



# ANNUAL REPORT

## 2017-2018

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## PRESIDENT'S REPORT

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2017-18 was a year of consolidation for Australian Sailing. The initial One Sailing reforms were being implemented with prudent financial management and a series of new initiatives in the Club Services area.

If 2017 was the year of celebration and recognition of some pioneers and greats of sailing, then 2018 became the year where safety and preservation of life became the major focus. We all are aware of the inherent risks associated with our sport, and we are also conscious of the need to take all possible steps to ensure we have the right safety equipment and safe working practices when sailing in trying circumstances.



### **Safety**

This year has been sobering one with four Australian sailors perishing at sea. In February, during the Bunbury and Return Ocean Race, just south of Perth, the yacht the Finistere suffered a keel failure ultimately causing two casualties. The deaths are now the subject of an inquiry in Western Australia. A month later we learnt that experienced ocean racer and Adelaide based sailor John Fisher fell from Team Scallywag's yacht in treacherous waters in the remote Southern Ocean. John was an avid ocean racer who loved the sport. Then in April during the Association Cup interclub event held on Port Phillip Bay, the yacht Top Gun broached which led to the death of Max Peters who was a true gentleman of the sport.

Sometimes accidents are unavoidable. However, we need to ensure that we continue to improve safety standards at sea as we are the leading country in the world and we need to learn from past incidents. I would encourage all in our sailing community to re-double our efforts to wear a life jacket when ocean racing and be sure to be a member of a Club so that you can be kept up-to-date on good safety practises in local waterways and at sea.

### **Financial Management**

This year also saw Australian Sailing provide a modest profit from its activities. This was following the previous year's deficit in consolidating the multiple state based offices and systems into One Sailing. It is noted that the major turnaround occurred with no reductions in services at the local level. It did require a reduction in staff at the national office however, and this was done in an environment where revenues are stagnant and new sponsors remain difficult to attract for a participation sport rather than spectator sport such as ours.

### **Regattas**

There were many opportunities for Clubs to host regattas across the country in 2017-18. It is pleasing to read and hear about increased entrant numbers in many races. At the national level, Royal Queensland Yacht Squadron staged a highly successful 2018 Australian Youth Championships in January 2018. This was followed in late January by a popular Australian Yachting Championships at Sandringham Yacht Club.

### **Governance**

The Australian Sailing Board worked closely with Member Yachting Associations (the States) on a series of initiatives across the financial year. This included a national working group to devise and recommend harmonised club fees across the country. This was a challenging task as different states operated different models for the collecting of fees. The implementation of this standardised fee model will occur over the next three years.

### **High Performance**

Our plans for Tokyo 2020 are in full swing with test events already being staged in Enoshima where we performed well. It is also a time to consolidate the squad and coaches as we strengthen the team as they continue the preparations over the next two years.

During the year we also built and moved into an expanded National Training Centre at Middle Harbour. We welcome the strength of our partnership with Middle Harbour Yacht Club as the enhanced athlete and coach facilities are being fully utilised.

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# PRESIDENT'S REPORT

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## Partners

Our thanks to the Australian Sports Commission now Sport Australia, in particular Chair John Wylie, and the Australian Institute of Sport who provide an invaluable partnership to allow our programs to develop and flourish across performance, participation, women's leadership and digital.

We are also very pleased to have continue the relationships with our major partners at Hamilton Island, Zhik, Steadfast and Nautilus Marine, all of whom have committed to Australian Sailing for a number of years. To our many partners and suppliers, your support is valued and we appreciate your backing across many areas of the organisation.

As we head towards Tokyo, we also acknowledge the ongoing backing provided by the Patrons, they are a cornerstone for the Australian Sailing Team both financially and personally and we are grateful for their patronage.

## Celebrations

This year we will stage the second round of Australian Sailing Hall of Fame inductees. They will join the first group from 2017 including:

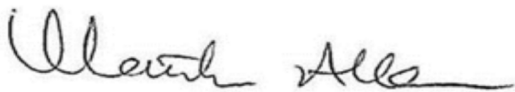
- Rolly Tasker AM
- the team of Australia II
- Sir William Northam CBE, Peter O'Donnell, and James (Dick) Sargeant
- Kay Cottee AO
- Victor Kovalenko OAM
- Jenny Armstrong OAM & Belinda Stowell OAM
- Daniel Fitzgibbon and Liesl Tesch AM

Again I would like to thank the working party and selection panel for their guidance, input and deliberations on what has been a challenging selection process. Thanks also to Australian National Maritime Museum and its Director Kevin Sumption and his team for their whole-hearted backing of this project.

Last year's Awards night was a wonderful evening celebrating an array of achievements on the water and recognising many wonderful individuals who contribute to their local Clubs through coaching, instructing, volunteering and officiating. Well done to all our winners and finalists.

## Thanks

Finally my thanks to the Board of Australian Sailing and, in particular, Vice-President Sarah Kenny for their dedication and commitment to achieve the best outcomes for the good of sailing. Thanks to the MYA Presidents and Boards for their continued determination to ensure the success of One Sailing.



**Matt Allen**

President  
Australian Sailing

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## CEO REPORT

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It has been a very productive and successful year for Australian Sailing.

As a participation sport it is heartening to observe our sailing community on nearly every waterway of our nation. Whether it is an off the beach dinghy club, an inland lake club through to the larger yacht clubs like Royal Queensland or Royal Perth, the uniting elements of being passionate about their craft and loving their time on the water are always there.

Earlier this year we held a strategic workshop with a cross section of Club representatives, volunteers, Board members and staff. It provided an opportunity to set out our vision for the sport, our goals for the future and targets to achieve. Like most strategies it needed a tagline.. So we adapted one from a past Commadore in WA. It is: ***“Sailing: many passions, one love of sailing.”*** Our purpose is simple and clear:



*Through our clubs and volunteers, we will grow, advance and advocate sailing as a sport and recreational activity.*

I urge all of our sailing community to find ways to bring our strategy to life at your club. We have set ourselves some ambitious targets including:

- *we will achieve 4% growth per year currently (300,000 participants by 2020),*
- *increase to 35,000 the number of regular competitive sailors, & 100,000 registered Club members per annum (up from 80,000)*

At its heart the strategy is about supporting our Clubs as they promote sailing and encourage new participants to our sport.

To improve our effectiveness in supporting Clubs this year we undertook a major overhaul of our IT platform and on-line services. The move to RevSport has already yielded good results with many Clubs reporting increased functionality and ease of access to vital Australian Sailing information. At the same time we re-launched a more intuitive and mobile friendly set of websites. This newly fashioned resource has provided more people with information to know what is happening around the Club network.

In terms of Financial management the disappointment of last year's substantial deficit was turned around by delivering a modest profit this year. We will continue to look for opportunities to grow revenues and manage our costs so we can deliver the services that clubs ask of us and achieve a prudent level of reserves. This will also enable our regions with much needed funds to replace some assets that are past their useful life.

During the year, the work of the fee harmonisation committee with representatives from the Member Yachting Associations (MYAs) and Australian Sailing was finalised with a recommendation for a new model. It will mean like sized Clubs around the country will pay similar fees rather than the current inequity that currently exists. This is a difficult reform that has received wide spread support by many Clubs but understandably some disagreement and concern from those Clubs most affected. I hope the year ahead provides the right environment for this fairer model to be fully implemented over the next couple of years.

Sailing is highly reliant on the goodwill and efforts of so many fantastic volunteers. We have more than 10,000 active volunteers across the country and our thanks is extended for their ongoing contribution. Without their tireless efforts we would not be able to open our doors and enjoy our sport to the level we do. Whether it is coaching, officiating, helping around the club, doing maintenance work or serving behind the bar. We thank each and every one of you for your great sacrifices and service.

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## CEO REPORT

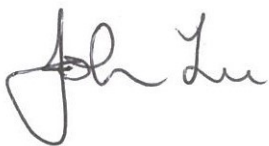
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We also appreciate the support of our partners including the Australian Sports Commission and the Australian Institute of Sport. To our major partners Hamilton Island, Steadfast and Nautilus Marine and Zhik, along with the many partners and supporters, our thanks for your ongoing support.

I would like to thank Matt Allen, Sarah Kenny and the Board of Australian Sailing for their guidance and support over the past year. We are very fortunate to have such a committed and open minded Board driving our strategic agenda and understanding the needs of our sailing community. To each staff member at Australian Sailing, I understand it has been a difficult year having to do more with less, however I value your expertise and hard work and look forward to your ongoing contribution to the success of our sport.

Thank you for your ongoing commitment to sailing in Australia.

Sincerely



John Lee  
CEO

### Strategic Plan 2020

## MANY PASSIONS, ONE LOVE OF SAILING

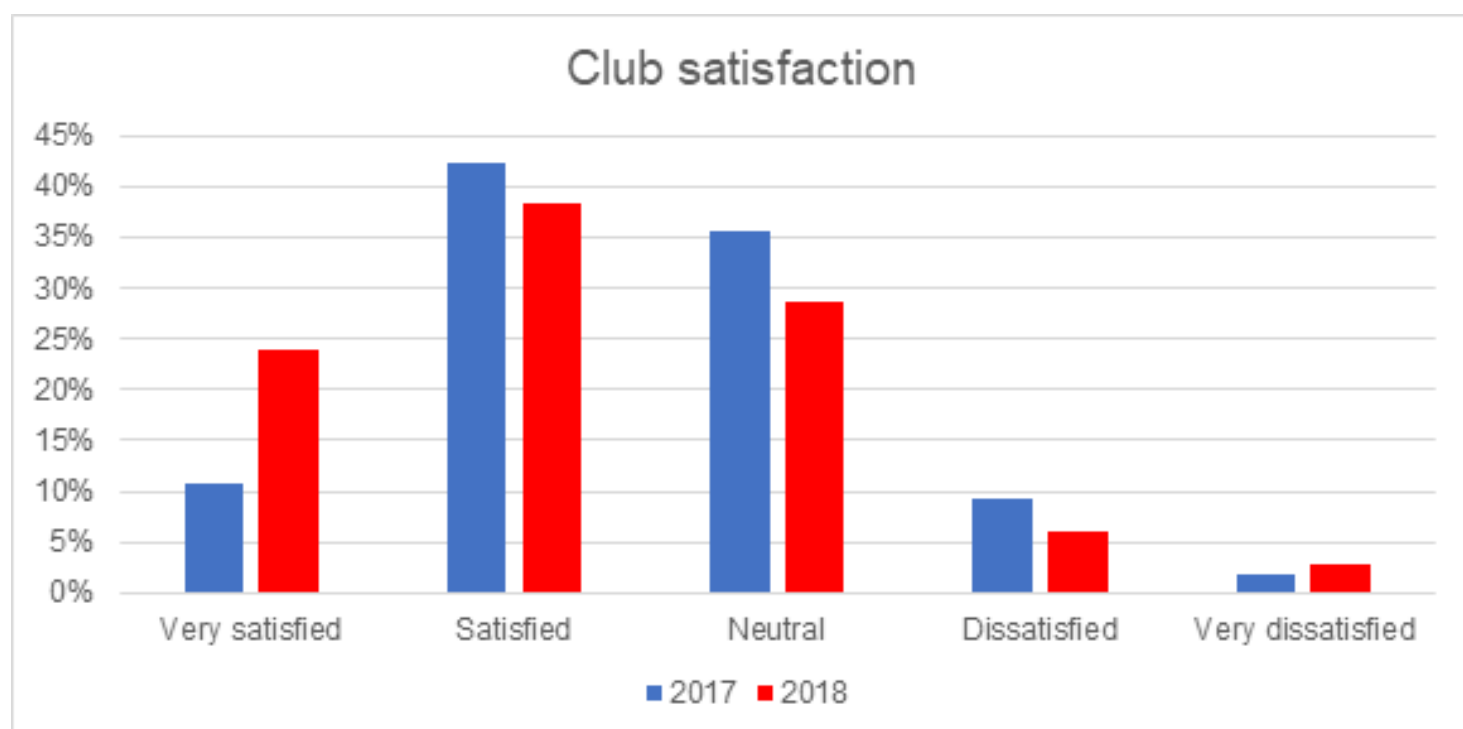
<b>Our Vision</b>	For Sailing to be an iconic Australian endeavour that is welcoming, sociable and exciting.
<b>Our Purpose</b>	<p>Through our clubs and volunteers, we will grow, advance and advocate sailing as a sport and recreational activity.</p> <p>We (the sailing community) strive to deliver dynamic, time efficient and exciting activities.</p> <p>We are committed to leveraging technology to ensure sailing is a contemporary, inclusive and competitive sport that engages many Australians</p>
<b>Our Goals</b>	<p>Build Sailing's Profile</p> <p>Growing Participation</p> <p>Ensuring Sailing's Sustainability</p> <p>Maintaining High Performance</p> <p>Enhancing our People, Structure and Culture</p>

