Directors.



Cherry Birch
President

Dated this 25th Day of October 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Revenue		
Events Income	215,103	191,669
Sponsorship	87,000	233,931
Grants	596,499	500,000
Interest Income	5,247	3,087
Membership Subscriptions	-	696,199
Other Income	136,568	125,420
Traning Income	-	528,010
Total Revenue	<u>1,040,417</u>	<u>2,278,316</u>
Expenses		
Administration Costs	747,059	1,204,500
Auditors Remuneration - Audit	-	8,500
Cost of Sales	-	43,971
Depreciation	65,983	63,211
Employee Expenses	-	949,853
Total Expenses	<u>813,042</u>	<u>2,270,035</u>
Current Year Profit/(Loss)	<u><u>227,375</u></u>	<u><u>8,281</u></u>

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and Cash Equivalents	2	672,056	673,549
Trade and Other Receivables	3	144,595	158,271
Total Current Assets		<u>816,651</u>	<u>831,820</u>
Non-Current Assets			
Property, Plant and Equipment	4	361,416	161,031
Total Assets		<u>1,178,067</u>	<u>992,851</u>
Current Liabilities			
Trade Creditors and Other Payables	5	178,152	293,460
Employee Benefits Provision	6	-	10,342
Deferred Income	7	508,501	425,010
Total Current Liabilities		<u>686,653</u>	<u>728,812</u>
Net Assets		<u>491,414</u>	<u>264,039</u>
Accumulated Funds			
Accumulated Funds	8	491,414	264,039
Total Funds		<u>491,414</u>	<u>264,039</u>

STATEMENT OF CHANGES IN MEMBERS FUNDS FOR THE YEAR ENDED 30 JUNE 2017

Balance as at 1 July 2015	255,758
Profit/(Loss) Attributable to the Association	8,281
Balance as at 30 June 2016	<u>264,039</u>
Profit/(Loss) Attributable to the Association	227,375
Balance as at 30 June 2017	<u>491,414</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash Flows From Operating Activities			
Receipts From Operations		1,161,115	2,292,514
Payments To Suppliers and Employees		(932,143)	(1,752,442)
Interest Received		5,247	3,087
Net Cash Flows From Operating Activities	9	<u>234,219</u>	<u>543,159</u>
Cash Flows from Investing Activities			
Proceeds from Sale of property, plant and equipment		30,656	-
Payments for property, plant and equipment		<u>(266,368)</u>	<u>(37,659)</u>
Net Cash used in Investing Activities		<u>(235,712)</u>	<u>(37,659)</u>
Net Increase/(Decrease) In cash Held		(1,493)	505,500
Cash at beginning of year		673,549	168,049
Cash at end of year	2	<u>672,056</u>	<u>673,549</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Statement of Significant Accounting Policies

In the opinion of the Board of Directors the Association is not a reporting entity. The financial report is prepared as a special purpose financial report for distribution to members and for the sole purpose of fulfilling the requirements of the Associations Incorporation Reform Act Victoria 2012.

The Association is a Not for Profit entity for the purposes of reporting under the Australian Accounting Standards.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial statements. Unless otherwise stated, the accounting policies have been consistently applied.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis, other than as stated below and is based on historical costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied.

Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are carried at either cost or at independent or association's valuation, less any accumulated depreciation or amortisation applicable.

Depreciation

Property, plant and equipment are depreciated on a straight line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset.

Depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset

Motor Vehicle 25%

Powerboats 15% - 20%

Sailing Equipment 10% - 33%

Plant and Equipment 20- 33%

Leasehold Improvements 5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Impairment

The assets carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit and loss on disposal are determined by comparing proceeds with the carrying amount. These amounts are included in the income statement.

Trade and Other Receivables

Recognition

Trade Receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollected amounts.

An allowance for doubtful debts is made when there is objective evidence that the Association will not be able to collect the debts. Bad debts are written off when identified.

Trade and Other Payables

Recognition

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services.

Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at their nominal amount.

Income Tax

The Association is exempt from Income Tax under section 23(g) of the Income Tax Assessment Act.

Provisions

Provisions are recognised when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Sale of Goods or Services

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

Grants

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

Interest

Control of the right to receive the interest payment.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

Where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST.

