

EAST FREMANTLE YACHT CLUB (INC)

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023



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Treasurer's Report

For the benefit of the members I provide the following comments on the financial report for the year ended 30 June 2023, which follows this report. The bottom line result was a surplus of \$60k, compared to a deficit of \$167k in the previous year. An improvement of some \$227k.

After allowing for non-recurring items, particularly in 2022, the improvement on the prior year is more pronounced at \$300k, explained as follows:

	2023 \$	2022 \$
Result before significant non-recurring items	47,061	(253,210)
Significant non-recurring items:		
Government stimulus and grants – mainly comprising grants for Safety 100 - in 2022	8,570	59,550
Net insurance claim income	4,751	26,702
Overall Surplus/(Deficit)	60,382	(166,958)

The cash flow from operations achieved a similar improvement on the prior year of \$259k, despite some marginally negative net working capital movements in 2023.

Current Year Result

The 2023 result benefitted from a full year of savings from not employing a General Manager. However numerous additional financial improvements have been achieved. Some highlights are:

1. Hospitality product gross margins have increased from 54% to 59% - this resulted from improved practices and processes, disciplined monitoring and better supplier arrangements;
2. Containment of Hospitality employments costs – the Hospitality sector has been heavily impacted by the increases in award rates and staff shortages. The 2023 financial year was impacted by the award increase in October 2022 of 5% plus superannuation increase of 0.5%. The Hospitality employment cost increase, including contractors, was contained at just over 1% due to less reliance on short term agency staff in the kitchen plus improved staff continuity; and
3. Reduced utility costs – the Club achieved a reduction in the cost of power, gas and water of 17% during 2023. This arose from the rectification of solar panel performance issues, fixing of leaks, and very importantly, better practices by both staff and members.

Despite the improvements achieved during 2023, the provision of Hospitality remains the most financially challenging function of the Club. The loss from Hospitality, comprising both member's clubhouse and private functions was again over \$300k in 2023, although reduced on the prior year. The Club's Hospitality turnover has been stagnant for 3 years, despite the significant inflation over the past 2 years. Recently published data by one of the major Australian banks revealed that Australian spending on Hospitality is currently below the pre-Covid levels of 2019 and currently 16% below the same time last year. Fortunately the Club has managed to avoid that reduction. The importance of achieving increased Hospitality turnover within the Club's cost structure is evidenced by the fact the Club only achieves a Hospitality surplus in 2 months over the year, November and December - the months where pre-Xmas functions and club activity is at its highest level.

Otherwise costs have generally been well maintained or reduced, assisting in the financial turnaround achieved.

Liquidity

At the 2023 balance sheet date the Club was debt free, however the available facilities were utilised during the year, prior to the receipt of some subscriptions late in the year.

Consistent with the previous year the Club arranged to extend payments to the ATO, normally due in April/May, till the end of June. However, with the benefit of hindsight, this arrangement was unnecessary.

To fund the urgent replacement of timber piles in the marina a limited number of pen occupiers agreed to pre-pay 5 years of pen fees prior to balance date, raising \$235k after deducting GST. These pen fees relate to the period commencing 1 July 2024, following the completion of the original E Jetty pre-paid pen fee period.

On 31 December 2023 the final reduction of our bank bill facility of \$126k occurs. The removal of the debt repayment obligation combined with the net reduction in non-cash pre-paid pen fees frees up an additional circa \$160k in cash each year from July 2024.

Outlook

As mentioned above, Hospitality remains the major financial challenge for the Club. The performance has steadily improved over the 2023 financial year. Initiatives to increase Hospitality activity plus continuing financial discipline is aimed at reducing the loss from that function. Offsetting this, the Hospitality award has again increased by 4% plus 0.5% in superannuation from July 2023. As a result the Hospitality award rates at today's date are 10% higher than the end of the 2022 financial year.