# CLUB SATISFACTION SURVEY

## Summary

- Many questions solicited a higher than average “Neutral” response. This neutrality may suggest lower than expected levels of interest, engagement or relevance from Clubs to the offerings of Australian Sailing.
- The high neutral scores may provide a key and highly significant opportunity to introduce and grow Australian Sailing services to the Clubs who are currently reluctant to or yet to engage in the benefits that Australian Sailing offer.
- Key sailing-oriented services such as training, competition services and safety are considered most important by member Clubs.
- On-line and web-based services solicited highly mixed responses, suggesting there are quality and user-interface oriented challenges that require prioritisation and work.
- There are mixed views on effectiveness and responsiveness of the Australian Sailing staff interactions which require deeper investigation and insights derived.
- Although the survey was extended from a single key club contact to all club office bearers, the response rate was disappointing

**Fig.1 Overall satisfaction (2018= 67.1%; 2017= 64.2%)**



# CLUB SATISFACTION SURVEY

Fig.2 Overall engagement (2018= 60.5%: 2017= 55.0%)

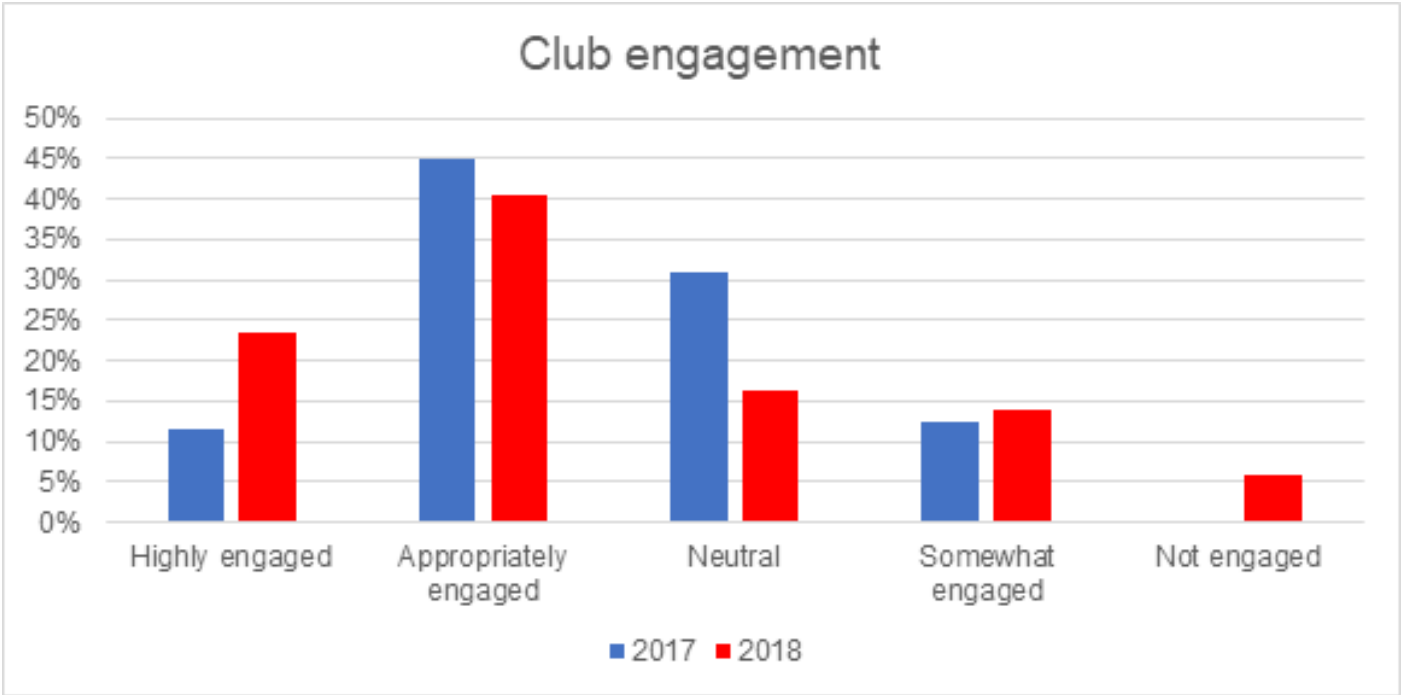
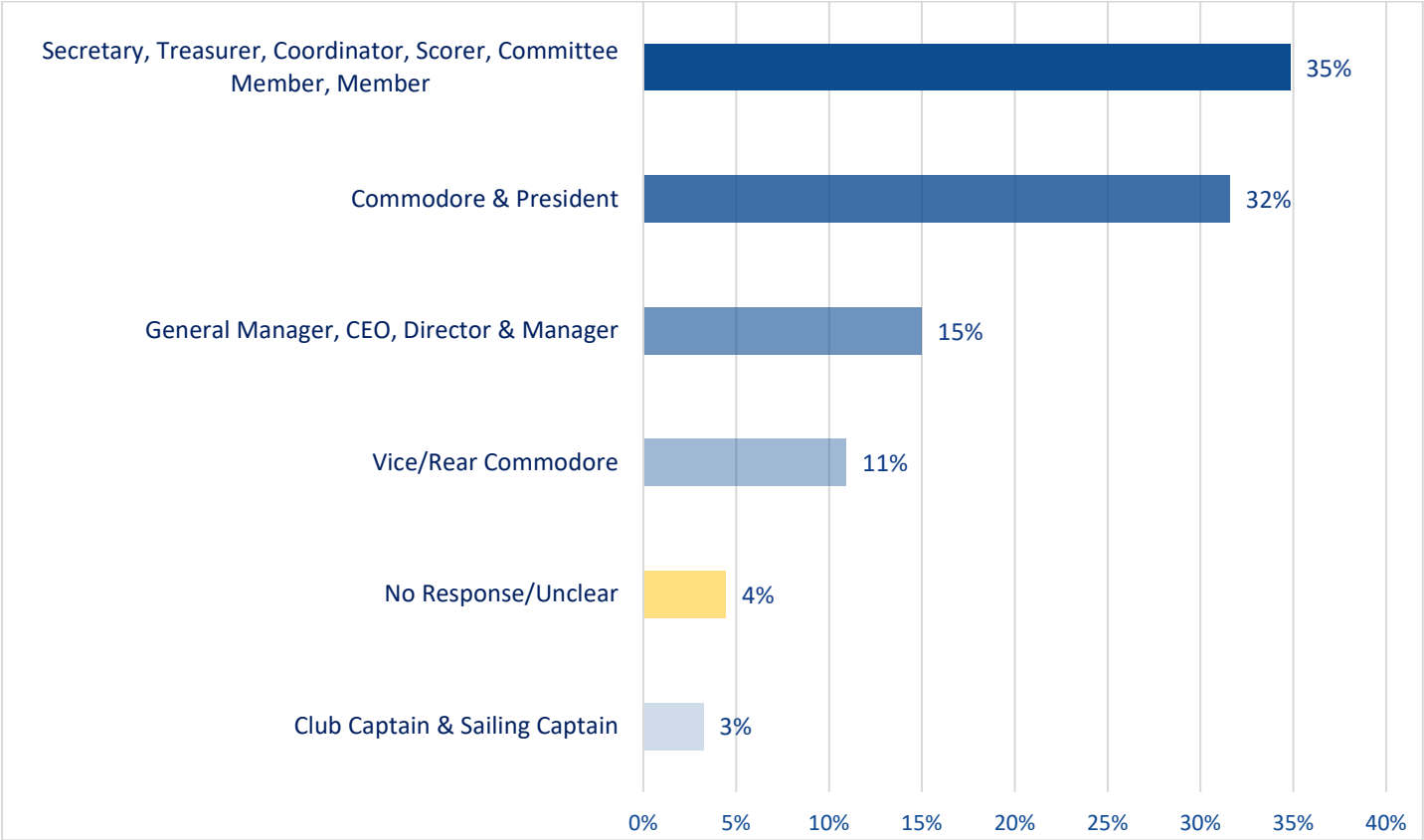


Fig.3 Responses by Role





# CLUB SATISFACTION SURVEY

Fig.4 Responses by State

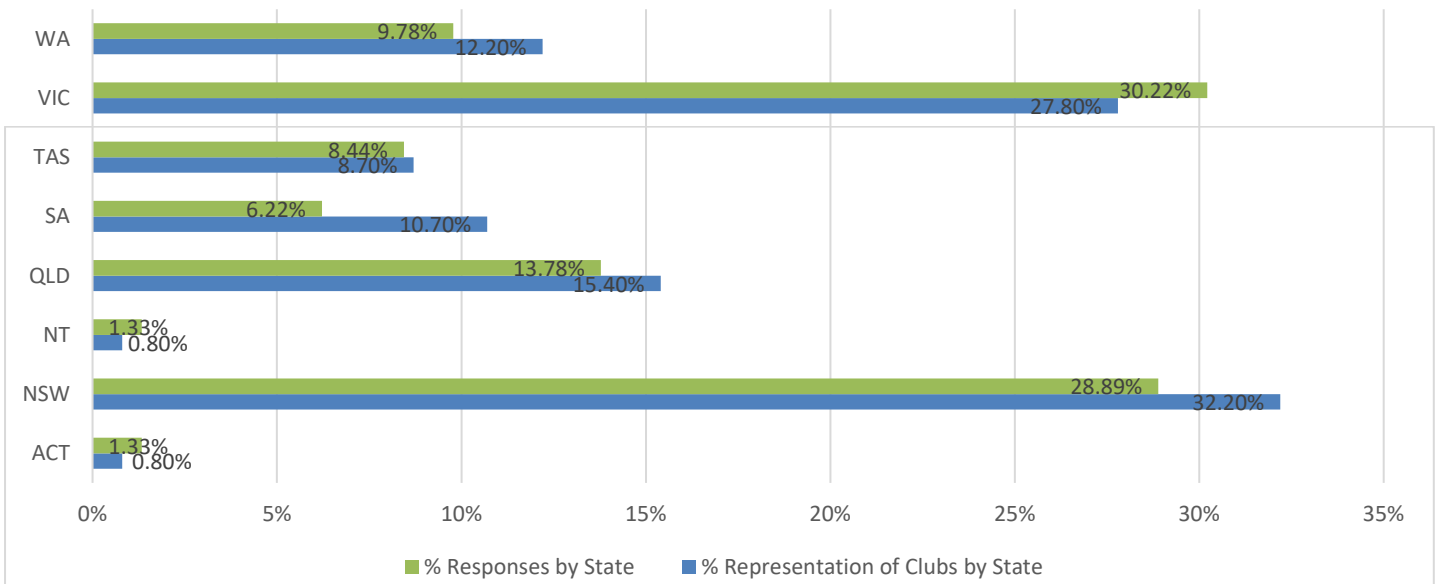
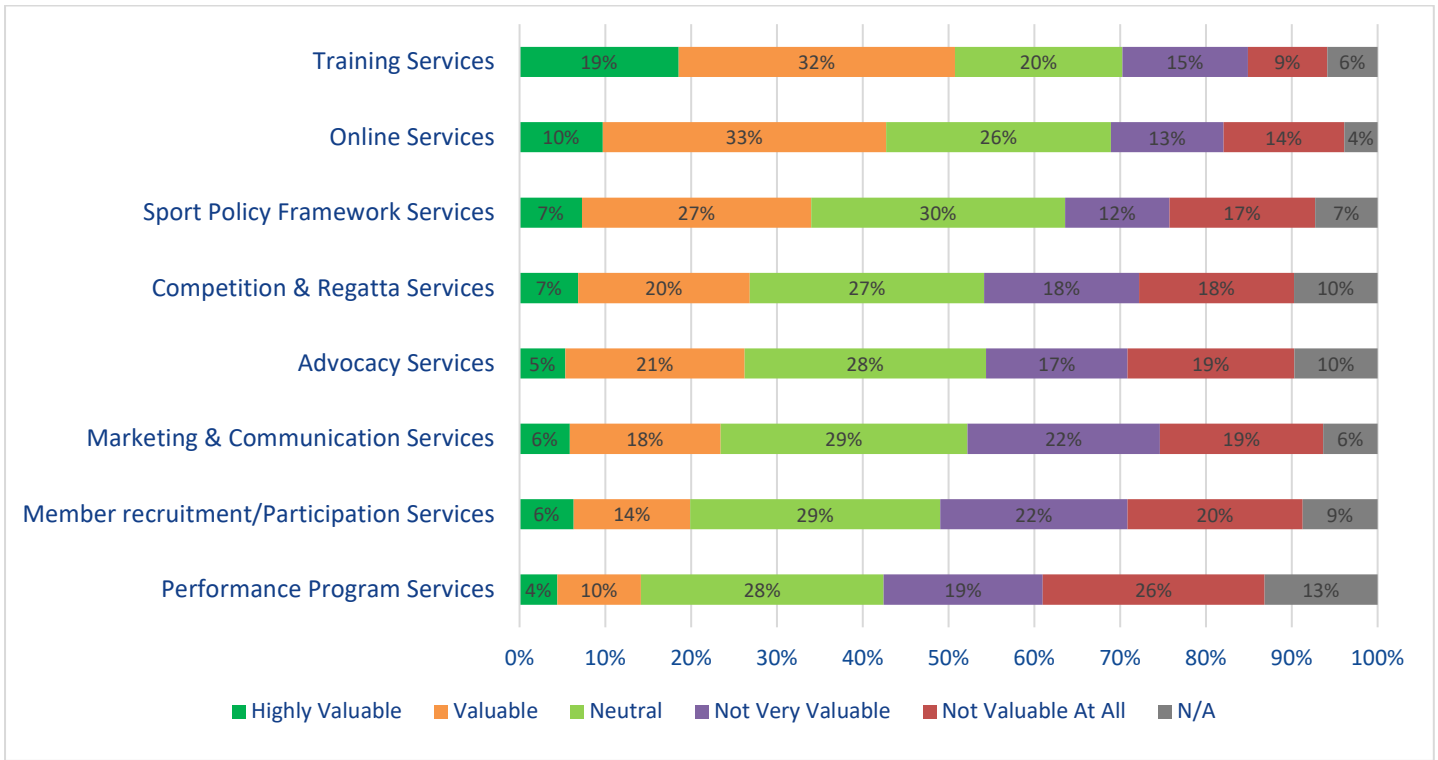


