



ROYAL NEW ZEALAND YACHT SQUADRON  
**ANNUAL REPORT**  
FOR THE YEAR ENDED 30 APRIL 2018





## ROYAL NEW ZEALAND YACHT SQUADRON

181 Westhaven Drive  
Westhaven Marina, Auckland  
Phone +64 9 360-6800

### MISSION STATEMENT

VISION: TO BE THE LEADING LOCAL AND INTERNATIONAL YACHT CLUB

PURPOSE: TO DELIVER OUTSTANDING EXPERIENCES ON AND OFF THE WATER

#### Patron

His Royal Highness  
Prince Philip,  
The Duke of Edinburgh

#### Trustees

Graeme Bennett  
Peter Hay  
Bryan Kensington

#### Commodore

Steve Mair  
(Clockwork)

#### Vice Commodore

Ian Cook  
(Ranger)

#### Rear Commodore

Aaron Young  
(Tuatahi)

#### General Committee

Andrew Aitken  
Peter Boardman  
Jonty Cullinane  
Sheryl Lanigan  
Duthie Lidgard  
Mike Malcolm  
Tony Skelton  
Gillian Williams  
Richard Wingfield  
Sanchia Yonge

#### Finance Committee

Chairman  
Steve Mair

#### House Committee

Chairman  
Andrew Aitken

#### Membership Committee

Chairman  
Aaron Young

#### Sailing Committee

Chairman  
Ian Cook

#### Treasurer

Philip Hart

#### Auditor

RSM Hays Audit

#### General Manager

Hayden Porter



## COMMODORE

### STEVE MAIR



The Royal New Zealand Yacht Squadron has experienced one of its busiest years on record with more events, more people sailing, more member functions and simply more fun. The sheer number of members turning up to events is extraordinary compared to a few years back. The America's Cup itself continues to be a real treat for members having the satisfaction of knowing its in our club again after a 14 year hiatus. With the trophy has come significant commitment with the RNZYS funding, and organising, the New Zealand Tour of the Cup around the country, and also taking the Cup to China. The relationship with Emirates Team New Zealand continues to work extremely well and both organisations are working hard to make 2021 – our sesquicentennial year – the biggest one we have had.

The financial result for 2018 saw a very significant growth in the revenue that the club bought in. The small net loss, while disappointing, is close to the budget figure and in line with accommodating the long-term plan of the club. This is to increase alternative forms of income while growing membership and promoting yachting.

Total revenue rose 26% compared to last year on the back of increased services throughout the club which are with this growth in revenue. Whilst Food & Beverage (F&B) was up a significant 18% the club absorbed substantial cost increases. The need for contract staff, hire equipment and agency fees saw the costs increase 29% making F&B less beneficial compared to last year, although still significantly up on previous years.

This is an area where more isn't always more and the club management do need to find a good compromise of events for maximum benefit to the members.

The assets of the club, similar to last year, have grown while the state of the existing capital items have been largely improved. The large addition on the books this financial year was the major kitchen upgrade over Christmas. This was well past due and a real bottle-neck in the operation of our F&B area.

One area that has had a lot of the club's resource put into it is training. It is extremely pleasing to note that we have now trained over 340 adults in our learn-to-sail programme and many of which have become active members. This is now the largest adult learn to sail programme in New Zealand and a viable business unit within the operations of the club. There are further plans to expand this training area and to facilitate the promotion of our sport to a growing number of interested novices.

Membership continues to rise and now approaches 3300 and continuing upwards. Whilst the America's Cup has helped with membership, the linear increase over the past two to three years is a pleasing outcome for all the hard work the General Committee and staff have put into member value and events. This is ongoing with more happening all the time.

To all the staff I thank them for their efforts during the year. Increasingly the staff become a more vital part to our club as we do more and roll out a better-quality offering. As members we are very lucky to have such dedicated and engaged staff led by the General Manager Hayden Porter.

Your General Committee has put in a huge effort this year and is constantly looking at areas that can be improved within the club. Every person on the committee plays a vital role and the diversity has certainly helped with member events and longer term planning. With the 150<sup>th</sup> Anniversary of our club fast approaching there has been many hours put in to making 2021 a big event. The planning has well and truly started.

On a personal note I would like to say what an incredible experience it has been being commodore of the best yacht club in the world. There's plenty of room for improvement but the diversity of membership, the quality of sailing, the financial stability, the location and the history of the RNZYS are second to none. Although challenging, I have thoroughly enjoyed my time as commodore, and as a committee member before that.

Steve Mair  
Commodore



## VICE COMMODORE

IAN COOK



The 2017/18 sailing season got off to a blustery start with the Yachting Developments New Zealand match racing championships being won by the Emirates Team New Zealand group lead by Andy Maloney over our RNZYS performance Programme Coach Graham Sutherland in second place.

Saturday 7th October saw the traditional canon firing followed by a Mark Foy race and festivities at the club.