Consistent with the general market, we are aware some costs will increase at a rate higher than inflation. In particular our insurance, which is a major cost to the Club.

Appreciation

I would like to acknowledge the efforts of many staff and members in the Club, in particular the Vice Commodore for saving the Club the cost of a General Manager. The continuing trialling of new ideas is essential in placing the Club in a sustainable financial position.

Vern Tidy FCA
Honorary Treasurer
18 August 2023

Statement of Financial Position

East Fremantle Yacht Club (Inc) For the year ended 30 June 2023

	2023	2022	CHANGE
Statement of Financial Position			
Accumulated Funds			
Accumulated Surplus	(2,677,703)	(2,617,321)	(60,382)
General Reserve (note 11)	(952,040)	(1,016,953)	64,914
Capital Works Reserves (note 11)	(278,913)	(213,999)	(64,914)
Pen Capital Building Reserve (note 11)	(44,521)	(44,521)	-
Total Accumulated Funds	(3,953,176)	(3,892,794)	(60,382)
Assets			
Current Assets			
Cash and Cash Equivalents	217,869	77,761	140,107
Debtors - Members	132,972	170,656	(37,684)
Debtors - Other	14,036	11,581	2,455
Provision for Expected Credit Loss	(3,653)	(5,194)	1,540
Stock on Hand	82,257	87,876	(5,620)
Total Current Assets	443,480	342,681	100,799
Non-Current Assets			
Leasehold Improvements and Equipment (note 13)	9,082,295	9,046,690	35,605
Right of Use Asset	722,947	708,430	14,517
Accumulated Amortisation	(4,749,566)	(4,430,927)	(318,639)
Total Non-Current Assets	5,055,676	5,324,193	(268,517)
Total Assets	5,499,156	5,666,874	(167,718)
Liabilities			
Current Liabilities			
Accounts Payable	(40,851)	(71,597)	30,745
Westpac Bank Bill Business Loan (note 9)	-	(250,000)	250,000
Creditors GST, PAYG	(93,778)	(64,624)	(29,154)
Creditors & Accruals - Other	(180,666)	(171,536)	(9,130)
Lease Liability - current	(55,120)	(50,928)	(4,192)
Subscription/Pen Fees in Advance	(305,843)	(418,813)	112,970
Pen Deposits - Current	(83,426)	(84,372)	946
Provision for Annual/LSL Leave	(70,628)	(50,974)	(19,654)
Total Current Liabilities	(830,312)	(1,162,843)	332,531
Non-current Liabilities			
Pen Deposits - 2023	(235,752)	-	(235,752)
Pen Deposits - E Jetty	-	(83,426)	83,426
Lease Liability - Non current	(479,916)	(527,811)	47,895
Total Non-current Liabilities	(715,668)	(611,237)	(104,431)
Total Liabilities	(1,545,980)	(1,774,080)	228,100
Excess of Assets over Liabilities	3,953,176	3,892,794	60,382

These statements should be read in conjunction with the attached audit report. The accompanying notes form part of this Financial Report.