Fig. 5 Services by Ranking



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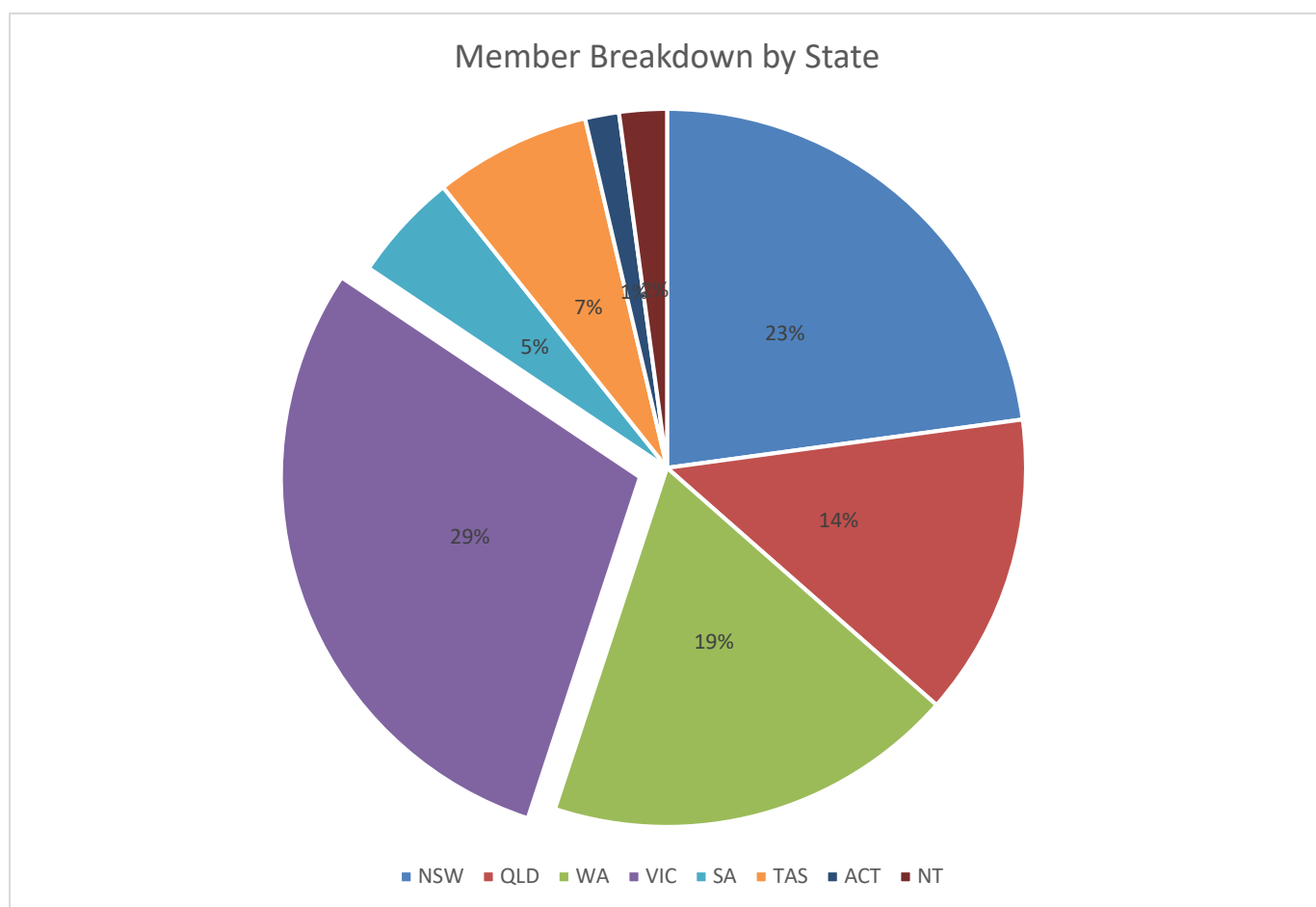
## MEMBERSHIP REPORT

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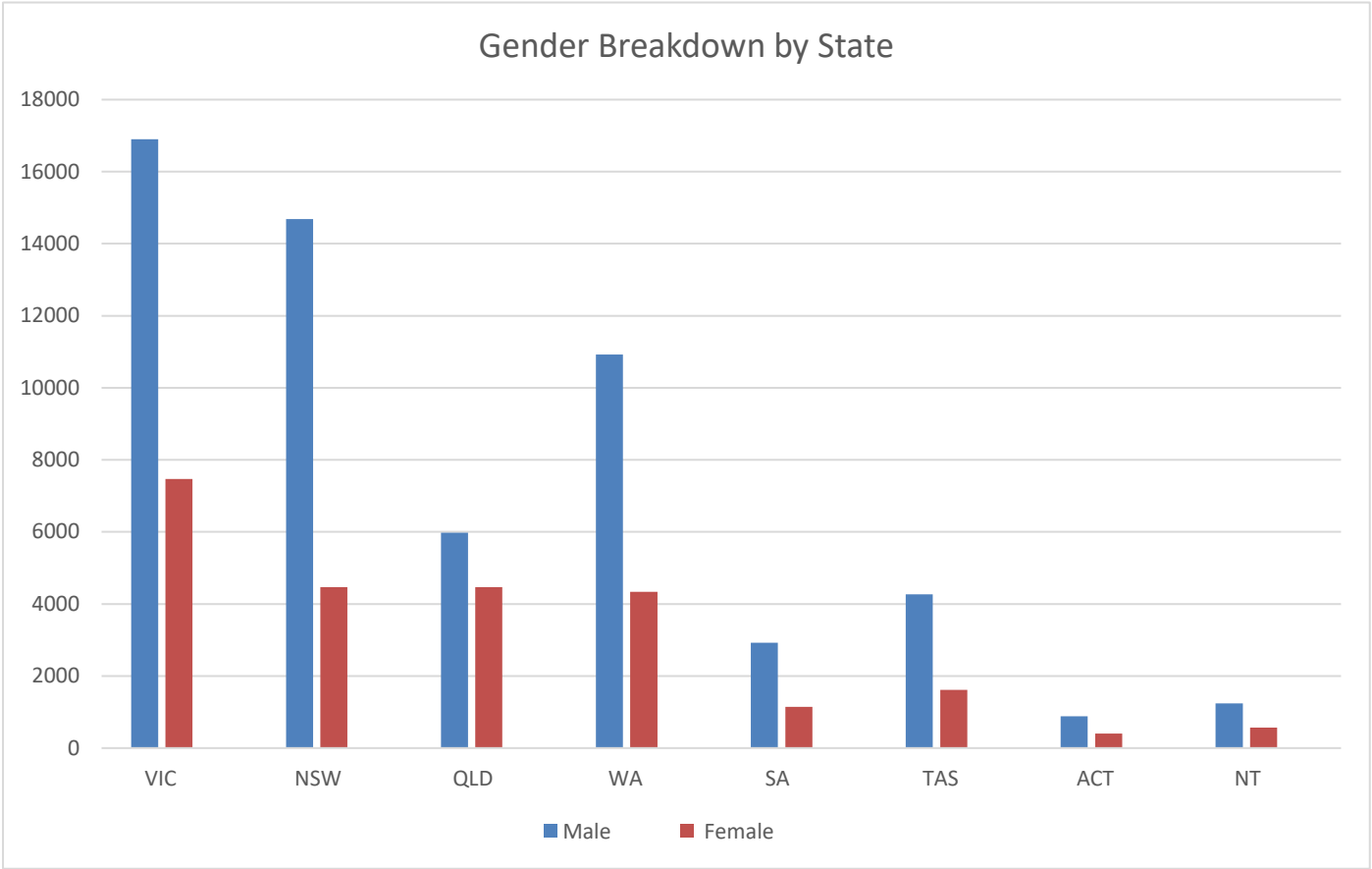
Of the 82,291 members in 2018:

- 68% male and 29% female
- 2.4% of members are under 18
- 22% of members are over 65