The sailing office, and race & boat volunteers put together a busy calendar of races during the summer season including 7 national championships, international events and club racing every night of the week. While we are pleased with the participation it would be great to get more members on the water during the next 12 months enjoying the wide range of clubs activities.

We have had significant growth in our learn to sail programs and this has increased our number of available crews who wish to go sailing. If you are short on crew please register at the sailing office and they will be able to help you out.

Those who have not wished to participate in the racing program have enjoyed a great season with the cruising series—although some events were light on breeze there were great social gatherings ashore at various destinations.

The club facilitated the finish and hosting of the in-port and pro am races for the Volvo ocean race. I am sure those who stayed up and went on the water to watch the finish and then the start will have enjoyed the event.

The Youth and Performance Programme teams representing your club have achieved some outstanding results during the year, including winning the Harken, Musto and Nespresso youth international match racing regattas. This all helps to profile your club on the global stage, to showcase the effort we are putting in to keeping our self as a leading edge yacht club.

We have had our challenges maintaining our ageing patrol boat fleet and are getting our refurbishment and replacement plans inline and you will see new coach boats on the water next summer.

I would like to thank those tireless volunteers, and the staff in the sailing office who have put in a huge effort over the last 12 months to ensure the members have had a memorable season.

I look forward to seeing you all on the water next season

Ian Cook

Vice Commodore

A handwritten signature in black ink, appearing to read 'Ian Cook', written in a cursive style.



## REAR COMMODORE

### AARON YOUNG



The last 12 months have seen a further consolidation for our Members' benefits and opportunities. Membership numbers have grown steadily in the past 12 months, and in fact saw very little spike due to the Americas Cup. 40% of our membership are in the full or family category, with our juniors and senior retired categories being almost identical in numbers! More importantly though, member usage and activity is considerably higher than ever before with more member events and activities as well as bar and restaurant usage well up. We held our largest new members night in history recently in our Ballroom and most member events are now sell outs.

We have also seen growth in our corporate membership and sponsorship and with this does come use of our function and meeting room facilities. Although we understand this may not please all, the Club requires usage of the facility to ensure we can control subscription levels and not only maintain, but secure our premises at Westhaven.

We have introduced an App which has seen positive feedback and solid usage in the last few months. This together with a newly introduced house account means you no longer have to carry cash or a card as you can operate your valued membership via the app.

Member activities on the water have had good participation, particularly in our Learn-to-Sail area that has allowed many new members (currently with a high retention rate) not only into the Club but into sailing in general. Many of these new sailors are female and new to boating which is also great to see at the club.

Squadron Weekend at Kawau this year was hampered by some rough weather so we made a last minute decision to downsize and change the event, but still managed a great gathering despite the wet and windy conditions, thanks to a special effort by the staff involved.

We have integrated new ideas onto the Membership Committee with focus groups working on: satisfaction surveys; member events; and how to keep and involve younger member participation within the Club.

Worldwide this is a well known issue for all Clubs but the RNZYS now has a dedicated youth committee that is focused on under 35's without being told what, when, and how to do it!

We have converted the majority of crew members (of 5 years) to full members in the past few months which is a healthy sign that they see value. We are expecting a solid membership base as we work towards the Royal New Zealand Yacht Squadron's sesquicentennial in 2021.

The 2021 sub-committee and the membership committee are also working on a sustainability and environmental policy.

We want to strengthen our involvement and role in addressing this important area for our harbour and gulf in particular. We are glad to say we have begun this journey.

In order for the Club to continue to meet its objectives, we ask and encourage membership participation and patronage of the bars and restaurant, or consider RNZYS for any function you are holding. Aside from enjoying your Club, each and every time any member uses the Club it has a positive influence on the bottom line. We also encourage you to join your crew or a friend as a member.



A big thank you to Kim Bond as Membership Director who, with her team, have worked very hard and the increased membership reflects this.

Thanks also to the Membership and House committee also who have contributed significantly, making a real difference over this last year.

And finally a big thank you to all of our members — each of you helps make this club the leading yacht club in the world.

Aaron Young

Rear Commodore

A handwritten signature in black ink, appearing to read 'A Young'.



# CHAIRMAN OF THE HOUSE

## ANDREW AITKEN



The 2017-2018 year has been a busy year for the club delivering higher usage of our premises and facilities. Impact of the America's Cup, the Volvo Ocean Race stop-over, and generally greater utilisation by members resulted in an increase Food & Beverage turnover (up almost 20% on the previous year) and much greater utilisation of club facilities by members.

It is always a balance between renting club premises to outside organisations to off-set the costs of running the club, and opening more of the club for use by members. The increased patronage by members has enabled us to rebalance usage for members with the members lounge now being more available during the week, and the dinghy locker being used more frequently for Friday Rum Racing 'after-match' prizegivings - an increasingly popular way for members and guests to finish the week.