Statement of Profit or Loss and other Comprehensive Income

East Fremantle Yacht Club (Inc) For the year ended 30 June 2023

	2023	2022	CHANGE
Income			
Trading Activities			
Gross Profit - Bar (note 2)	508,553	464,921	43,632
Gross Profit - Catering (note 3)	588,071	563,355	24,716
Gross Profit - Merchandise (note 5)	(1,509)	(956)	(553)
Gross Profit - Fuel (note 6)	25,812	24,840	972
Total Trading Activities	1,120,926	1,052,159	68,768
Bad & Doubtful Debts Recovery	-	81	(81)
Capital Works Levy	64,914	62,622	2,292
Expired HSS	30,802	35,469	(4,667)
Functions Hire	52,956	69,139	(16,183)
Government Stimulus, Incentives, Grants	8,570	59,550	(50,979)
Interest & Account Fees	15,248	13,914	1,333
Mooring & Storage Fees	656,901	602,500	54,401
Pen Rebuilding Capital Contribution	40,365	42,022	(1,657)
Power Recovery Fee	13,001	13,609	(609)
Sponsorship and Donations	44,999	57,683	(12,684)
Sales - Club Function	50,547	83,898	(33,351)
Training	56,790	58,196	(1,406)
Subscriptions	440,491	436,617	3,874
Subscriptions - Member Discounts	(27,845)	(26,527)	(1,318)
Sundry Income	1,196	5,948	(4,751)
Bank Fees Recovery	3,999	-	3,999
Insurance Claim Income	7,188	37,953	(30,765)
Total Income	2,581,049	2,604,831	(23,782)
Operating Expenses			
Audit Fees	14,660	13,820	840
Bad Debts and Legal Fees	3,952	19,098	(15,146)
Bank Charges	15,314	9,062	6,252
Bar and Catering Expenses (note 10)	243,415	250,498	(7,082)
Cleaning	18,090	9,977	8,114
Club Function Expenses	71,385	115,528	(44,143)
Computer Costs	46,172	44,256	1,915
Entertainment	207	9,175	(8,968)
Gardens & Grounds	23,826	22,118	1,708
General Expenses (note 8)	25,082	26,261	(1,179)
Insurance	101,465	88,773	12,692
Insurance Claim Expense	2,437	11,251	(8,814)
Light, Power, Gas & Water	90,700	109,772	(19,072)

Statement of Profit or Loss and other Comprehensive Income

	2023	2022	CHANGE
Printing, Postage & Stationery	9,045	11,880	(2,835)
Repairs and Maintenance	54,353	58,720	(4,367)
Rates	64,566	62,888	1,679
Training	9,827	17,291	(7,464)
Security, Fire & Safety	14,812	13,996	816
Subscriptions	22,650	26,839	(4,190)
Telephone	1,771	5,144	(3,373)
Trophies, Pennants, Honour Boards	3,395	8,941	(5,546)
Staff Costs (note 4)	1,351,567	1,490,329	(138,763)
Total Operating Expenses	2,188,688	2,425,615	(236,926)
Operating Surplus	392,361	179,217	213,144
Add Other Operating Income			
Loss on Sale of Asset	(291)	-	(291)
Profit on Sale of Asset	4,545	1,300	3,245
Total Add Other Operating Income	4,255	1,300	2,955
Less Other Operating Expense			
Depreciation	313,624	325,776	(12,151)
Interest Expense - Bank	7,205	6,937	268
Interest Expense - Rent Liab	15,405	14,763	642
Total Less Other Operating Expense	336,233	347,475	(11,242)
Net Operating Surplus (Loss)	60,382	(166,958)	227,340
Total Comprehensive Income for the Year	60,382	(166,958)	227,340

These statements should be read in conjunction with the attached audit report. The accompanying notes form part of this Financial Report.

Statement of Changes in Equity

East Fremantle Yacht Club (Inc)
For the year ended 30 June 2023

	ACCUMULATED FUNDS	GENERAL RESERVE	CAPITAL WORKS RESERVE	PEN CAPITAL BUILDING RESERVE	TOTAL
Statement of Changes in Equity					
Total Comprehensive Income 2022					
Balance - 1 July 2021	2,784,280	1,079,589	151,363	44,521	4,059,753
Operating Surplus for Year End - 30 June 2022	(166,959)	-	-	-	(166,959)
Capital Works Levy	-	-	62,636	-	62,636
Pen Capital Building Reserve	-	(62,636)	-	-	(62,636)
Balance - 30 June 2022	2,617,321	1,016,953	213,999	44,521	3,892,794
Total comprehensive income 2023					
Balance - 30 June 2022	2,617,321	1,016,953	213,999	44,521	3,892,794
Operating Surplus/Loss for Year End - 30 June 2023	60,382	-	-	-	60,382
Capital Works Levy	-	-	64,914	-	64,914
Pen Capital Building Reserve	-	(64,914)	-	-	(64,914)
Balance - 30 June 2023	2,677,703	952,039	278,913	44,521	3,953,176

These statements should be read in conjunction with the attached audit report. The accompanying notes form part of this Financial Report.