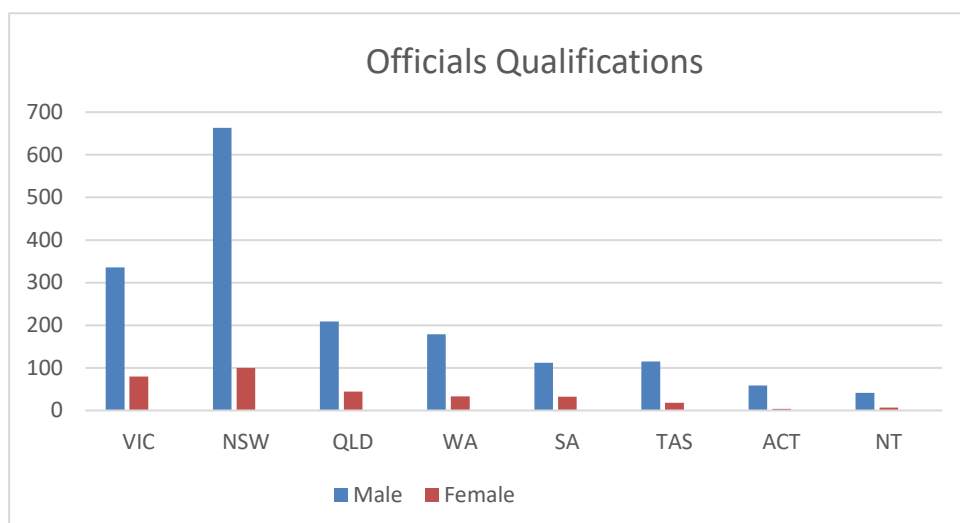
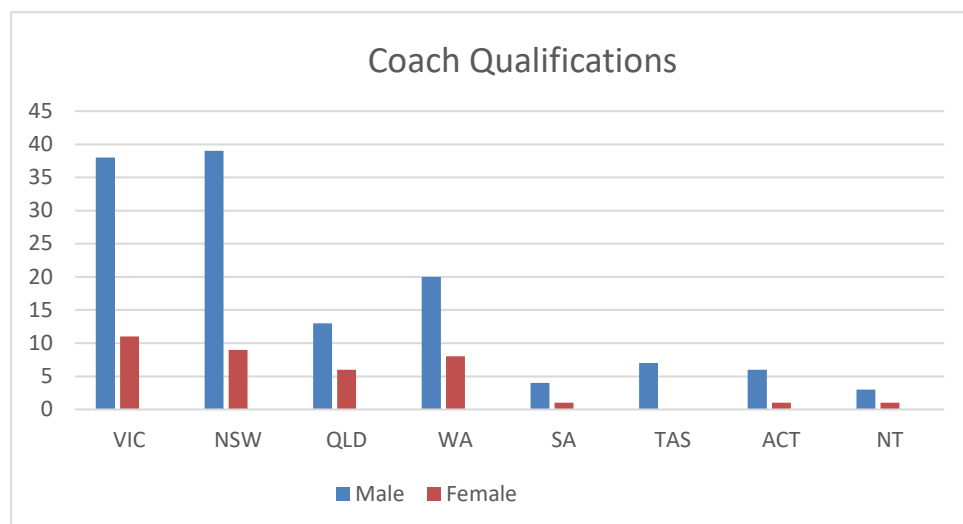
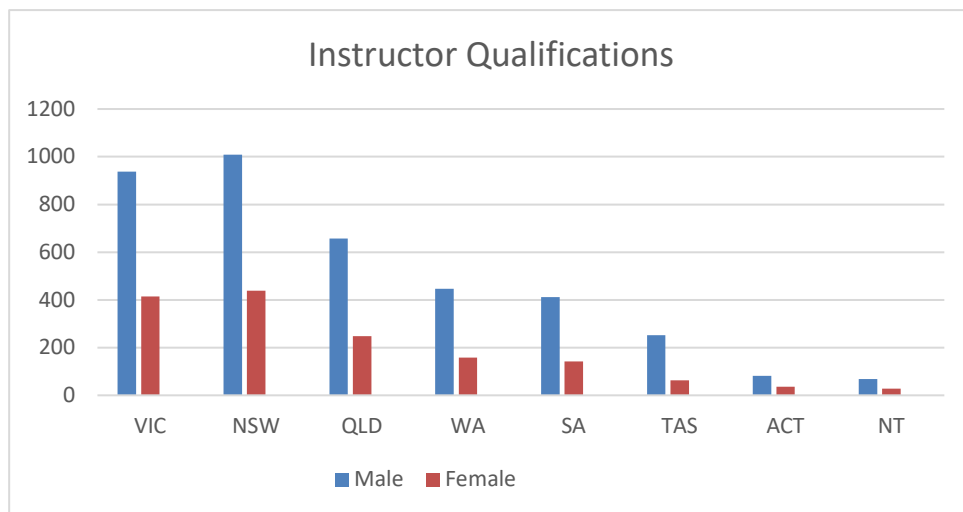
The membership data shows a largest area of Australian Sailing Members based in Victoria with NSW coming a close second. In terms of gender breakdown, QLD leads the way with a higher percentage of female membership that currently sits at 38.55% female and 51.57% male.



# MEMBERSHIP REPORT



## CURRENT QUALIFICATIONS



## PROGRAM PARTICIPANTS

TOTAL PROGRAMS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
15/16	268	793	1493	2963	4200	6308	8836	9751	12020	14046	14437	14902		
16/17	278	736	1788	2534	3801	5947	8599	9397	11270	12724	13249	13576		
17/18	337	731	1552	2522	3816	6953	11053	12049	14033	15936	16512	16719	23.2%	increase
DINGHY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
15/16	37	294	478	932	1403	2003	2694	3255	4060	4671	4780	4941		
16/17	67	286	729	998	1513	2229	3048	3425	4377	4806	5021	5092		
17/18	26	180	466	798	1376	2318	3528	4006	4844	5325	5380	5411	6.3%	increase
17-18 Monthly figures	26	154	286	332	578	942	1210	478	838	481	55	31		
TACKERS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
15/16	41	63	352	1080	1536	2711	4231	4249	5408	6626	6653	6804		
16/17	97	187	617	840	1383	2544	4087	4183	4750	5520	5621	5715		
17/18	77	150	473	792	1202	2813	4808	4996	5685	6701	6906	7006	22.6%	increase
17-18 Monthly figures	77	73	323	319	410	1611	1995	188	689	1016	205	100		
KEELBOAT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
15/16	50	113	151	280	452	690	836	989	1152	1257	1364	1421		
16/17	25	79	155	283	423	601	709	906	1148	1285	1377	1454		
17/18	60	151	250	397	624	1053	1779	2024	2269	2504	2651	2686	84.7%	increase
17-18 Monthly figures	60	91	99	147	227	429	726	245	245	235	147	35		
POWERBOAT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
15/16	140	323	512	671	809	904	1075	1258	1400	1492	1640	1736		
16/17	89	184	287	401	470	561	741	869	956	1058	1163	1248		
17/18	174	250	363	524	581	720	882	967	1169	1315	1475	1516	21.5%	increase
17-18 Monthly figures	174	76	113	161	57	139	162	85	202	146	160	41		
WINDSURFING	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
16/17	0	0	0	12	12	12	14	14	39	55	67	67		
17/18	0	0	0	11	33	49	56	56	66	91	100	100	49.3%	increase

## OUR PARTNERS



Australian Government  
Australian Sports Commission



HAMILTON ISLAND  
GREAT BARRIER REEF AUSTRALIA



airweave





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Milsons Point NSW 2061

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Level 1, 22 Atchison Street  
St Leonards NSW 2065

[www.sailing.org.au](http://www.sailing.org.au)



**Australian Government**  

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**Australian Sports Commission**

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**Australian Sailing Limited**

**ABN 26 602 997 562**

**GENERAL PURPOSE (RDR)  
FINANCIAL REPORT**

**For the year ended  
30 June 2018**



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# AUSTRALIAN SAILING LIMITED

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# AUSTRALIAN SAILING LIMITED

## DIRECTORS' REPORT

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The Directors of Australian Sailing Limited present their Report together with the financial statements of the company for the year ended 30 June 2018 and the Independent Audit Report thereon.

### Director details

The following persons were Directors of the Company during or since the end of the financial year.

**Mr. Matt Allen**  
**B.Bus**

Non-Executive President (since 19 October 2013)  
Director of Australian Sailing Limited since 18 October 2014.  
Director of Yachting Australia Incorporated from 8 April 2011 to 18 October 2014.  
Member of AOC Executive since May 2017; Director of the Australian Olympic Foundation: Chair AOC Finance Commission; Member of the Australian Olympic Foundation Investment Advisory Committee; Vice-Chair World Sailing offshore and Oceanic Committee.  
Member of the Australian Sailing Nominations Committee, Chair of the Australian Sailing Remuneration Committee; current Director and former Chairman of CYCA SOLAS Trusts; former Commodore of Cruising Yacht Club of Australia; extensive experience in financial services industry including Regional CEO and President of UBS AG Japan and Managing Director of Swiss Bank Corporation in Australia.  
Past President of the Australian Farr 40 Class; past Treasurer of the International Farr 40 Class; President of the Australia Day Regatta and Past Rear Commodore of the Royal Ocean Racing Club; former Chairman of the Volvo Ocean Race Australian Challenge in 2005/06; member of the Olympic Team Appeal Committee (NSW) and sat on the arbitration Panel for the 35<sup>th</sup> Americas Cup; competitor in 28 Sydney to Hobart Yacht races (overall winner in 1983 and in 2017); four time winner of the Kings Cup; former World champion in the 11 Metre Class, Runner up in the 2006 Farr 40 World Championships and current Australian IRC, IMS and ORCi title holder.

**Ms. Sarah Kenny**  
**LLB (Hons), Graduate AICD**

Non-Executive Vice President (since 19 October 2013).  
Director of Australian Sailing Limited since 18 October 2014.  
Director of Yachting Australia Incorporated from 17 December 2010 to 18 October 2014.  
Member of Australian Sailing Remuneration Committee and Nominations Committee.  
Sarah is a Consultant at Herbert Smith Freehills after a 20 year career as a partner in the Corporate group of the Sydney office; from a dinghy sailing background and successfully competed at national and international windsurfing events including multiple World Championships and the Los Angeles Olympics in the Windsurfing demonstration event; Member of World Sailing Council; Member and Chair of World Sailing Events Committee, past Vice-Chair of World Sailing Women's Forum; past member of World Sailing Windsurfing & Kite and Youth & Development Committees; member of Australian and New Zealand Sports Law Association; member of the 2008, 2012 and 2016 Australian Sailing Olympic Nomination panels.  
Non-executive Director and member of Audit and Risk, Nomination, and Remuneration Committees of Propertylink Group; Ambassador for The Helmsman Group outdoor adventure charity.

**Mr. Daniel Belcher**  
**LLB/B.Com (Accounting), MBA, Graduate AICD**

Independent Non-Executive  
Director of Australian Sailing Limited since 18 October 2014.  
Director of Oceania Sailing Federation since 2018.  
Daniel is the Managing Director of Redwood North, a mid-market Private Equity firm. Previously Daniel was a management consultant with McKinsey & Co in New York and Sydney. Co-founder and Deputy Chairman of Melanoma Patients Australia, a non-profit organisation; Member of Australian Sailing Squad 2000-2004 (470 Class) winning international, Australia, and state titles (top 10 World

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# AUSTRALIAN SAILING LIMITED

## DIRECTORS' REPORT

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Sailing ranking in 2004); Etchells racing since 2004; winner of International 420 World and World Junior Championships in 2000.

### Director details (continued)

#### **Mrs. Joanne Keen**

**LLB(Hons), LLM(Hons), Member (AICD), Member (ACLA)**

Independent Non-Executive

Director of Australian Sailing Limited from 29 October 2016.

Executive General Counsel and Company Secretary with CS Energy since March 2017 with extensive experience in the energy sector including 6 years as General Counsel for Energex, and 8 years with Ergon Energy. Former Board member of the Leukaemia Foundation of Queensland for 8 years. Former member of the Queensland Development Board of The Hunger Project Australia. Former panel member for Australian Sailing in youth misconduct matters and is involved in youth sailing through her daughters. Has sailed Hobie 16s at State, National and International level along with 14' skiffs. Competed in Brisbane to Gladstone yacht race, sailed east coast of Australia with her husband for 6 months, and enjoys kitesurfing and sailing with her family in their trimaran.

#### **Mr. Garry Langford**

Independent Non-Executive

Director of Australian Sailing Limited since 18 October 2014.

Director of Yachting Australia Incorporated from 19 October 2013 to 18 October 2014.

Member and Chair of Audit and Risk Committee. Consultant in the development, protection and management of new fruit products, internationally. Awarded Churchill Fellowship in 1994; past President of Yachting Tasmania; sailed in 3 Sydney to Hobart Yacht races; established Tasmanian High performance program with the Tasmanian Institute of Sport; Life member of Association of Apex Clubs; past Director and current member of International Fruit Tree Association (USA); Retired, during 2017 from Director positions at Prevar Limited (NZ); Pink Lady Development Limited (AUS); International Pink Lady Alliance Limited (AUS); and Coregeo UK; Dinghy instructor and past long distance Pacific cruiser.

#### **Mr. Cole Michael ("Skip") Lissiman O.A.M**

**GradDipBus (Marketing), DipEng (Surveying)**

Independent Non-Executive

Director of Australian Sailing Limited since 29 October 2016.

Chair of Poppy Lissiman & Co Pty Ltd, a family global on-line fashion accessories business. Managing Director of Skue Holdings Pty Ltd trading as Skip Lissiman Consulting and Skip Lissiman Marketing. CEO from 1991 – 2016 of Western Australian Yachting Foundation.

Founding Board member of Western Australia 2011 Pty Ltd from 2006 to 2011 which won the rights to host the ISAF 2011 sailing world championships off Fremantle in December 2011.

Has represented Australia in international sailing competition over 40 times and was part of the crew on Australia II that won the 1983 Americas Cup, breaking the longest winning streak in sporting history (132 years). Senior Manager and Team coach for Swedish Americas Cup team, 'Victory Challenge' in 2002. Project manager for Alan Bond's Americas Cup campaigns from 1980 to 1990. Awarded OAM in 1984. Advance Australia Award for outstanding contribution to yachting in 1983. Australian Sports Medal in 2000.

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## AUSTRALIAN SAILING LIMITED

### DIRECTORS' REPORT

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#### Director details (continued)

**Ms Jennifer Maclean**

**Juris Doctor in Law, Master of Sport Management, Grad. Dip Arts in Recreation,  
B.App Science (Distinction in Medical Biophysics and Scientific Instrumentation)**

Independent Non-Executive

Director of Australian Sailing Limited since 6 November 2015.