Major initiatives signed-off during the year include –

1. Redevelopment of the upstairs kitchen and the refurbishment of the downstairs kitchen. While downstairs the main focus was on bringing plant up to standard, major changes to the upstairs kitchen has resulted in an up-lift in productivity.
2. A process review of our accounting systems and resourcing. Increased turnover and the broader range of offerings to members has lead to plans to upgrade a number of our systems including staff rostering, payroll and CRM.

Big issues going forward include –

1. Security of tenure at Westhaven. While our lease gives us many years future at Westhaven, the sometimes tortuous 5 year rent review process and the changes to our surrounding city and harbour are cause for concern. The youth training building is also a concern as the lease is short term.
2. Ensuring our Westhaven premises meet the needs of members – There is opportunity to invest in our members bar/bistro facilities, training facilities, potentially a green space for families and to develop other facilities that will draw people to RNZYS. Security of tenure is key to this.
3. Ensuring our food and beverage facilities meet the point and at a level of quality that encourages members to use the club.
4. The future of our Kawau property - we need to ensure our property offers the best outcome for members given the age and condition of all the buildings, particularly the Boatshed, Smelting-house Bay dinghy pontoon and the KBC premises. The Kawau Committee has developed a long-term vision for our Kawau property recognising and building on current usage. This is due to be shared with members very soon.

Finally, again a big thank you to Leigh, Catriona, Corinne, and their respective teams as well as the members of the House committee.

RNZYS is your club – we aim to deliver you outstanding experiences on and off the water, please help us by continuing to come along and be part of the club.

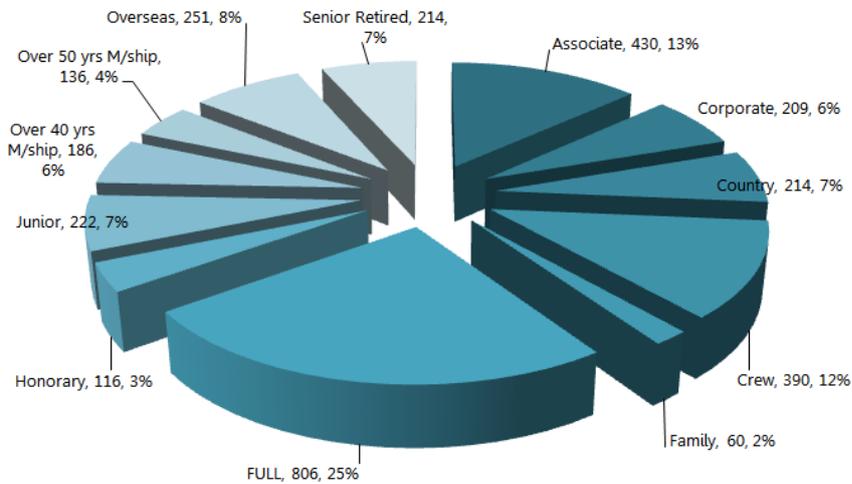
Andrew Aitken  
House Chairman





ROYAL NEW ZEALAND YACHT SQUADRON

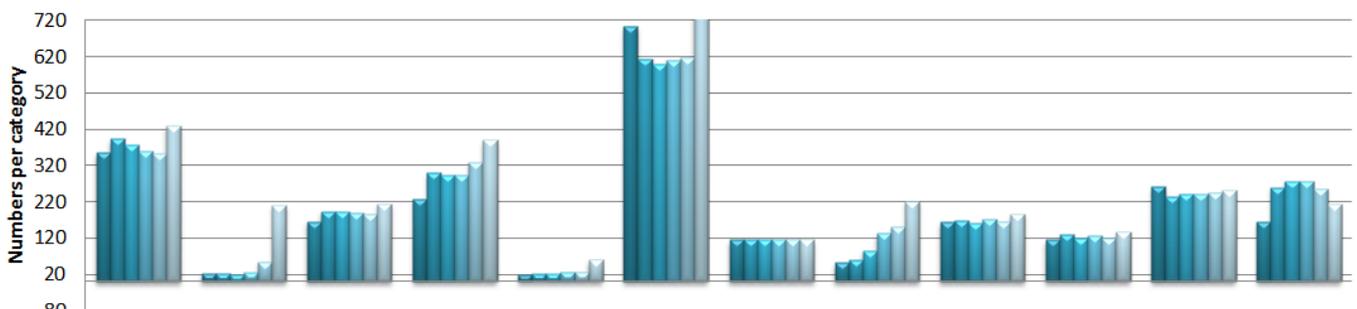
## MEMBERSHIP STATISTICS



**RNZYS Membership Total by Month**



**Membership Categories by Year**



	Associate	Corporate	Country	Crew	Family	FULL	Honorary	Junior	Over 40 yrs M/ship	Over 50 yrs M/ship	Overseas	Senior Retired
2013	355	23	165	229	20	704	116	52	164	115	262	166
2014	393	23	193	299	21	615	116	59	167	130	234	259
2015	378	20	193	293	22	600	116	85	160	121	241	277
2016	359	25	190	293	27	609	116	133	173	126	241	276
2017	354	54	186	330	27	616	116	151	165	121	244	256
2018	430	209	214	390	60	806	116	222	186	136	251	214