Statement of Cash Flows

East Fremantle Yacht Club (Inc) For the year ended 30 June 2023

	2023	2022
Cash Flows from Operating Activities (note 12)		
Receipts from Members (including Functions)	3,501,154	3,585,144
Government Stimulus / Grants	17,040	68,146
Payments to Suppliers and Employees	(3,255,563)	(3,669,648)
Interest Paid	(7,205)	(6,937)
Total Cash Flows from Operating Activities (note 12)	255,426	(23,295)
	2023	2022
Cash Flows from Investing Activities		
Payment for Property, Plant & Equipment	(37,049)	(131,611)
Proceeds on Sale of Property, Plant & Equipment	5,000	1,300
Total Cash Flows from Investing Activities	(32,049)	(130,311)
	2023	2022
Cash Flows from Financing Activities		
Right of Use Assets Payments	(69,022)	(65,956)
Draw Down of Borrowings	126,396	250,000
Repayment of Borrowings	(376,396)	(205,000)
Pen Fees received in Advance	235,752	-
Total Cash Flows from Financing Activities	(83,270)	(20,956)
	2023	2022
Net Movement in Cash		
Net Movement in Cash	140,108	(174,562)
Cash at the Beginning of the Year	77,761	252,323
Cash at the End of the Year	217,869	77,761

These statements should be read in conjunction with the attached audit report. The accompanying notes form part of this Financial Report.

Notes to the Financial Statements

East Fremantle Yacht Club (Inc) For the year ended 30 June 2023

1. Summary of Significant Accounting Policies

This special purpose financial report was prepared for distribution to the members of East Fremantle Yacht Club Inc. to fulfil the Executive Committee financial reporting requirements under the Constitution and the Associations Incorporation Act (WA) 2015. The accounting policies used in the preparation of this report, as described below, are consistent with the financial reporting requirements of East Fremantle Yacht Club Inc's Constitution and with previous years and are, in the opinion of the Executive Committee, appropriate to meet the needs of its members.

The financial report was prepared on an accrual basis of accounting, including the historical cost convention and the going concern assumption, in accordance with the recognition and measurement principles in the relevant Australian Accounting Standards.

The disclosure requirements of accounting standards and the other professional reporting requirements in Australia do not have mandatory applicability to East Fremantle Yacht Club Inc because in the opinion of the Executive Committee it is not a 'reporting entity'. The Executive Committee has, however, prepared the financial report in accordance with the disclosure requirements of the following Australian accounting standards:

AASB 101 : Presentation of Financial statements;
AASB 107 : Cash Flow Statements;
AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors;
AASB 1048: Interpretation of Standards;
AASB 1054: Australian Additional Disclosures

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Going Concern

At 30 June 2023 the club's current liabilities exceeded its current assets by \$386,832 (2022: \$820,162), prior to the recognition of annual fees on 1 July each year. The current liabilities at the balance sheet date include Subscription and Pen Fees received in Advance of \$305,843 (2022: \$418,813), which are derecognised as a liability and recognised as income on 1 July each year.

The financial statements have been prepared on a going concern basis as the Executive Committee of the club have formed the view that the club will be able to pay its debts as and when they fall due following initiatives undertaken resulting in a surplus of \$60,382 and positive cash flows from operations of \$255,426 for the year ended 30 June 2023.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2023. The Association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

These notes should be read in conjunction with the attached audit report.