Member of National Safety Committee and Audit & Risk Committee; Commercial Manager, Legal at Frasers Property Australia; past director of Yachting Victoria (YV) and chair of YV Risk Management & Safety Committee; former Commodore of Blairgowrie Yacht Squadron; prior to her career in law, she was a leader in the national and state water safety and aquatic recreation industry working for peak not-for-profit organizations; former director and life member of Life Saving Victoria; former director and life member of Aquatics & Recreation Victoria; active club sailor in her Farr 1020; enjoys cruising in her Beneteau Cyclades 43.3.

**Mr. Alistair Murray AM**

Independent Non-Executive

Director of Australian Sailing Limited since 29 October 2016.

Member of Australian Sailing Strategic Advisory Committee.

41 years with international yacht fittings market leader, Ronstan; following 20 years as CEO, currently Chairman. Awarded an AM in 2017 for services to sailing, as a supporter of young sports people, and to the manufacturing and export industries. Has been involved in numerous activities to promote sailing, including Chairman of the International Sailing Summit and Board memberships of Sail Melbourne, Sail America, Volvo Ocean Race Stopover and Sandringham Yacht Club. Other industry roles have included current Boating Industry Association of Victoria directorship and President of the marine industry export body, AIMEX. Recognised with numerous awards, including Austrade Export Hero, a Federal Government Centenary Award, Australian Manufacturing Hall of Fame, Victorian Governor's Export Award, US Sailing Industry Award for Outstanding Contribution, Australian Sailing Lifetime Achievement Award and BIAV Industry Champion Awards. Has sailed numerous classes of dinghies and keelboats, winning numerous State and National Titles, and a World Masters Championship in Tasars.

**Mrs. Sarah Ogilvie**

**BDes (Graphics), Bed**

Independent Non-Executive.

Director of Australian Sailing Limited since 29 October 2016.

Member of the Athletes Commission as the Australian Board representative.

Graphic Designer – Branding experiences.

Represented Australia at the Olympics in the Laser Radial class at Athens 2004 and Beijing 2008 (finishing fourth in both), 3 times World Champion, and numerous Australian and State Championship titles. Co-Captain of the Australian Sailing Team in 2008. Female Australian Sailor of the Year in 2007. Australian Telstra Junior Athlete of the year – 1995. Most successful womens single handed dinghy class sailor in Australia. Founder of the Sarah Blanck Regatta in Victoria for women only that is run and officiated by women. Active in coaching across junior, youth, school and clubs and has been instrumental in the development of a new Sailing Coach course for Australian Sailing. Sailability Coordinator for Yachting Victoria from 2012 to 2015.

**Company Secretary**

**Greg McFadden**

**B.Bus (Accounting), GMQ (AGSM), CA**

Chartered Accountant and the Company's Head of Finance & Corporate Services. Greg has held senior positions with a number of businesses in financial services, state government, infrastructure providers, and manufacturing, after initially spending 9 years in audit at Deloitte. Greg was appointed Company Secretary on 18 October 2014.

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# AUSTRALIAN SAILING LIMITED

## DIRECTORS' REPORT

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### Principal activities

During the year, the principal continuing activities of the Company were to act as the National Sporting Organization (NSO) for the sport of sailing in Australia including:

- From 1 July 2016 all state and territory member yachting associations (MYAs) had signed One Sailing Implementation Agreements. These agreements assign to the Company the responsibility for managing the sport as one in day-to-day operations, delivering the services to the clubs and sailing community across Australia, and initiating programs to grow participation and develop new Olympic champions.
- In collaboration with the state and territory Member Yachting Associations (MYA's) and federal government agencies, set objectives, plans and priorities to deliver a successful and growing future for sailing;
- Develop the Australian Sailing Strategic Plan called Advance Sailing which determines the priority strategies, initiatives, programs and policies;
- Represent sailing to the Federal Government advocating the interests of its member associations and their member clubs on a range of issues including those that affect the sport, safety, communication and the environment;
- Develop world class athletes including the management of the Olympic, Para-sailing, Youth and State Sailing Performance Pathway programs;
- Represent Australian sailing as a member of World Sailing to influence international sailing policy and regulations;
- Support club based competitive sailing;
- Assist clubs to increase participation in sailing;
- Provide pathways for sailors and officials with relevant training and development opportunities;
- Offer programs for club officials and members to provide:
  - Internationally and commercially recognised sailing and boating qualifications
  - Training, qualifying and developing:
    - Instructors
    - Club and Performance coaches
    - Race Officials, Judges, Umpires and Measurers
  - Powerboat courses for the public and club members to increase marine safety and improve the skills of Club Safety boat drivers;
- General support for clubs and their members including insurance, IT platforms, and organising National and State Committees to implement major plans, policies and programs.

There has been no significant change in the nature of these activities during the year.

### Short-term objectives

The Company's short-term objectives are to:

1. Establish club cluster network – grouping Clubs to facilitate targeted engagement to develop club capabilities;
2. Develop on-line information repository to provide relevant and current information for Clubs and sailing community;
3. Assist Classes with their governance and management;
4. Engage with Clubs to successfully deliver ASC Sporting Schools program;
5. Continue provision of financing to access equipment;
6. Conduct annual national census and refine to support demographics and provide market segmentation;
7. Review and revitalise existing marketing of programs;
8. Develop club tool kit to assist in promoting events and services;
9. Develop digital communication plan including websites, and social media platforms;
10. Produce national budget with best practise accounting, financial reporting and risk management;
11. Develop appropriate human resource programs and systems for staff and volunteers;
12. Conduct annual club services survey to measure relevance and performance;
13. Significantly improve influence and representation at World Sailing;
14. Develop practises to improve advocacy at all levels of government;

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## AUSTRALIAN SAILING LIMITED

### DIRECTORS' REPORT

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15. Conduct audit of all potential commercial properties to rationalise benefits;
16. Implement sales plan to engage with and secure potential sponsors;
17. Undertake business activity review to establish efficiency and revenue opportunities across all Australian Sailing business lines to maximise value;
18. Establish process for tracking grant opportunities at all levels;
19. Re-invigorate Patrons Program.

#### Long-term objectives

The Company's long-term objectives are to:

1. Develop stronger relationships across the network of Clubs and Classes by providing consistent and unified leadership – Build capability and capacity;
2. Improve the development and efficient delivery of relevant services to Clubs, Classes and sailing community – Significantly improve services and service delivery;
3. Build on Australian Sailing's success at the Olympics through stronger management of underpinning programs and talent pathways in co-ordination with and support of Clubs and Class Associations – Maintain Olympic success;
4. Ensure the sport is placed to capitalise on opportunities that can bring in new revenue from external sources – Significantly increase revenue.

#### Strategy for achieving short and long-term objectives

To achieve these objectives, the Company has adopted the following strategies:

- Initiated the Strategic Plan , Advance Sailing
- Restructured the organisation to provide the capability and capacity to achieve the initiatives;
- Established the Strategic Advisory Committee that engages the MYA's directly into the strategic planning.

#### Operating results for the year

The surplus from continuing operations for the year ended 30 June 2018 was \$636,959 (2017: Deficit \$663,644).

#### Significant Changes in the state of affairs

There were no significant changes to the state of affairs of the Company during the year.

#### Dividends

The Company is a not-for-profit organisation and is prevented by its constitution from paying dividends.

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## AUSTRALIAN SAILING LIMITED

### DIRECTORS' REPORT

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#### Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director, is as follows:

	Board Meetings		Audit & Risk Committee	
	A	B	A	B
Matt Allen	11	11	-	-
Sarah Kenny	11	10	-	-
Daniel Belcher	11	11	-	-
Joanne Keen	11	10	-	-
Garry Langford	11	11	5	5
Cole Michael Lissiman	11	11	-	-
Jenni Maclean	11	10	5	5
Alistair Murray	11	10	-	-
Sarah Ogilvie	11	8	-	-

Where:

- column A is the number of meetings the Director was entitled to attend
- column B is the number of meetings the Director attended

#### Significant events after the reporting date

There were no significant events after balance date.

#### Corporate information

Australian Sailing Limited is a company limited by guarantee that is incorporated and domiciled in Australia.

The registered office and principal place of business is:  
Level 1, 22 Atchison Street, St Leonards NSW 2065

#### Likely developments and expected results

There are no likely developments which may affect either the Company's operations or expected results of those operations.

#### Environmental regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

#### Indemnification and insurance of directors and officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Australian Sailing Limited against legal costs incurred in defending proceedings for conduct involving:

- (a) a wilful breach of duty; or  
(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The amount of the premium cannot be disclosed due to policy conditions.

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## AUSTRALIAN SAILING LIMITED

### DIRECTORS' REPORT

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#### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

#### Membership

The Company is limited by guarantee and without a share capital. The number of members as at 30 June 2018 is eight (8) (2017: 8).

#### Contribution in winding up

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that members of the Company are liable to contribute if the Company wound up is \$8 (2017: \$8).

#### Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.307C of the *Corporations Act 2001* is included at page 8 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.



Matt Allen  
Director  
25 September 2018



## Auditor's Independence Declaration to the Directors of Australian Sailing Limited

As lead auditor for the audit of Australian Sailing Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a.) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b.) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Daniel Cunningham  
Partner  
25 September 2018

**AUSTRALIAN SAILING LIMITED****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	<i>Note</i>	<b>2018</b> \$	<b>2017</b> \$
<b>Continuing operations</b>			
Revenue	3	18,313,347	15,694,106
Finance income		40,924	14,544
		<b>18,354,271</b>	<b>15,708,650</b>
Employee benefits expense	4A	7,912,863	7,879,201
Depreciation expense	4B	330,304	311,275
Cost of training, participation materials and technical rule books sold		147,609	128,245
Finance costs		6,108	9,767
Grants and reimbursements to athletes		1,744,982	1,177,899
Hire of coach boats and facilities		303,074	212,108
Insurance		482,753	472,405
Payments to state high performance programs		241,500	240,000
Regattas and camps - entry and charter fees, other participation costs		365,595	256,560
Transport and storage costs of boats and equipment		429,579	183,557
Travel expenses - corporate		115,875	213,447
- services to sailing clubs and their members		265,361	265,498
- athlete performance program		1,374,630	1,270,817
Uniforms		196,775	381,875
Sailing equipment components, development and maintenance		455,512	390,184
Other operating expenses	4C	3,344,792	2,979,456
		<b>17,717,312</b>	<b>16,372,294</b>
<b>Profit/(Loss) from continuing operations for the year</b>		<b>636,959</b>	<b>(663,644)</b>
<b>Profit/(Loss) for the year</b>		<b>636,959</b>	<b>(663,644)</b>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive profit/(loss) for the year</b>		<b>636,959</b>	<b>(663,644)</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

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**AUSTRALIAN SAILING LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

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	<i>Note</i>	<b>2018</b> \$	<b>2017</b> \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	16	3,712,599	3,224,082
Trade and other receivables (Current)	5	893,874	839,799
Inventories	6	-	74,280
Prepayments & other assets (Current)	7	270,324	781,327
Other financial assets (Current)	8	99,679	108,812
<b>Total Current Assets</b>		<b>4,976,476</b>	<b>5,028,300</b>
<b>Non-current assets</b>			
Trade and Other receivables (Non-current)	5	56,667	22,824
Prepayments & other assets (Non-current)	7	44,013	195,116
Other financial assets (Non-current)	8	89,637	89,487
Property, plant & equipment	9	2,384,382	1,580,437
<b>Total Non-current Assets</b>		<b>2,574,699</b>	<b>1,887,864</b>
<b>TOTAL ASSETS</b>		<b>7,551,175</b>	<b>6,916,164</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	1,901,175	1,817,048
Government grants	11	3,003,679	2,573,928
Employee benefits liabilities (Current)	12	508,929	704,114
Interest-bearing borrowings	13	-	295,254
<b>Total Current Liabilities</b>		<b>5,413,783</b>	<b>5,390,344</b>
<b>Non-current Liabilities</b>			
Employee benefits liabilities (Non-current)	12	182,868	208,255
<b>Total Non-current Liabilities</b>		<b>182,868</b>	<b>208,255</b>
<b>TOTAL LIABILITIES</b>		<b>5,596,651</b>	<b>5,598,599</b>
<b>NET ASSETS</b>		<b>1,954,524</b>	<b>1,317,565</b>
<b>EQUITY</b>			
Reserves - Natural disaster relief fund	14	30,000	30,000
Reserves - National Training Centre	14	991,358	1,083,987
Reserves – Other Capital Asset funding	14	999,241	392,467
Accumulated funds		(66,075)	(188,889)
<b>TOTAL EQUITY</b>		<b>1,954,524</b>	<b>1,317,565</b>

The above Statement of Financial Position should be read in conjunction with the notes to the financial statements.