ROYAL NEW ZEALAND YACHT SQUADRON



## Obituaries

In memory of members passed	joined
Mr Graeme Birch	1977
Mr John Bridgeman	2003
Mr Andrew Brown	1968
Mr Hugh Burrett	1964
Mr David Charlesworth (Past Commodore)	1981
Mr Alan Clark	1976
Mr John Courtenay	1960
Mr John Cronhelm	1960
Mr Detlev Dannemann	1994
Mr George Duffee	1981
Mr Noel Fleet	1967
Mr Gerald Hall	1955
Dr Murray Haslett	1983
Mr Tony Hambrook	1999
Mr Garry Hyde	1960
Mr R. Johnston	1976
Mr Norman Kiddle	1958
Mr Roy Montrowe	1961
Mrs Ann Neary	1982
Mr Horace Parker	1963
Mr George Schischka	1962
Mr Michael Sumpter	1966
Mr Alan Taylor	1979
Mrs Laone Wells	1999
Mr Hugh Wright	1984
Mr Dennis Yates	1948



ROYAL NEW ZEALAND YACHT SQUADRON

**Royal New Zealand Yacht Squadron Incorporated**

**Financial  
Statements**

**FOR THE YEAR ENDED 30 APRIL 2018**

# Royal New Zealand Yacht Squadron Incorporated

## Statement of Comprehensive Revenue and Expenses

For the Year Ended 30 April 2018

	Note	2018 \$	2017 \$
<b>Revenue from Non-Exchange Transactions</b>			
Donations and Bequests		101,704	56,344
Grants		126,987	124,125
Sailing and Training - Grants and Sponsorships	7	151,815	138,666
<b>Total Revenue from Non-Exchange Transactions</b>		<b>380,506</b>	<b>319,135</b>
<b>Revenue from Exchange Transactions</b>			
Revenue - Food, Beverage and Events	7	3,310,079	2,791,423
Revenue - Breeze Magazine		169,593	152,043
Revenue - Retail Shop	7	165,325	68,764
Revenue - Kawau Properties	7	59,199	66,350
Revenue - Charity Regatta		166,111	148,307
Revenue - Sailing and Training	7	1,018,693	601,038
Member Services Income		1,120,687	924,336
<b>Total Revenue from Exchange Transactions</b>		<b>6,009,687</b>	<b>4,752,261</b>
<b>Total Revenue</b>		<b>6,390,193</b>	<b>5,071,396</b>
<b>Expenses</b>			
Direct Expenditure - Food, Beverage and Events	7	2,920,819	2,272,291
Direct Expenditure - Breeze Magazine		155,910	148,667
Direct Expenditure - Retail Shop	7	132,450	69,217
Direct Expenditure - Kawau Properties	7	46,408	49,637
Direct Expenditure - Charity Regatta		136,111	115,307
Direct Expenditure - Sailing and Training	7	1,095,729	819,482
Other Expenses		484,777	350,434
Payroll Costs - Administrative		677,318	512,563
Premises Expenses		537,324	453,246
Member Services Expenses		206,352	49,321
<b>Total Expenses</b>		<b>6,393,199</b>	<b>4,840,165</b>
<b>Finance Income</b>			
Interest and Income from Investments		231,903	236,464
Finance Expenses		18,948	18,798
<b>Net Finance Income</b>		<b>212,955</b>	<b>217,666</b>
<b>Net Surplus for the Year</b>	6	<b>209,950</b>	<b>448,897</b>
<b>Other Comprehensive Revenue</b>			-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>209,950</b>	<b>448,897</b>

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

## Royal New Zealand Yacht Squadron Incorporated

### Statement of Changes in Net Assets / Equity

For the Year Ended 30 April 2018

	Note	Accumulated comprehensive revenue and expense	International Sailing Fund Reserve	Royal New Zealand Yacht Squadron Foundation Reserve	Total
At 1 May 2016		4,805,720	428,236	3,025,798	8,259,754
Total comprehensive revenue and expense for the period		448,897	-	-	448,897
Net transfers between reserves	12	(114,771)	37,356	77,415	-
<b>At 30 April 2017</b>		<b>5,139,846</b>	<b>465,592</b>	<b>3,103,213</b>	<b>8,708,651</b>
Total comprehensive revenue and expense for the period		209,950	-	-	209,950
Net transfers between reserves	12	(336,594)	44,541	292,053	-
<b>At 30 April 2018</b>		<b>5,013,202</b>	<b>510,133</b>	<b>3,395,266</b>	<b>8,918,601</b>

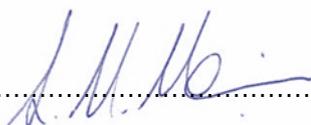
# Royal New Zealand Yacht Squadron Incorporated