AASB 15 Revenue from Contracts with Customers

Under AASB 15, the club must assess whether the activities related to its pen entry fees satisfy a performance obligation. When those activities do not satisfy a performance obligation, because no good or service is transferred to the customer, no amount of the transaction price should be allocated to those activities. Rather, the pen entry fee should be included in the transaction price that is allocated to the performance obligations in the contract. Refer to the note for Pen entry fee below.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 introduced changes to the income recognition by not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 Contributions, NFPs need to determine whether a transaction is a genuine donation (accounted for under AASB 1058,) or a contract with a customer (accounted for under AASB 15 Revenue from Contracts with Customers).

AASB 16 Leases

East Fremantle Yacht Club has 2 leases on the premises on which the Club is situated from Town of East Fremantle and Department of Transport, these leases are within the scope of AASB 16 Leases. There is 5 years left of the 21 year lease agreement with Town of East Fremantle for the land and 14 years left of the 21 year lease agreement with Department of Transport managed by McGees Property for the Seabed.

During the current financial year the Town of East Fremantle lease rate was increased resulting in an increase in the Right of Use Asset, Lease Liability, Amortisation and Interest charge.

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred

Lease Liabilities

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

Practical expedients and exemptions

The club has elected to make use of the following practical expedients and exemptions available under AASB 16:

Except for existing finance leases, to measure the right of use assets on transition at an amount equal to the lease liability (adjusted for prepaid or accrued lease payments)

These notes should be read in conjunction with the attached audit report.

- Not to recognise low-value or short term leases on the balance sheet. Cost for these lease arrangements will continue to be expensed
- To apply a single discount rate to portfolios of leases with characteristics which we have assessed to be reasonably similar

Revenue Recognition

Pen Entry fee

Pen entry fee income is recognised over the estimated life of a new pen occupier being the period during which the pen occupier is expected to benefit from the payment of the fee. The estimated membership life has been determined as a period of 10 years. This is a significant judgement.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Volunteer services

The incorporated association has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Judgements and Estimates

AASB 1058 and AASB 15 require the use of certain critical accounting estimates in the preparation of the financial statements. It can also require management to exercise its judgement in the process of applying the Club's accounting policies. There have been no instances involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

1. **Fixed Assets** previously carried at valuation are now carried at cost less accumulated depreciation.
Fixed Assets are depreciated over their estimated useful lives being:
Buildings & Seawall/Grounds - 40 years, Fuel Installation - 30 years, Pens - 40 years, Furniture, Training/Rescue Craft & Moorings - 10 years, Computer Equipment - 3 to 5 years. When assets are fully depreciated the book value and accumulated depreciation are adjusted to zero. The useful life of pens was reviewed in March 2010 and in view of the condition of the pens was changed from 20 to 40 years.
2. **Trading Stock** is valued at the lower of cost or net realisable value.
3. **Employee Benefits**
Short-term employee benefits - Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits - The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Long Service Leave Liability is calculated after 5 years of employment. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

These notes should be read in conjunction with the attached audit report.

4. **Income in Advance** is deferred to the following financial year for revenue relating to member subscriptions and mooring and storage fees billed prior to balance date but relating to the following financial year as well as deposits received in advance for Functions.
5. **Comparative Figures** are reclassified to be consistent with the current year's presentation, if necessary.
6. **Income Tax:** The Club is exempt from Income Tax under section 50-45 of ITAA 1997 as an exempt sporting club.

	2023	2022	CHANGE
2. Bar Trading Account			
Bar Sales	794,614	805,436	(10,823)
Cost of Goods Sold - Bar	286,061	340,516	(54,455)
Gross Profit	508,553	464,921	43,632
Gross Profit % of Sales	64	58	6

	2023	2022	CHANGE
3. Catering Trading Account			
Catering Sales	1,063,483	1,086,487	(23,004)
Cost of Goods Sold - Catering	475,413	523,132	(47,720)
Gross Profit	588,071	563,355	24,716
Gross Profit % of Sales	55	52	3