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**AUSTRALIAN SAILING LIMITED****STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2018**

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	<b>Accumulated funds</b>	<b>Natural disaster relief fund</b>	<b>National Training Centre funding</b>	<b>Other Asset Funding</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>At 1 July 2016</b>	<b>558,851</b>	<b>30,000</b>	<b>1,144,226</b>	<b>248,132</b>	<b>1,981,209</b>
Profit/(Loss) for the year	(663,644)	-	-	-	(663,644)
Transfer to reserve	(84,096)	-	(60,239)	144,335	-
<b>At 30 June 2017</b>	<b>(188,889)</b>	<b>30,000</b>	<b>1,083,987</b>	<b>392,467</b>	<b>1,317,565</b>
Profit/(Loss) for the year	636,959	-	-	-	636,959
Transfer to reserve	(514,145)	-	(92,629)	606,774	-
<b>At 30 June 2018</b>	<b>(66,075)</b>	<b>30,000</b>	<b>991,358</b>	<b>999,241</b>	<b>1,954,524</b>

The above Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

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**AUSTRALIAN SAILING LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

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	<i>Note</i>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from grants, subscriptions and operations		19,374,701	14,513,595
Payments to trade creditors and suppliers		(9,378,846)	(5,180,866)
Payments to employees		(8,217,156)	(7,913,298)
Interest paid		(6,108)	(9,767)
Interest received		40,924	14,544
<b>Net cash inflows from operating activities</b>		<b>1,813,515</b>	<b>1,424,208</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		75,480	38,980
Payments for property, plant and equipment		(1,224,353)	(283,056)
<b>Net cash outflows from investing activities</b>		<b>(1,148,873)</b>	<b>(244,076)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans to non-related parties		(58,984)	(10,777)
Repayments by non-related parties		178,113	56,142
Loan from non-related party		-	762,117
Repayments of loan from non-related party		(295,254)	(466,863)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>(176,125)</b>	<b>340,619</b>
Net increase in cash held		488,517	1,520,751
Cash at beginning of year		3,224,082	1,703,331
<b>Cash at End of Year</b>	<b>16</b>	<b>3,712,599</b>	<b>3,224,082</b>

The above Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

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# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1 – CORPORATE INFORMATION

The financial statements of Australian Sailing Limited (the 'Company') for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 25 September 2018.

Australian Sailing Limited is a "not-for-profit" entity.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

#### *Going Concern*

The Company's financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the financial year ended 30 June 2018 the Company has experienced an operating surplus of \$636,959, a pleasing improvement from the operating deficit recorded in the previous financial year ended 30 June 2017 of \$663,644. The improved performance reflected improved grant funding from the Federal and State Governments during the financial year, in particular funding for capital assets, combined with strong control over operating expenditure.

At 30 June 2018 the Company had increased cash resources over the prior year by \$488,517 but also had net current liabilities of \$437,307 (2017 \$362,044). Management is focused on diversifying its revenue sources to reduce its reliance on Federal and State government grant funding. In addition focus is still strongly on reducing and managing operational costs.

The continued viability of the Company and its ability to continue as a going concern is dependent upon the Company being successful in its continuing efforts to grow its revenue base and the ongoing tight management of operational costs. The Australian Sports Commission has confirmed that the National Sporting Organisation for the sport of Sailing will continue to receive funding of at least 80% of 2015/2016 High Performance funding levels through to the Tokyo Olympics in 2020, and the lower Participation funding component will be subject to a new National funding model from 1 July 2019. The board is confident that the Company will be successful in continuing to rebuild its reserves and accordingly has prepared the financial statements on a going concern basis.

The financial report is presented in Australian dollars.

The financial statements provide comparative information in respect of the previous period.

#### 2.2 Statement of compliance

The Company has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the past two financial years.

The Company is a not-for-profit, private sector entity, which is not publicly accountable. Therefore the financial statements for the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The adoption of AASB1053 and AASB 2010-2 allowed Australian Sailing Limited to remove a number of disclosures. There were no other impacts on the current or prior year financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.3 Changes in accounting policy, accounting standards and interpretations**

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

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2017/2018 do not impact the financial statements of the Company.

**2.4 Summary of significant accounting policies**

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

**(a) Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

**(b) Foreign currency translation**

Both the functional and presentation currency of Australian Sailing Limited is Australian dollars (\$).

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**(c) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(c) Revenue recognition (continued)**

received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

*Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

*Subscriptions*

Revenue is recognised when a member is entitled to the benefits belonging to the Company.

*Grants - conditional*

Where a contractual right to return unspent monies exists, the amount received will be deferred and recognised as income once the funds have been spent.

*Grants - unconditional*

Grants received for specific projects are recognised as revenue upon receipt regardless of whether the expenditure has been incurred as long as there is no contractual right to return the monies received to the grantor.

*Rendering of services*

Revenue is recognised for the provision of services where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

*Sponsorship*

Sponsorship revenue is recognised in terms of both cash received and value in kind support provided during the period. The value in kind support is recorded as income using actual values or cost of the goods or services utilised during the year. Items of value in kind support include the cost of team uniforms, equipment, car hire, boat hire, accommodation and hospitality. At the same time an equal offsetting value in kind expense is recognised in the relevant expense category (for example uniforms provided to the Company at no cost are recognised as sponsorship revenue and as an expense in the Uniforms category).

*Interest*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(d) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in full and the grant released to profit or loss. The grant released is also recognised in a reserve to offset future depreciation on the relevant asset/s. The depreciation incurred on the asset is also recognised as a reduction in the reserve. As at 30 June 2018 there are two capital asset reserves recognised, one for the National Training Centre at Middle Harbour Yacht Club, and one for other capital assets.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.



**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(e) Taxes***Income Taxes*

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

*Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(f) Plant and equipment**

Plant and equipment is stated at historical cost, or fair value if the asset is donated to the entity, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the profit or loss as incurred. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted, if appropriate, at each financial year end.

*Depreciation*

The depreciation rates used for each class of assets are:

Computer equipment	3 years
Coach boat motors	3 years
Coach boats	5-15 years
Motor vehicles	10 years
Office furniture and equipment	5-15 years
Leased assets	Term of lease
Leasehold improvements	Term of lease
National Training Centre – Marina Deck	Term of lease

*Disposal*

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(g) Leases**

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(g) Leases (continued)**

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability in trade and other payables when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

**(h) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(i) Financial instruments – initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

The Company has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(i) Financial instruments – initial recognition and subsequent measurement (continued)**

recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

*Loans and receivables*

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 5.

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Company did not have any held-to-maturity investments during the years ended 30 June 2018 and 30 June 2017.

*Available-for-sale (AFS) financial investments*

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the AFS reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

The Company did not have any Available-for-sale financial investments during the years ended 30 June 2018 and 2017.

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(i) Financial instruments – initial recognition and subsequent measurement (continued)***De-recognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Impairment of financial assets**

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(i) Financial instruments – initial recognition and subsequent measurement (continued)***Available-for-sale (AFS) financial investments*

For AFS financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

**Financial liabilities***Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, and loans and borrowings.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired or incurred for the purpose of selling or repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 is satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

*Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 13.

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Summary of significant accounting policies (continued)****(i) Financial instruments -- initial recognition and subsequent measurement (continued)***De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(j) Inventories**

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**(k) Impairment of non-financial assets**

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and depreciated replacement cost. Depreciated replacement cost is calculated as the current replacement cost of the most appropriate modern equivalent replacement asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

**(l) Cash assets**

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(m) Provisions**

Provisions are recognised when the Company 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

*Wages, salaries and annual leave.*

Liabilities for wages and salaries, including non-monetary benefits and annual leave, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled.

NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 Summary of significant accounting policies (continued)**

**(m) Provisions (continued)**

*Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments made in respect of services and provided by employees up to the reporting date.

Provision for employees with less than 10 years' service has been allocated to non-current liabilities.

In determining the liability for employee entitlements related on-costs have also been included in the liability.

**(n) Fair value measurement**

The Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. The Company has no such financial instruments as at 30 June 2018 (2017 - \$Nil).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(o) Trade and other receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor and default payments are considered objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 Summary of significant accounting policies (continued)**

**(o) Trade and other receivables (continued)**

Other receivables are recognised at amortised cost, less any provision for impairment.

**(p) Trade and other payables**

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

**(q) Economic dependence**

The Company is dependent upon the ongoing receipt of Federal and State Government grants, corporate sponsorships, and donations to ensure the ongoing continuance of its programs. At the date of this report, management has no reason to believe that this financial support will not continue.

**(r) Significant management judgement in applying accounting policies**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses:

*Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

*Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

*Inventories*

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

*Long Service Leave*

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2018 \$	2017 \$
<b>NOTE 3 – REVENUE</b>		
<b>Revenue from operating activities</b>		
<b>Membership Scheme</b>		
Australian Capital Territory	18,035	18,498
New South Wales	780,149	693,069
Northern Territory	17,001	5,265
Queensland	304,274	299,637
South Australia	159,712	108,385
Tasmania	128,360	139,686
Victoria	761,286	742,802
Western Australia	408,113	411,019
Others	15,409	7,541
	<u>2,592,339</u>	<u>2,425,902</u>
Club/Centre registration	38,806	52,284
Certification	251,558	225,428
Course fees	683,085	579,787
Sales	175,948	352,715
Regatta and function fees	342,224	210,567
Service fees	61,942	142,747
Rental and hire income	160,159	128,628
Instructor registration	91,363	78,085
Other income	138,382	138,118
	<u>4,535,806</u>	<u>4,334,261</u>
<b>Revenue from outside operating activities</b>		
<b><i>Income for Specific Projects and Grants</i></b>		
Australian Olympic Committee ('AOC') grants	30,561	25,000
Australian Paralympic Committee ('APC') grants	150,000	664,500
Australian Sports Commission ('ASC') grants - performance	8,717,033	8,267,386
- participation	650,000	546,400
Australian Institute of Sport ('AIS') grants	56,000	134,600
Athlete contributions	401,305	264,513
State Government grants	1,301,199	1,127,025
State Institutes of Sport ('SIS') grants	340,000	279,147
Donations	183,150	224,091
Release deferred grant revenue from prior year	1,547,957	220,495
Defer grant revenue to subsequent year	(870,107)	(1,525,956)
Sponsorships	1,043,450	876,435
Gain on disposal of property, plant and equipment	7,370	16,428
Insurance recoveries	4,458	45,846
Others	215,165	193,935
	<u>13,777,541</u>	<u>11,359,845</u>
<b>Total Revenue</b>	<u><b>18,313,347</b></u>	<u><b>15,694,106</b></u>

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**AUSTRALIAN SAILING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

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	2018	2017
	\$	\$
<b>NOTE 4 - EXPENDITURE</b>		
<b>(A) Employee Benefits Expense</b>		
Salaries	5,993,043	5,725,351
Superannuation	659,154	728,303
Other employee related costs	426,304	376,401
Employees provisions expense	(2,852)	119,402
Consultancy	38,802	73,206
Contractors	798,412	856,538
	<b>7,912,863</b>	<b>7,879,201</b>
<b>(B) Depreciation expense</b>		
Computer equipment	37,938	29,923
Coach boat motors	17,059	12,145
Office furniture and equipment	2,157	6,543
Coach boats and equipment	167,430	185,055
Leasehold improvements	34,932	11,217
Motor vehicles	3,599	3,599
Assets in National Training Centre	67,189	62,793
	<b>330,304</b>	<b>311,275</b>
<b>(C) Other operating expenses</b>		
Certification costs	94,708	88,271
Coach payment/expenses	201,648	151,490
Marketing	241,093	251,931
Consultancy	305,046	253,699
Rent and office expenses	1,418,797	919,115
Service fees	312,750	641,974
Event expenses	338,263	266,615
Legal Fees	90,671	87,940
Freight and postage	20,435	26,369
Other	321,381	292,052
	<b>3,344,792</b>	<b>2,979,456</b>

# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2018 \$	2017 \$
<b>NOTE 5 – TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Accounts Receivable	876,994	762,159
Allowance for doubtful accounts	(9,155)	(9,155)
Council bond <sup>(i)</sup>	-	30,680
Bond on Freight Carnet	-	27,000
Other deposits (Current) <sup>(ii)</sup>	26,035	29,115
<b>Total Trade and Other Receivables (Current)</b>	<b>893,874</b>	<b>839,799</b>
<b>Non-current</b>		
Long-term deposit – Australian Sailing Team Olympic Base <sup>(iii)</sup>	25,759	16,424
Long-term deposit – Storage facility <sup>(ii)</sup>	24,508	-
Other deposits (Non-current) <sup>(ii)</sup>	6,400	6,400
<b>Total Trade and Other Receivables (Non-current)</b>	<b>56,667</b>	<b>22,824</b>

- (i) Mosman Council held a bond in respect of seagrass that may be affected by the construction of a marina deck at the Australian Sailing Team's National Training Centre based at Middle Harbour Yacht Club at the Spit, Mosman NSW. The bond was expensed during the year ended 30 June 2018 on advice from Council due to the death of seagrass under the decking.
- (ii) Security deposits on various rental properties noted in Note 18 - Leases are recognised in Current and Non-current categories of Trade and Other receivables.
- (iii) Deposit is held as security in relation to the lease of five houses near Enoshima Sailing Course, Japan, (also noted in Note 18) as the Australian Sailing Team base in the period leading up to, during and after the 2020 Tokyo Olympics.