## Statement of Financial Position

As at 30 April 2018

	Note	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	8	504,758	390,517
Receivables from Exchange Transactions		484,080	206,171
Inventories		176,726	148,155
Short Term Investments		-	320,686
RNZYS Foundation Investments	9	<u>3,270,891</u>	<u>3,046,334</u>
<b>Total Current Assets</b>		<b>4,436,454</b>	<b>4,111,863</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	10	<u>5,614,727</u>	<u>5,216,531</u>
<b>Total Non Current Assets</b>		<b>5,614,727</b>	<b>5,216,531</b>
<b>Total Assets</b>		<b>10,051,181</b>	<b>9,328,394</b>
<b>Current Liabilities</b>			
Payables & Accruals from Exchange Transactions	11	<u>1,132,580</u>	<u>619,743</u>
<b>Total Liabilities</b>		<b>1,132,580</b>	<b>619,743</b>
<b>Net Assets</b>		<b>8,918,601</b>	<b>8,708,651</b>
<b>Net Assets</b>			
Accumulated comprehensive revenue and expense	12	5,013,202	5,139,846
International Sailing Fund Reserve	12	510,133	465,592
Royal New Zealand Yacht Squadron Foundation Reserve	12	<u>3,395,266</u>	<u>3,103,213</u>
<b>Total Net Assets Attribution</b>		<b>8,918,601</b>	<b>8,708,651</b>

For and on behalf of the Committee

.....  ..... Commodore ..... 3rd July 2018 Date

.....  ..... Treasurer ..... 3rd July 2018 Date

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

# Royal New Zealand Yacht Squadron Incorporated

## Statement of Cash Flows

For the Year Ended 30 April 2018

	2018	2017
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Cash receipts	5,954,293	5,278,540
Interest received	39,850	30,184
GST	(4,041)	3,973
Cash paid to suppliers and employees	5,349,720	4,733,058
	<hr/>	<hr/>
<b>Net Cash Flows from Operating Activities</b>	<b>640,383</b>	<b>579,639</b>
	<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>		
Sale of Property, Plant and Equipment	-	-
Purchase of Property, Plant and Equipment	(746,828)	(562,842)
Proceeds from Sale of Investments	320,686	130,000
Purchase of Investments	(100,000)	(160,193)
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<b>Net Cash Flows from Investing Activities</b>	<b>(526,142)</b>	<b>(593,035)</b>
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	114,241	(13,396)
Cash and Cash Equivalents at 1 May	390,517	403,913
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<b>Cash and Cash Equivalents at 30 April</b>	<b>504,758</b>	<b>390,517</b>

These Financial Statements should be read in conjunction with the Notes to the Financial Statements

## 1 Reporting Entity

The reporting entity is the Royal New Zealand Yacht Squadron Incorporated (the "Club"). The Club is an incorporated not-for-profit organisation with the principal purpose of promoting sailing and associated recreational activities.

The financial statements have been approved and were authorised for issue by the General Committee.

Consolidated financial statements are not presented for the Royal New Zealand Yacht Squadron Inc. as its subsidiaries (as described in Note 18) do not trade. However these financial statements do include the RNZYS Foundation which is a sub committee established to manage the investments of the Club.

## 2 Statement of Compliance

The Club's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards as appropriate for Not-For-Profit entities. The Club is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Committee has elected to report in accordance with Tier 2 Not-For-Profit PBE accounting standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

## 3 Changes in Accounting Policies

There are no changes to accounting policies from prior year

## 4 Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

### (a) Basis of measurement

The financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments.

### (b) Functional and presentational currency

The financial statements are presented in New Zealand dollars which is the Club's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Club and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised:

#### (i) Revenue from non-exchange transactions

Non-exchange transactions are those where the Club receives an inflow of resources ((i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

#### *Donations*

Donations are recognised as revenue upon receipt and include donations from members, donations received for specific programmes or services or donations in-kind.

Donations in-kind include donations received for services, consumables and volunteer time and is recognised in revenue and expense when the goods or services are received.

Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Club.

Services in-kind may be recognised as revenue but do not have to be, including volunteer time which has been recorded where possible but has not been given a financial value in these financial statements.

### *Grant Revenue*

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Non-exchange revenue from grants can only be deferred and recognised as a liability if there is a condition attached to the grant that requires use of the grant as specified or return of the grant if the entity does not perform as specified. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

### *Estate Income*

Revenue from legacies and estates that satisfies the definition of an asset is recognised as revenue when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably.

### *(ii) Revenue from exchange transactions*

#### *Food and Beverage*

Revenue from the sale of food and beverage is measured at the fair value of consideration received or receivable.

#### *Subscriptions*

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that the period covering the membership or subscription occurs.

#### *Sailing, Event and Training Revenue*

Revenue and expenses related to events and awards which take place after balance date are deferred and recognised in the next financial year, when the event occurs.

#### *Interest income*

Interest income is recognised as it accrues using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expense.

#### *Rental income*

Rental income is recognised as it is earned.