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

Critical Accounting Estimates and Judgments

In preparing this financial report, the directors were required to make estimates and assumptions. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Comparative Figures

Where required comparative figures have been adjusted to conform to changes made in the presentation for the current financial year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

Note 2. Cash and Cash Equivalents

Cash at Bank and On Hand	364,580	371,049
Cash at Bank - Online Saver Account	307,476	302,500
Total Cash and Cash Equivalents	<u>672,056</u>	<u>673,549</u>

Note 3. Trade and Other Receivables

Trade Debtors	128,720	135,380
Total Trade Debtors	<u>128,720</u>	<u>135,380</u>

Other Receivables

Prepayments	8,000	-
GST Receivable	-	22,891
Security Deposits	7,875	-
Total Other Receivables	<u>15,875</u>	<u>22,891</u>

Total Trade and Other Receivables	<u>144,595</u>	<u>158,271</u>
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Note 4. Property, Plant and Equipment

Leasehold Improvements - State Sailing Centre Work in Progress

Leasehold Improvements - At Cost	196,499	-
Less Accumulated Amortisation	-	-
Total Leasehold Improvements	<u>196,499</u>	<u>-</u>

Plant & Equipment

Plant & Equipment at Cost	90,060	90,060
Plant & Equipment Accumulated Depreciation	(82,801)	(77,541)
Total Plant & Equipment	<u>7,259</u>	<u>12,519</u>

Powerboats

Powerboats at Cost	89,448	63,464
Powerboats Accumulated Depreciation	(71,331)	(54,715)
Total Computer Equipment	<u>18,117</u>	<u>8,749</u>

Sailing Equipment

Sailing Equipment at Cost	291,292	295,029
Sailing Equipment Accumulated Depreciation	(151,751)	(155,266)
Total Yachting Equipment	<u>139,541</u>	<u>139,763</u>

Motor Vehicles

Motor Vehicles at Cost	99,722	99,722
Motor Vehicles Accumulated Depreciation	(99,722)	(99,722)
Total Motor Vehicles	<u>-</u>	<u>-</u>

Total Property, Plant and Equipment	<u>361,416</u>	<u>161,031</u>
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Note 5. Trade Creditors and Other Payables

Trade Creditors	160,743	255,451
GST Payable	14,174	30,304
Other Payables	3,235	7,705
Total Trade and Other Payables	<u>178,152</u>	<u>293,460</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

Note 6. Employee Benefits Provision

Employee Benefits Provision - Long Service Leave	-	10,342
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Note 7. Deferred Income

Deferred Income - State Sailing Centre	508,501	425,010
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Note 8. Accumulated Funds

Accumulated Funds at the beginning of the Year	264,039	255,758
Profit/(Loss) Attributable to the Association	227,375	8,281
Accumulated Funds at the End of the Year	<u>491,414</u>	<u>264,039</u>

Note 9. Cash Flow Information

Reconciliation of Cash Flows from Operations with Net Profit

Net Profit/(Loss)	227,375	8,281
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Non-Cash flows

Depreciation	65,983	63,211
(Profit)/Loss on Disposal Fixed Assets	(30,656)	-

Changes In Assets And Liabilities

Decrease/ (Increase) In Receivables	6,660	(33,112)
Decrease/ (Increase) In Other Receivables	7,016	11,504
(Decrease)/ Increase In Payables	(115,308)	539,798
(Decrease)/ Increase In Provisions	(10,342)	(96,920)
(Decrease)/ Increase In Deferred Income	83,491	50,397

Net Cash Flow from Operations	<u>234,219</u>	<u>543,159</u>
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Note 10. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year	31,815	31,500
Between one and five years	159,075	157,500
More than five years	397,688	425,250
Total Payable	<u>588,578</u>	<u>614,250</u>

The Association leases facilities under an operating lease with Parks Victoria. The lease commencement date was April 2016 and the term of the lease is 20 years from that date. There is an option to renew after that date. Remaining term as at 30/6/2017 18 years 10 Months

Lease payments are increased by CPI annually on the anniversary of the commencement date

Under the One Sailing Implementation Agreement with Australian Sailing Ltd, Lease payments are made by Australian Sailing on behalf of Yachting Victoria

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 11. Contingent Liabilities

Yachting Victoria Inc is currently party to a matter in the Federal Court in an alleged discrimination matter arising from attempted participation by the litigant in a sailing event officiated under World Sailing competition rules, and various actions occurring during and subsequent to the event. The litigant has sought leave to appeal against a current Federal Court judgement striking out various parts of their claim. It is our lawyers' opinion that there is reasonable prospect of success that leave to appeal by the litigant will be unsuccessful.

The information usually required by *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The directors are of the opinion that the claim can be successfully resisted by the Association.

STATEMENT BY THE BOARD OF DIRECTORS

The Board has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements

In the opinion of the Board the financial statements as set out on pages 3 to 11:

1. Presents a true and fair view of the financial position of Yachting Victoria Incorporated as at 30 June 2017 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Yachting Victoria Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:



Cherry Birch
President

Dated this 25th Day of October 2017