The movement in the allowance for doubtful accounts can be reconciled as follows:

At 1 July	9,155	9,155
Amounts written off (uncollectable)	-	-
<b>At 30 June</b>	<b>9,155</b>	<b>9,155</b>

## NOTE 6 – INVENTORIES

Training, participation materials and technical rule books *	-	118,249
Allowance for obsolescence	-	(43,969)
<b>Total Inventories at the Lower of Cost and Net Realisable Value</b>	<b>-</b>	<b>74,280</b>

\*All inventories held at the start of the year ended 30 June 2018 were expensed during the year due to some sales but mainly due to continued slow movement in older product lines, and the decision to expense all new inventory purchases on acquisition. This reflected the full outsourcing of inventory management and the decision to allow the sale of Tackers related merchandise through a third party manufacturer/distributor.

The movement in the allowance for obsolescence can be reconciled as follows:

At 1 July	(43,969)	(39,357)
Amounts allowed for obsolescence	-	(4,612)
Charged against allowance	43,969	-
<b>At 30 June</b>	<b>-</b>	<b>(43,969)</b>

# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2018 \$	2017 \$
<b>NOTE 7 – PREPAYMENTS &amp; OTHER ASSETS</b>		
<b>Current</b>		
Prepayments *	255,194	487,023
Accrued income	15,130	294,304
<b>Total Prepayments &amp; Other Assets (Current)</b>	<b>270,324</b>	<b>781,327</b>
<b>Non-current</b>		
Prepayments *	44,013	195,116
<b>Total Prepayments &amp; Other Assets (Non-current)</b>	<b>44,013</b>	<b>195,116</b>

\*Includes prepaid rent on the Yachting Western Australia premises originally paid 7 years in advance in April 2014. As at 30 June 2018 this amounted to Current \$23,028 and Non-Current \$41,417 (2017: \$23,028 and \$64,445 respectively). Refer note 18 (12)(vi).

## NOTE 8 – OTHER FINANCIAL ASSETS

<b>Current</b>		
Term deposit – Office premises <sup>(i)</sup>	-	53,000
Term deposit – Credit card facility <sup>(ii)</sup>	60,000	-
Loans to Non-Related Parties <sup>(iii)</sup>	39,679	55,812
<b>Total Other Financial Assets (Current)</b>	<b>99,679</b>	<b>108,812</b>
<b>Non-current</b>		
Term deposit – Office premises <sup>(i)</sup>	52,939	-
Loans to Non-Related Parties <sup>(iii)</sup>	36,698	89,487
<b>Total Other Financial Assets (Non-current)</b>	<b>89,637</b>	<b>89,487</b>

- (i) A deposit is held as security with the Company's bankers in relation to the lease of premises at 22 Atchison Street, St Leonards NSW. The lease on these premises was renewed effective 1 July 2018 for a further 18 months. The Term Deposit acting as security for the previous lease was refunded by our bankers at the same time that a Term Deposit was created for the new lease. The fixed interest rate is 2.3% maturing 1 November 2019 at which time it may or may not be renewed as the underlying property is subject to a Development Application and possible demolition by this time.
- (ii) A deposit is held as security with the Company's bankers in relation to a credit card facility provided by the Company's bankers. The fixed interest rate is 2.0% maturing 18 August 2018 and renewable every three months thereafter until the facility is cancelled by either party.
- (iii) Loans are provided to Non-related Parties to purchase boats that may be used to provide Tackers learn to sail courses. These loans are provided at a 0% nominal interest rate but a penalty interest rate of 10% may be applied in the instance of overdue repayments. There are nine (9) loans outstanding at 30 June 2018 (2017: 11 loans) with maturity dates between 1 July 2018 and 30 June 2021.

# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9 - PROPERTY, PLANT & EQUIPMENT

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Computer Equipment \$	Coach Boat Motors \$	Office Furniture and Equipment \$	Coach Boats and Equipment \$	Leasehold Improvements \$	Leased Assets \$	Motor Vehicles \$	Assets in National Training Centre \$	Total \$
<b>Cost</b>									
Balance 1 July 2017	213,296	120,740	62,074	983,854	131,854	754	43,185	1,271,749	2,827,506
Additions	47,105	94,187	-	907,474	116,669	-	18,000	12,062	1,195,497
Disposals	(74,042)	-	(7,818)	(132,633)	-	(754)	-	-	(215,247)
<b>Balance 30 June 2018</b>	<b>186,359</b>	<b>214,927</b>	<b>54,256</b>	<b>1,758,695</b>	<b>248,523</b>	<b>-</b>	<b>61,185</b>	<b>1,283,811</b>	<b>3,807,756</b>
<b>Depreciation</b>									
Balance 1 July 2017	(153,767)	(84,080)	(59,222)	(634,662)	(96,796)	(754)	(7,493)	(210,295)	(1,247,069)
Disposals	73,546	-	7,818	71,881	-	754	-	-	153,999
Depreciation	(37,938)	(17,059)	(2,157)	(167,430)	(34,932)	-	(3,599)	(67,189)	(330,304)
<b>Balance 30 June 2018</b>	<b>(118,159)</b>	<b>(101,139)</b>	<b>(53,561)</b>	<b>(730,211)</b>	<b>(131,728)</b>	<b>-</b>	<b>(11,092)</b>	<b>(277,484)</b>	<b>(1,423,374)</b>
<b>Net book value 30 June 2018</b>	<b>68,200</b>	<b>113,788</b>	<b>695</b>	<b>1,028,484</b>	<b>116,795</b>	<b>-</b>	<b>50,093</b>	<b>1,006,327</b>	<b>2,384,382</b>
<b>Net book value 30 June 2017</b>	<b>59,529</b>	<b>36,660</b>	<b>2,852</b>	<b>349,192</b>	<b>35,058</b>	<b>-</b>	<b>35,692</b>	<b>1,061,454</b>	<b>1,580,437</b>

All depreciation charges are included within 'depreciation expense' in the Statement of Profit or Loss and Other Comprehensive Income.

# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2018 \$	2017 \$
<b>NOTE 10 – TRADE AND OTHER PAYABLES</b>		
Accounts Payable	739,049	713,259
Athlete contributions in advance <sup>(i)</sup>	229,820	115,821
GST Liability	178,646	90,454
Club Membership Fees in advance <sup>(ii)</sup>	558,823	247,830
Sponsorship paid in advance	112,500	-
Other creditors and accruals	82,337	649,684
<b>Total Trade and Other Payables</b>	<b>1,901,175</b>	<b>1,817,048</b>

- (i) Eligible athletes pay contributions to participate in the State Sailing Team in each sailing year. These programs commonly commence in the 3 to 4 months ending 30 June each year and a large proportion of the contributions carry over into the next financial year.
- (ii) Subscriptions paid by Sailing Clubs to Member Yachting Associations (MYAs) for membership periods ending after 30 June 2018. Not all MYAs have membership years ending 30 June and recognition of these fees as revenue is amortised over the membership year.

## NOTE 11 – GOVERNMENT GRANTS

At 1 July	2,573,928	752,478
Received during the year	11,894,334	10,852,943
Released to the statement of profit or loss	(11,464,583)	(9,031,493)
<b>At 30 June</b>	<b>3,003,679</b>	<b>2,573,928</b>
Current	3,003,679	2,573,928
Non-current	-	-
	<b>3,003,679</b>	<b>2,573,928</b>

## NOTE 12 – EMPLOYEE BENEFITS LIABILITIES

<b>Current</b>		
Provision for Annual Leave	342,922	509,638
Provision for Long Service Leave	166,007	194,476
<b>Total Employee Benefits Liabilities (Current)</b>	<b>508,929</b>	<b>704,114</b>
<b>Non-Current</b>		
Provision for Long Service Leave	182,868	208,255
<b>Total Employee Benefits Liabilities (Non-current)</b>	<b>182,868</b>	<b>208,255</b>

## NOTE 13 – INTEREST BEARING BORROWINGS

Loan payable – Current <sup>(i)</sup>	-	295,254
<b>Total Loan Payable (Current)</b>	<b>-</b>	<b>295,254</b>

- (i) Australian Sailing used short-term Premium Funding finance from Westpac Banking Corporation to pay the Personal Accident Insurance policy for a 2-year policy period commencing 1<sup>st</sup> October 2016. The financing was only required for a 12 month period at an effective interest rate of 2.053% per annum. It was fully repaid in November 2017.

NOTES TO THE FINANCIAL STATEMENTS

	2018 \$	2017 \$
<b>NOTE 14 - RESERVES</b>		
Natural disaster relief fund <sup>(i)</sup>	30,000	30,000
National Training Centre funding <sup>(ii)</sup>	991,358	1,083,987
Other Capital Asset funding <sup>(iii)</sup>	999,241	392,467
<b>Total Reserves</b>	<b>2,020,599</b>	<b>1,506,454</b>

- (i) The Natural Disaster Relief Fund was established to enable Australian Sailing to respond on a case-by-case basis to affiliated Clubs and MYA's unable to pay their membership fees as a consequence of being affected by drought or some other natural disaster.
- (ii) A Marina Deck has been constructed at the National Training Centre at Middle Harbour Yacht Club using a grant from the Australian Sports Commission. The Marina Deck has been recognised as a Fixed Asset (refer Note 9 above) during the year ended 30 June 2014 as well as further costs on this project since 1 July 2015, and the grant, whilst released as income each financial year to match any expenditure on the project, has been recognised as a reserve to offset future depreciation of the asset.
- (iii) Other assets including computer equipment, coach boat motors, a motor vehicle, boats and equipment have been acquired in the four financial years ending 30 June 2015 through to 30 June 2018 using grant funding from the Australian Sports Commission. These assets have been recognised as a Fixed Asset (refer Note 9 above) during each year ended 30 June, and the grant, whilst recognised as income during the year, has been recognised as a reserve to offset future depreciation of the asset.

**NOTE 15 – FAIR VALUE MEASUREMENT**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2018:**

	Date of valuation	Total \$
<b>Assets for which fair values are disclosed (Note 8)</b>		
Term deposit – office premises	30 June 2018	52,939
Term deposit – credit card facility	30 June 2018	60,000
Loans to Non-Related Parties	30 June 2018	76,377
<b>Liabilities for which fair values are disclosed (Note 13)</b>		
Interest-bearing borrowings	30 June 2018	-

**NOTE 16 – CASH**

**Reconciliation to Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at year end:

Cash on hand	1,916	2,172
Cash at bank	1,753,214	381,288
Cash management account	1,957,469	2,840,622
<b>Total Cash and cash equivalents</b>	<b>3,712,599</b>	<b>3,224,082</b>

# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2018	2017
	\$	\$

### NOTE 17 - AUDITORS' REMUNERATION

The auditor of Australian Sailing Limited is Ernst & Young.