#### *Other gains and losses*

Other gains and losses includes fair value gains and losses on financial instruments at fair value through surplus or deficit and realised gains and losses on the sale of PP&E held at cost.

### **(d) Financial instruments**

Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the financial instrument.

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

#### *(i) Financial assets*

Financial assets within the scope of PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

*(i) Financial assets (cont)*

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Club's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Club's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

Fair value is determined by obtaining the quoted market price in an active market. For investments and managed funds, this is the market value of investments per portfolio reports.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or Club of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

*(ii) Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Club's investment equities fall into this category of financial instruments.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Club's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

*(iv) Impairment of financial assets*

The Club assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that 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.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows 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. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Club first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Club determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a Club 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 for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

(v) *Financial liabilities*

The Club's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements and income in advance.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

**Cash and cash equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits are included when they have a maturity of three months or less from the date of acquisition.

**Investments**

All investments are initially recognised at cost being the fair value of the consideration given.

All investments disclosed in these financial statements have been classified as "fair value through surplus or deficit."

After initial recognition, investments which are classed as "fair value through surplus or deficit" are recognised at fair value less impairment. Any movement in the fair value or impairment is recognised in the Statement of Comprehensive Revenue and Expenses.

The Club's Milford investment portfolio and any other equities are classified as "fair value through surplus or deficit" for subsequent measurement purposes, because investments are held as part of a portfolio of investments, that are managed together to generate short-term profits. The policy of the Club is to hold investments for the long term, but if conditions change the investments are available for sale.

**Inventories**

Inventories held for sale on a commercial basis are measured at the lower of cost and net realisable value, determined on a first-in-first-out basis.

Inventories held for consumption in the provision of services that are not sold on a commercial basis are measured at the lower of cost and net realisable value, determined on a first-in-first-out basis.

**Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Furniture and Fittings	15 Years
Patrol Boats	10 Years
Plant and Equipment	5-20 Years
Computers	5 Years
Elliott Boats	10 Years

Depreciation on leasehold properties (Westhaven Premises) is charged at a rate calculated to allocate the cost of the property over the lower of it's useful life (100 years) and lease term.

The clubs' buildings (Yacht Club and Lidgard House) were reviewed, and given the residual value exceeded its current carrying amount, it was determined appropriately to not recognise depreciation.

**(i) Leases**

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

**(j) Employee benefits***Wages, salaries and annual leave*

Liabilities for wages, salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

**(k) Income Tax**

The Club is an incorporated society and has been granted an exemption from income tax by Inland Revenue under Section CW 46 of the Income Tax Act 2007.

**(l) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

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

**(m) Equity**

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components.

*Accumulated comprehensive revenue and expense*

Accumulated comprehensive revenue and expense is the Club's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

*Royal New Zealand Yacht Squadron Foundation*

The Foundation was established by resolution at the Annual General Meeting held on 8 August 2013 to provide a fund for the benefit of the Squadron and its members at some stage in the future and to enable members and well-wishers to make donations and legacies to the Squadron to grow the fund. The Foundation is part of the Squadron and not a separate legal entity.

*International Sailing Fund*

The International Sailing Fund is maintained for the purpose of encouraging members to compete and attend overseas regattas and events. The Fund is boosted by interest, the net proceeds of the Corporate Regatta and the Squadron Levy. A sub committee considers distributions from the fund which meet the general criteria and while not limiting the application, includes International KeelBoat Events, Youth Events, Women's Events, Match Racing and Olympic Events.

**5 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the Club's financial statements requires the Committee and management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Club's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

*(i) Operating lease commitments*

The Club has entered into a number of operating leases.

The Club has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the asset, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

*(ii) Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Club. Such changes are reflected in the assumptions when they occur.

*(iii) Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Club are listed in Note 4(h).

## 6 Components of Net Surplus

Net surplus for the year includes the following specific expenses:

	2018	2017
Depreciation	348,632	310,117
Employee Costs	2,512,448	1,922,687
Audit Fees	21,010	15,388

## 7 Divisional Income Statements

	2018	2017
	\$	\$
<b>Food and Beverage</b>		
<b>Operating Revenue</b>		
Sales	2,821,622	2,399,604
Room Hire	390,443	290,650
Other Income	98,014	101,169
<b>Total Operating Income</b>	<b>3,310,079</b>	<b>2,791,423</b>
<b>Direct Costs</b>		
Cost of Goods Sold	1,021,907	853,497
Payroll Costs	1,494,137	1,123,174
Other Expenses	377,581	276,652
Depreciation	27,194	18,968
<b>Total Direct Costs</b>	<b>2,920,819</b>	<b>2,272,291</b>
<b>Gross Surplus (Loss)</b>	<b>389,261</b>	<b>519,132</b>
<b>Retail Shop</b>		
Sales	165,325	68,764
<b>Direct Costs</b>		
Cost of Goods Sold	110,152	45,013
Payroll Costs	19,216	22,740
Other Expenses	3,081	1,464
<b>Total Direct Costs</b>	<b>132,450</b>	<b>69,217</b>
<b>Gross Surplus (Loss)</b>	<b>32,875</b>	<b>(453)</b>
<b>Kawau Properties</b>		
<b>Operating Revenue</b>		
Income	59,199	66,350
Gain on Sale of Building		
<b>Total Operating Income</b>	<b>59,199</b>	<b>66,350</b>
<b>Direct Costs</b>		
Overheads	18,134	25,557
Depreciation	28,274	24,080
<b>Total Direct Costs</b>	<b>46,408</b>	<b>49,637</b>
<b>Gross Surplus (Loss)</b>	<b>12,790</b>	<b>16,713</b>