	2023	2022	CHANGE
4. Overall Staff Costs			
Hospitality Staff	1,002,684	973,586	29,098
Admin, On-Water & Grounds Staff	348,883	516,743	(167,860)
Total Overall Staff Costs	1,351,567	1,490,329	(138,763)

	2023	2022	CHANGE
5. Merchandise Trading			
Sales - Sundry	7,378	2,501	4,878
Cost of Goods Sold - Sundry	6,505	2,264	4,241
Sales - Clothing	2,688	2,974	(286)
Cost of Goods Sold - Clothing	5,071	4,168	903
Gross Profit	(1,509)	(956)	(553)

	2023	2022	CHANGE
6. Fuel Trading Account			
Sales Fuel	343,654	306,436	37,218
Cost of Goods Sold - Fuel	317,842	281,596	36,246
Gross Profit	25,812	24,840	972
Gross Profit % of Sales	8	8	(1)

These notes should be read in conjunction with the attached audit report.

	2023	2022	Change
Litres of fuel sold	182,683	191,169	-8,486
Average \$'s per litre	\$2.06	\$1.76	\$0.30

	2023	2022	CHANGE
7. Pen Fees in Advance			
Current			
Pen Deposits - Current	(83,426)	(84,372)	946
Non-Current			
Pen Deposits - E Jetty	-	(83,426)	83,426
Pen Deposits - 2023	(235,752)	-	(235,752)

During 2023 Pen Fees were received in advance for the 5 years commencing 1 July 2024 to fund pile replacements and other marina works.

The balance of the original E Jetty Pen Fees in advance relates to the year commencing 1 July 2023.

	2023	2022	CHANGE
8. General Expenses			
Executive Expenses	2,698	5,798	(3,100)
Executive Meeting Costs	-	1,214	(1,214)
First Aid	2,619	2,390	229
Fuel	3,093	2,654	439
Gym Expenses	4,258	3,769	489
Hire	2,185	3,937	(1,752)
Licences	5,327	4,781	546
Sundry Expenses	2,473	173	2,300
Volunteers	1,429	1,546	(117)
Web Page Expenses	1,000	-	1,000
Total General Expenses	25,082	26,261	(1,179)

9. Westpac Bank Facility

In August 2018 the St George Bank Bill facility was paid out and a new Westpac facility was put in place with a \$625k Bank Bill Business Loan facility.

All St George Bank Accounts were closed 19 April 2021 and all banking is now with Westpac.

The Westpac bank facility was varied on 19 February 2021 with the current facility comprising an Overdraft Facility of \$129k, Bank Guarantee \$51k and Bank Bill Loan Facility \$126K. Both the Bank Bill Loan and Overdraft Facility were undrawn at 30 June 2023. The Loan comprises monthly interest only and fees repayment with a final reduction of \$126,396 on 31 December 2023.

These notes should be read in conjunction with the attached audit report.

	2023	2022	CHANGE
10. Bar/Catering Expenses			
Bar Unders and Overs	1,172	(206)	1,378
Chemicals & Cleaning	18,224	21,446	(3,221)
Contractors - Kitchen	103,752	118,847	(15,095)
Function Ancillary	6,672	17,801	(11,129)
Glassware & Utensils	3,660	4,128	(468)
Kitchen Catering Expenses	16,864	19,351	(2,487)
Hygiene	11,752	11,535	217
Linen Expenses	20,058	27,823	(7,765)
Members Promotions & Draws	9,433	5,390	4,043
Membership & Marketing	9,173	14,347	(5,174)
Wages - Staff Expenses	16,955	20,013	(3,058)
Total Bar/Catering Expenses	217,714	260,474	(42,760)

11. Capital Works Reserve & Pen Capital Building Reserve & General Reserve

The Capital Works Reserve accumulates the amount of Capital Works Levy amounts received each year, as transferred from the General Reserve.