*Amounts received or due and receivable by Ernst & Young for:*

An auditor review of the financial report of the Company	60,255	56,725
Other services in relation to the Company	14,420	-
<b>Total</b>	<b>74,675</b>	<b>56,725</b>

### NOTE 18 – LEASES – OPERATING LEASES AS LESSEE OR LESSOR

#### Operating Lease Commitments as Lessee

The Company has entered into a commercial lease on:

- (1) Head office premises in the Sydney suburb of St Leonards, NSW commencing 1 July 2018. This is a non-cancellable lease and is a renewal of an existing lease on these premises that expired during the year. The new term is for 18 months, at which time the lease reverts to monthly with no renewal option. The premises are subject to a Development Application which will likely see the site redeveloped.
- (2) A residential apartment in Sydney suburb of Seaforth, NSW for athletes training at the National Training Centre commencing 15 May 2017. This is a non-cancellable lease with a term of 2 years with no renewal option or clauses to revise the rental charge during the term of the lease.
- (3) A boat storage facility in the Sydney suburb of Brookvale, NSW commencing 25 November 2013. This is a non-cancellable lease with an initial term of 3 years, at which time the Company renewed the lease for an additional 3 years. The lease includes a clause to enable upward revision of the rental charge at a rate of 4% per annum or CPI whichever is the greater. This facility was sub-leased during the financial year (refer Operating Lease Commitments as Lessor below).
- (4) A residential apartment in the Sydney suburb of Balgowlah, NSW for athletes training at the National Training Centre commencing 21 December 2017. This is a non-cancellable lease with a term of 12 months with no renewal option or clauses to revise the rental charge during the term of the lease..
- (5) An equipment storage facility in The Netherlands commencing 1 April 2017. This is a non-cancellable lease with an initial term of 16 months, at which time the Company may consider extending the arrangement. Any renewal pricing would reference the CPI in the Netherlands.
- (6) A storage area in the grounds of the Southport Yacht Club, in the suburb of Southport, Queensland commencing 1 January 2017. This is to be used for a Gold Coast base training centre and workshop with a term of 4 years. There is no provision for rental increases during the term of the rental. It may be cancelled at any time with either party required to give 3 months notice.
- (7) A yard storage area in the Sydney suburb of Ingleside, NSW commenced 23 November 2016. This is a non-cancellable lease with an initial term of 12 months. Currently used on a month to month basis.
- (8) A group of 5 houses in Kamakura, Kanagawa Prefecture, in Japan with various dates commencing from 1 June 2017 to 1 October 2017. This comprises the Sailing Hub for the Australian Sailing Team during the 4 year period leading up the Tokyo 2020 Olympics. The houses are close to the Olympic sailing venue of Enoshima Yacht Harbour, in the coastal city of Fijisawa, Kanagawa Prefecture. These are non-cancellable leases with 4 year terms.
- (9) A boat storage facility in the Sydney suburb of Brookvale, NSW commencing 1 February 2018. This is a non-cancellable lease with an initial term of 3 years, at which time the Company may renew the lease for an additional 3 years. The lease includes a clause to enable upward revision of the rental charge at a rate of 4% per annum annually. If the renewal option is selected rent will be reviewed at the current market rate for the first year then 4% thereafter.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 – LEASES – OPERATING LEASES AS LESSEE OR LESSOR (continued)

- (10) Office premises for the Australian Sailing Team at the National Training Centre in the grounds of the Middle Harbour Yacht Club at the Spit in the Sydney suburb of Mosman, NSW commencing 1 October 2017. Contract terms have been agreed with the Sub-Lessor with the lease to be executed once the Head Lessor reviews the Sub-Lease. This is a non-cancellable lease with an initial term of 4 years, with an option to renew the lease for an additional 4 years. There is no rent review during the initial term.
- (11) Boat Storage and Marina access for the Australian Sailing Team at the National Training Centre in the grounds of the Middle Harbour Yacht Club at the Spit in the Sydney suburb of Mosman, NSW commencing 1 January 2014. Contract terms have been agreed with the Sub-Lessor with the lease to be executed once the Head Lessor reviews the Sub-Lease. This is a non-cancellable lease with an initial term of 20 years, with no renewal option as per the Head Lease. There is nominal rent payable during the first 12 years of the lease with rent payable thereafter at 50% of the Commercial Market rates. Rent reviews are annually and subject to an underlying Roads & Maritime Services formula and or failing that, CPI.
- (12) As a result of the One Sailing implementation agreements that each Member Yachting Association (MYA) signed with the Company prior to 30 June 2016, the Company has accepted the operational responsibility for each MYA and the respective commitments in their home state. To this end, the Company has also accepted the lease commitments of each MYA. In summary these commitments comprise:
- (i) An office unit in the Darwin suburb of Millner, Northern Territory commencing 1 October 2016. This is a non-cancellable lease with a term of 12 months with no renewal option. Currently on a month to month basis.
  - (ii) An office suite in the Adelaide suburb of Hindmarsh, South Australia commencing 1 November 2014. This is a non-cancellable lease with a term of 4 years with two further 4 year renewal options. Rentals are reviewed annually at 3.5% or current market rate on each renewal date.
  - (iii) An office suite at Royal Queensland Yacht Squadron, in the Brisbane suburb of Manly, Queensland commencing 24 August 2004. This is a non-cancellable lease with a term of 30 years with renewal option to be negotiated at the time of expiry. Rentals are reviewed annually at CPI (Brisbane).
  - (iv) A licence to occupy land in the grounds of Royal Queensland Yacht Squadron, in the Brisbane suburb of Manly, Queensland commencing 1 July 2014. This is a non-cancellable licence with a term of 5 years with a renewal option to be negotiated at expiry of the licence. Rentals are reviewed annually at CPI (Brisbane).
  - (v) An office space in the Melbourne suburb of Albert Park, Victoria at the Boatshed on the shores of Albert Park Lake, commencing 1 January 2016. This is a non-cancellable lease with a term of 30 years with renewal options to be negotiated prior to lease expiry. Rent is subject to a CPI increase annually with a review to market every 3 years. This is also known as the State Sailing Centre @ Boatshed Albert Park.
  - (vi) An office space in the grounds of the Royal Perth Yacht Club in the Perth suburb of Crawley, Western Australia commencing 21 April 2014. This is a non-cancellable lease with a 7 year term. Yachting Western Australia Inc elected to prepay the full rental on this site at the time of signing the lease. As such there is no lease commitment at reporting date. The lease does have two 4 year options for renewal at market rates.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2018 \$	2017 \$
Within one year	717,807	472,535
After one year but no more than five years	836,303	697,384
More than five years	720,152	769,013
<b>Total minimum lease payments</b>	<b>2,274,262</b>	<b>1,938,932</b>

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## AUSTRALIAN SAILING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### NOTE 18 – LEASES – OPERATING LEASES AS LESSEE OR LESSOR (continued)

##### Operating Lease Commitments as Lessor

- (1) Sub-lease to Hydraulic Towing of a boat storage facility in the Sydney suburb of Brookvale, NSW commencing 1 March 2018. This is a non-cancellable lease with an initial term of 20 months and 24 days with no option to renew. There is no rent review during this period. This facility has been leased by the Company since 25 November 2013 and this sub-lease will terminate when the lease expires on 24 November 2019 (refer point (3) in *Operating Lease Commitments as Lessee* above).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2018 \$	2017 \$
Within one year	47,000	-
After one year but no more than five years	18,757	-
More than five years	-	-
<b>Total minimum lease payments</b>	<b>65,757</b>	<b>-</b>

#### NOTE 19 – CONTINGENT LIABILITIES

The Company is representing Yachting Victoria Inc in 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. During the 2017-18 Financial year the litigant sought leave to appeal against a Federal Court judgement striking out various parts of their claim. The litigants leave to appeal was unsuccessful and as such costs pertaining to the leave to appeal application were awarded to Yachting Victoria Inc. The matter is currently at a mediation phase and if an acceptable agreed outcome cannot be reached it will be heard by the Federal Court in late 2018.

The directors are of the opinion that the claim can be successfully defended by the Company.

# AUSTRALIAN SAILING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 20 – RELATED PARTY TRANSACTIONS

The Company's related parties include its Key Management Personnel as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

#### (a) Compensation of key management personnel

The positions of those having authority for planning, directing and controlling Australian Sailing's activities, directly or indirectly are:

Non-Executive Directors	Chief Executive Officer
Performance Director	General Manager Club Services & Operations
General Manager Commercial & Government*	Head of Finance & Corporate Services
Head of Marketing & Communications	Head of Sailing Services*
Head of Participation, Education & Online Services	

\* Position made redundant during the year ended 30 June 2018.

	2018 \$	2017 \$
Short-term employee benefits	1,294,341	1,224,192
Post-employment benefits	94,976	143,214
Other long-term benefits	15,924	24,458
<b>Total compensation</b>	<b>1,405,241</b>	<b>1,391,864</b>

Average annual reportable remuneration paid to key management personnel during the reporting period:

Average annual reportable remuneration <sup>(i)</sup>	2018					
	Key Management Personnel	Average Reportable Salary <sup>(ii)</sup>	Average Contributed Superannuation <sup>(iii)</sup>	Average Reportable Allowances	Average Bonus Paid	Total
		\$	\$	\$	\$	\$
\$0 to \$49,999	11 <sup>(iv)</sup>	2,106	119	0	0	2,225
\$50,000 to \$99,999	1	91,866	6,107	0	0	97,973
\$100,000 to \$149,999	3	114,975	14,776	0	0	129,751
\$150,000 to \$199,999	2	165,180	11,592	0	0	176,772
\$250,000 to \$299,999	1	210,000	0	0	0	210,000
\$300,000 to \$349,999	1	309,951	20,049	0	0	330,000

Average annual reportable remuneration <sup>(i)</sup>	2017					
	Key Management Personnel	Average Reportable Salary <sup>(ii)</sup>	Average Contributed Superannuation <sup>(iii)</sup>	Average Reportable Allowances	Average Bonus Paid	Total
		\$	\$	\$	\$	\$
\$0 to \$49,999	13 <sup>(iv)</sup>	3,466	266	-	-	3,732
\$50,000 to \$99,999	3	112,108	18,914	-	1,667	132,689
\$100,000 to \$149,999	2	175,784	15,833	-	-	191,617
\$250,000 to \$299,999	2	247,851	25,673	-	7,500	281,024

Notes:

(i) This table reports key management personnel who received remuneration during the reporting period. Each row has an average figure based on headcount for individuals in the band.

(ii) Reportable salary includes the following:

- Gross payments (less any bonuses paid)
- Reportable fringe benefits (at the net amount after grossing up to account for tax benefits and deducting any concessional rebates available)
- Long service leave entitlement accrued during the year

(iii) The contributed superannuation amount is the average actual superannuation contributions paid to key management personnel in that reportable remuneration band during the reporting period including salary-sacrificed amounts.

(iv) Includes 9 Directors (2017: 12) during the reporting period who did not receive any remuneration.

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## AUSTRALIAN SAILING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### NOTE 20 – RELATED PARTY TRANSACTIONS (continued)

##### (b) Transactions with key management personnel

No transactions were entered into during the financial year by the Company with any key management personnel-related entity (2017 - \$Nil).

There were no outstanding balances with any entity related to any key management personnel as at 30 June 2018 (2017 - \$Nil).

#### NOTE 21 - SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events after balance date.

#### NOTE 22 – MEMBERS' GUARANTEE

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that the members of the Company are liable to contribute if the Company wound up is \$8 (2017: \$8).

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## AUSTRALIAN SAILING LIMITED


### DIRECTORS' DECLARATION

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In accordance with a resolution of the directors of Australian Sailing Limited, I state that:

1. In the opinion of the Directors of Australian Sailing Limited:

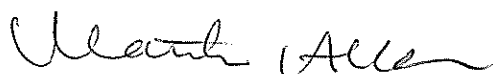
- (a) The financial statements and notes of Australian Sailing Limited are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; ~~and~~

~~(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2.~~ 

(b) ~~(a)~~ There are reasonable grounds to believe that Australian Sailing Limited will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

Signed on behalf of the board:



Matt Allen

Director

Dated the 25<sup>th</sup> day of September 2018

## Independent Auditor's Report to the Members of Australian Sailing Limited

### Opinion

We have audited the financial report of Australian Sailing Limited (the Company), which comprises the statement of financial position as at 30 June 2018, 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 of the Company is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

### 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* 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.

### 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

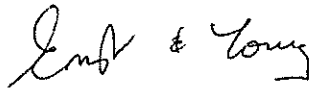
## **Auditor's Responsibilities for the Audit of the Financial Report**

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.

As part of an audit in accordance with the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 directors 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.



Ernst & Young



Daniel Cunningham  
Partner  
Sydney  
25 September 2018