## Sailing, Training and Boats

### Operating Revenue

Sailing Income	364,793	279,239
Training Income	743,472	416,334
Boats	62,244	44,131

### Total Operating Income

1,170,508 739,704

Included in Sailing, Training and Boats Income above is a combination of exchange and non-exchange revenue as follows:

Exchange	1,018,693	601,038
Non-exchange	151,815	138,666

### Direct Costs

Sailing Expenses	164,820	159,506
Training Expenses	358,549	191,171
Boat Expenses	152,053	110,758
Payroll Costs	321,776	264,210
Depreciation	98,531	93,837

### Total Direct Costs

1,095,729 819,482

### Gross Surplus (Loss)

74,779 (79,778)

## 8 Cash and Cash Equivalents

**2018** **2017**  
\$ \$

Cash on Hand	5,820	3,820
Trading Bank Accounts	284,373	263,785
Foundation Bank Accounts	175,764	84,687
Term deposits with a maturity date less than 3 months	38,801	38,225

### Total Cash and Cash Equivalents

504,758 390,517

## 9 RNZYS Foundation Investments

**2018** **2017**  
\$ \$

### Fair Value Through Surplus & Deficit Financial Assets

Milford Asset Management	3,270,891	2,796,334
NZ Government Bond	-	250,000

### Total Investments

3,270,891 3,046,334

## 10 Property, Plant and Equipment

2018	Opening Balance (NBV)	Additions	Dispos- als	Impairment	Depreciation	Net Book Value
Land and Buildings	3,840,589	98,578			135,546	3,803,621
Plant and Equipment	506,724	572,232			114,555	964,401
Vessels	869,218	76,018			98,531	846,705
<b>Balance at 30 April 2018</b>	<b>5,216,531</b>	<b>746,828</b>	<b>-</b>	<b>-</b>	<b>348,632</b>	<b>5,614,727</b>

	Cost	Accumulated Depreciation	Net Book Value
Land and Buildings	6,794,506	2,990,885	3,803,621
Plant and Equipment	1,661,690	697,289	964,401
Vessels	1,868,629	1,021,924	846,705
<b>Balance at 30 April 2018</b>	<b>10,324,825</b>	<b>4,710,098</b>	<b>5,614,727</b>

2017	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Net Book Value
Land and Buildings	3,690,674	280,107			130,192	3,840,589
Plant and Equipment	518,048	78,524			89,848	506,724
Vessels	755,084	204,211			90,077	869,218
<b>Balance at 30 April 2017</b>	<b>4,963,806</b>	<b>562,842</b>	<b>-</b>	<b>-</b>	<b>310,117</b>	<b>5,216,531</b>

	Cost	Accumulated Depreciation	Net Book Value
Land and Buildings	6,715,215	2,874,626	3,840,589
Plant and Equipment	1,134,169	627,445	506,724
Vessels	1,732,985	863,767	869,218
<b>Balance at 30 April 2017</b>	<b>9,582,369</b>	<b>4,365,838</b>	<b>5,216,531</b>

## 11 Payables and Accruals from Exchange Transactions

	2018	2017
	\$	\$
Trade Creditors	433,073	235,658
GST	36,819	40,860
Income in Advance	297,322	139,330
Sundry Creditors	365,366	203,895
<b>Total Payables and Accruals from Exchange Transactions</b>	<b>1,132,580</b>	<b>619,743</b>

## 12 Equity and Reserves

### RNZYS Foundation

The Foundation was established by resolution at the Annual General Meeting held on 8 August 2013 to provide a fund for the benefit of the Squadron and its members at some stage in the future and to enable members and well-wishers to make donations and legacies to the Squadron to grow the fund. The Foundation is part of the Squadron and not a separate legal entity.

	2018	2017
	\$	\$
Opening Balance	3,103,213	3,025,798
Investment Income	208,942	224,368
Less Expenses	(16,889)	(16,953)
Funds Transferred to/(from) Foundation	100,000	(130,000)
Total Increase in Funds	292,053	77,415
<b>Closing Balance</b>	<b>3,395,266</b>	<b>3,103,213</b>

The fund includes the following amounts held specifically related to the sale of the Kawau Managers House.