The General Reserve originated from a previous Asset Revaluation Reserve, prior to a change in accounting policy whereby annual asset revaluations ceased being undertaken. Accordingly the General Reserve no longer has any specific purpose.

	2023	2022	CHANGE
12. Net Cash Provided by Operating Activities			
Operating Surplus	60,382	(166,958)	-
Depreciation	313,624	325,776	-
Non-cash E Jetty Pen Fees	(84,372)	(84,372)	-
Profit/Loss on Sale of Assets	(4,254)	(1,300)	-
Proceeds on Sale of Assets	5,000	-	-
Movement in Other Debtors / Prepayments	119,025	-	-
Movement in Member Debtors	37,684	(29,696)	-
Government Stimulus Receivable / Grants	1,282	(29,357)	-
Right of Use Assets	15,408	14,763	-
Movement in Stocks	5,620	(5,952)	-
Movement in Creditors / Accruals	(109,352)	(50,479)	-
Movement in Income in Advance	(124,275)	45,313	-
Movement in Provision for Leave Entitlements	19,654	(41,033)	-
Total Net Cash Provided by Operating Activities	255,426	(23,295)	278,721

These notes should be read in conjunction with the attached audit report.

	2023	2022	CHANGE
13. Fixed Assets			
Pens and Slipways			
Pens	4,158,207	4,153,207	5,000
Pens - Less Depreciation	(1,817,906)	(1,726,624)	(91,282)
Total Pens and Slipways	2,340,301	2,426,583	(86,282)
Buildings			
Buildings	2,917,659	2,917,659	-
Buildings - Less Depreciation	(1,413,588)	(1,340,882)	(72,706)
Total Buildings	1,504,071	1,576,777	(72,706)
Seawall/Grounds			
Seawalls & Grounds	835,952	835,952	-
Seawalls & Grounds - Less Depreciation	(483,424)	(462,390)	(21,034)
Total Seawall/Grounds	352,528	373,562	(21,034)
Furniture/Fittings & Plant			
Furniture & Fittings	552,463	538,821	13,643
Furniture & Fittings - Less Depreciation	(405,175)	(365,051)	(40,125)
Total Furniture/Fittings & Plant	147,288	173,770	(26,482)
Training/Rescue Craft			
Rescue Craft	184,832	184,832	-
Rescue Craft - Less Depreciation	(106,806)	(92,477)	(14,329)
Total Training/Rescue Craft	78,026	92,354	(14,329)
Moorings - at cost			
Moorings	26,864	28,308	(1,444)
Moorings - Less Depreciation	(18,815)	(17,190)	(1,626)
Total Moorings - at cost	8,049	11,119	(3,070)
Computer Equipment			
Computer Equipment	166,209	147,803	18,406
Computer Equipment - Less Depreciation	(140,860)	(132,351)	(8,509)
Total Computer Equipment	25,349	15,452	9,897
Fuel Installation			
Fuel Installation	240,108	240,108	-
Fuel Installation - Less Depreciation	(138,418)	(130,650)	(7,768)
Total Fuel Installation	101,690	109,458	(7,768)
Right of Use Asset			
Right of Use Asset	722,947	708,430	14,517
Right of Use Asset - Less Depreciation	(224,573)	(163,312)	(61,261)
Total Right of Use Asset	498,374	545,118	(46,744)
Total Fixed Assets	5,055,676	5,324,193	(268,517)

These notes should be read in conjunction with the attached audit report.

Statistical Information

East Fremantle Yacht Club (Inc)

For the year ended 30 June 2023

Statistical Information	2023	2022	2021	2020
Revenue \$	3,671,941	3,756,506	3,680,429	3,136,878
Net Surplus \$	60,382	-166,958	87,245	115,976
Surplus/Revenue %	1.6%	(4.4)%	2.4%	3.7%
Depreciation \$	313,624	325,776	304,296	300,123
Capital Expenditure \$	35,605	131,611	115,488	112,213
Membership - number	1,407	1,499	1,495	1,413
Percentage increase in Membership	- 6.1%	0.3%	5.8%	4.5%

These statements should be read in conjunction with the attached audit report. The accompanying notes form part of this Financial Report.