Capital Contributed	200,000	200,000
Interest Earned	44,854	29,237
<b>Total Funds Held</b>	<b>244,854</b>	<b>229,237</b>

### International Sailing Fund

The International Sailing Fund is maintained for the purpose of encouraging members to compete and attend overseas regattas and events. The Fund is boosted by interest, the net proceeds of the Corporate Regatta and the Squadron Levy. A sub committee considers distributions from the fund which meet the general criteria and while not limiting the application, includes International KeelBoat Events, Youth Events, Women's Events, Match Racing and Olympic Events.

	2018	2017
	\$	\$
Opening Balance	465,592	428,236
Regatta Income	30,000	33,000
Interest, Donations and Levies	22,719	19,925
Less Grants Paid Out	(8,178)	(15,569)
Total Increase in Funds	44,541	37,356
<b>Closing Balance</b>	<b>510,133</b>	<b>465,592</b>

### 13 Contingent Liabilities

14 Royal New Zealand Yacht Squadron Inc has no contingent liabilities as at 30 April 2018 (2017: Nil).

### Related Party Transactions

The following member organisations are considered to be related party by virtue of common board members or members of significant influence for the purpose of related party disclosure:

Yachting Developments Limited, Reso Tech Foods Limited, Manson Anchors Limited, Manson Marine & Engineering Limited and Storepro Christchurch Limited

Transactions with above entities	2018	2017
Payments for goods & services received	34,239	83,867
Balances at year end	2018	2017
Receivable	2,300	994
Payable	3,123	9,010

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

### 36th America's Cup and ACPI

Per the protocol for the 36th America's Cup the Royal New Zealand Yacht Squadron receives all entry fees into a separate bank account from challengers and distributes these per the protocol to the appropriate parties. It does not benefit from these transactions and merely acts as an agent. Royal New Zealand Yacht Squadron is also the sole shareholder of ACPI, with rights to use the trademarks for the period the Cup is retained as the defender, but without any residual interest in the assets. ACPI has a separate board to that of the Royal New Zealand Yacht Squadron but has two representatives on this board. ACPI manages the Intellectual Property and trademarks related to the America's Cup. ACPI does not receive funds from Royal New Zealand Yacht Squadron other than those determined by the protocol outlined above and distributed from entry fees received.

## 15 Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board, the general manager and the respective heads of departments, which constitutes the governing body of the Club. No remuneration is paid to members of the Board. The aggregate remuneration of key management personnel and the number of individuals receiving remuneration is as follows:

	2018	2017
Total remuneration – Full Time Equivalent	605,000	475,146
Number of Full Time Equivalents	8.86	6.80

## 16 Capital Commitments

Royal New Zealand Yacht Squadron Inc has no capital commitments as at 30 April 2017 (2016: Nil).

## 17 Lease and Contractual Commitments

The ground rent for the land on which the Youth Building is situated is currently \$9,750 p.a. (2016: \$9,750).

The ground rent for the land on which the Westhaven Premises are situated is currently \$62,500 p.a. (2016: \$62,500).

The lease commenced 1st January 1997 and has a term of 40 years with a right of renewal for a further 40 years.

### Rental Equipment Contracts

	2018	2017
	\$	\$
Less than one year	115,299	125,087
Between one year and five years	153,562	91,930
Greater than five years	11,836	-

## 18 Subsidiary Companies

The Club holds 100% of the share capital in the following companies; the companies do not trade.

Yacht Race Management Limited

Royal New Zealand Yacht Squadron Nominees Limited

Harbourview Food and Beverage Limited

## 19 Subsequent Events

There are no subsequent events to report.

## 20 Comparatives

Certain comparative figures have been reclassified to conform with the current financial year's presentation.

## Independent Auditor's Report

### To the Members of Royal New Zealand Yacht Squadron Incorporated

#### Opinion

We have audited the financial statements of Royal New Zealand Yacht Squadron Incorporated, which comprise:

- the statement of financial position as at 30 April 2018;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 10 to 25 present fairly, in all material respects, the financial position of Royal New Zealand Yacht Squadron Incorporated as at 30 April 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of Royal New Zealand Yacht Squadron Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have assisted in the formatting of financial statements from the trial balance and other information provided by the management team. We have no other relationship with, or interests in, Royal New Zealand Yacht Squadron Incorporated.

#### Other information

The committee members are responsible for the other information. The other information comprises the Royal New Zealand Yacht Squadron Incorporated Annual Report on pages 1 to 8 and the sponsorship page (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 committee members for the financial statements

The committee members are responsible, on behalf of Royal New Zealand Yacht Squadron Incorporated, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the committee members are responsible, on behalf of Royal New Zealand Yacht Squadron Incorporated, for assessing Royal New Zealand Yacht Squadron Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate Royal New Zealand Yacht Squadron Incorporated or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (NZ) 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 decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page8.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx)

## Who we report to

This report is made solely to the members as a body. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Royal New Zealand Yacht Squadron Incorporated and its members as a body, for our work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'RSM'.

**RSM Hayes Audit**  
Auckland

9 July 2018

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*Support the People who Support Your Club*



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