Declaration by the Executive Committee

East Fremantle Yacht Club (Inc) For the year ended 30 June 2023

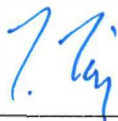
In the opinion of the Executive Committee of East Fremantle Yacht Club Inc.:

a) The financial statements and notes of East Fremantle Yacht Club Inc are in accordance with Part 5 of the Associations Incorporation Act WA 2015, including;

1. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended
2. Complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements; and

b) There are reasonable grounds to believe that East Fremantle Yacht Club Inc. will be able to pay its debts as and when they become due and payable.

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



Executive Committee Member



Executive Committee Member

Dated this 21st day of August 2023.

DIRECTORS:

ROBERT CAMPBELL RCA, CA
VIRAL PATEL RCA, CA
ALASTAIR ABBOTT RCA, CA
CHASSEY DAVIDS RCA, CA

**AUSTRALIAN
AUDIT** 

ASSOCIATE DIRECTOR:

SANTO CASILLI FCPA PFIIA

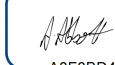
AUDITOR'S INDEPENDENCE DECLARATION

To the Management Committee of East Fremantle Yacht Club

In accordance with the requirements of section 80 of the Associations Incorporation Act 2015 (WA), in relation to our audit of the financial report of East Fremantle Yacht Club for the year ended 30 June 2023, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Associations Incorporation Act 2015 (WA)* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit

DocuSigned by:



A8F8BD4DE37245F

Alastair Abbott, CA, RCA, MAICD, M. Forensic Accounting

Registered Company Auditor number 486826

Director

Australian Audit

Perth, Western Australia

Date: 23 August 2023

DIRECTORS:

ROBERT CAMPBELL RCA, CA

VIRAL PATEL RCA, CA

ALASTAIR ABBOTT RCA, CA

CHASSEY DAVIDS RCA, CA



ASSOCIATE DIRECTOR:

SANTO CASILLI FCPA PFIIA

INDEPENDENT AUDITOR'S REPORT

To the members of East Fremantle Yacht Club

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of East Fremantle Yacht Club (the club), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other 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 directors' declaration.

In our opinion the accompanying financial report has been prepared in accordance with requirements of the Associations Incorporation Act 2015 (WA), including:

- a. giving a true and fair view of the club's financial position as at 30 June 2023, and of its financial performance and its cash flows for the year then ended; and
- b. complying with Australian Accounting Standards to the extent described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the club in accordance with the Associations Incorporation Act 2015 (WA) and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that as of 30 June 2023, the club's current liabilities exceeded its current assets by \$386,832 (2022: \$820,162). This level of working capital indicates that a material uncertainty exists that may cast significant doubt on the club's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the club to meet the requirements of the Associations Incorporation Act 2015 (WA). As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and The Management Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in Note 1 and the Associations Incorporation Act 2015 (WA). The responsibility of Management also includes such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

The Management Committee are responsible for overseeing the club'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.

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 club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of 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 club'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 club 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 Committee 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the club has complied with 82(1)(b), (c) and (d) of the Associations Incorporation Act 2015 (WA):

- a. by providing us with all information, explanation and assistance necessary for the conduct of the audit;
- b. by keeping financial records sufficient to enable a financial report to be prepared and audited; and
- c. by keeping other records required by Part 5 of the *Associations Incorporation Act 2015 (WA)*, including those records required by Section 66 that correctly record its operations, so as to enable true and fair financial statements to be prepared.

DocuSigned by:

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Alastair Abbott, CA, RCA, MAICD, M. Forensic Accounting
Registered Company Auditor number 486826

Director

Australian Audit

Perth, Western Australia

Date: 23 August 2023