



Royal Queensland Yacht Squadron **125th ANNUAL REPORT** Year Ended 30th April 2010

FOUNDED 1885

OFFICE BEARERS 2009-2010

BY WARRANT

Dated 21 July 1894

Under the Seal of Office of the Lord High Admiral of the United Kingdom of Great Britain and Ireland etc., Members of the Club are permitted to wear on Board their respective vessels the Blue Ensign of Her Majesty's Fleet, on certain conditions, as laid down in the said Warrant.

BY DESPATCH

Dated 13 March 1902

His Majesty, King Edward VII, has been pleased to bestow the title "Royal" upon the "Queensland Yacht Club".

BY DESPATCH

Dated 12 July 1961

Her Majesty, Queen Elizabeth II, has been graciously pleased to approve the change of name of your club to the Royal Queensland Yacht Squadron.

INCORPORATION

Royal Queensland Yacht Squadron Limited Australian Company Number 053 989 272 is a registered company under Division 1 or Part 2.2 of the Corporations Law of Queensland and because of its registration it is an incorporated company.

The company is limited by guarantee.

The company is a public company.

The day of commencement of registration is the fourteenth day of October 1991.

PATRON

Her Excellency Ms Penelope Wensley AO,
Governor of Queensland

COMMODORE

Russell McCart

VICE COMMODORE

Peter Conde

REAR COMMODORE

Greg Clarke

HONORARY TREASURER

David Virgo

HONORARY MEASURER

Bill Wright

GENERAL MANAGER

Paul Hughes

GENERAL COMMITTEE

Ed Boast, Mark Gallagher,
Matthew Hill-Smith, Jeff Rice,
David Virgo, Peter Watkins

FINANCE COMMITTEE

David Virgo (Chairman),
Ian Fraser, Steve Nelson,
Rod Stewart, David Wilson

SAILING COMMITTEE

Mark Gallagher (Chairman),
Rod Caldwell, Bill Cuneo,
David Elliott, Kerry Waraker

POWERBOAT COMMITTEE

Ed Boast (Chairman),
Mick Atkinson, Terry Cranitch,
Craig Mathie, Ian Threlfall

WORKS COMMITTEE

Jeff Rice (Chairman),
Ron Cavanough, Tim Green,
John Warlow, Peter Watkins.

HOUSE & ENTERTAINMENT COMMITTEE

Matthew Hill-Smith (Chairman),
Peter Cran, Evan Johnston,
Brian Pozzey, David Virgo

MEMBERSHIP COMMITTEE

Peter Watkins (Chairman),
Ross Gettons, Alan Harrison,
Michael Job, Grant Somerville

COMMODORE'S ANNUAL REPORT **2010**



The Squadron has had a wonderful year in its core activities. Our rigging lawns are full almost every weekend, our sailors have achieved high honours on the Australian and world stages and our Olympic hopefuls are moving into position behind the start line. Our sail and power cruising groups increase steadily in numbers as do our WAGS sailors. Our youngsters are active and are well represented in the national youth and junior Olympic selections, our yachts race up and down the Australian coast and all in all the club is full of spirit and the energy levels are high.

All this under the spectre of the GFC which I know we are tired of hearing about. We did however post a very respectable \$251,000 profit for the year which has been hard earned and a credit to our staff, members and volunteers. This despite suffering a drop in sponsorship of over \$60,000 as a result of recession induced corporate policy and our R and M being up by \$35,000. I am pleased to say that our support boat fleet is now on programmed rather than crisis maintenance and we will see the payoff in the future. We also have a more structured approach to sponsors and wish to offer them more value in the future.

I would like to thank our continuing loyal sponsors whose friendship and support is even more appreciated in these tough times.

Our new and final stage Marina has been a major milestone not just in the year but in the Club's

history and the 50 berths we own after selling enough to recover costs significantly strengthens us. Thanks again to the many who were part of this but particularly Past Commodores Miller, Kirby and Sneesby. We have challenges with regard our deteriorating older marina and we are currently evaluating the way forward to improve value and the physical nature of these assets for our members and berth owners.

We must up the tempo of our financial performance to meet our future cash needs. To ensure we have the right people to do this we have appointed a new General Manager, Paul Hughes and a new Marina Manager David McTaggart. Both these fellows have a strong brief for change and improvement and we welcome them aboard. Our focus will be on improved food, beverage and function revenue in house and new revenue opportunities in our boatyard operations.

Our Marine Sports office now operates races and regattas almost all year round and our junior participation levels in training and racing continue to grow. Amongst our notable successes in the last year include: World Etchells champions Jason Muir and crew; 6 of the 12 Australian Youth Squad; 1 Junior Olympic representative; World number one 470 crew and I could go on and on but will not steal all the Sailing Committee Chairman's thunder. Our Marine Sports office staff continue to give of their all and box above their weight.

COMMODORE'S ANNUAL REPORT **2010**

Our 470 sailors are a real medal chance at the 2012 Olympics and Brendan Casey is winding up for a serious go at the Finns. It will be an increasing focus of the Board to get our Squadron squarely behind our 2012 and future Olympians.

It is particularly pleasing to see the development and increased professionalism of our volunteers. The recognition we receive from foreign and interstate competitors about our race management is very rewarding. We are the envy of our peers in this regard. All in all our small boat sailing is at the pinnacle of the sport and improving year by year.

In membership we continue our focus of building value for full members and reverse the decline in full member numbers, and our recent changes to the Constitution enabling Associates to become Full members is a big step forward. Our full members are the financial backbone of our Squadron and you will see new initiatives to make full membership attractive rolled out over time .

Congratulations to our Yachtsman of the Year Matt Mulder and Powerboater of the Year Clare Fraser and also to Dugald Henderson and David Virgo for well deserved Life Membership status.

It has been a rewarding year with many great achievements and the foundations strong for even better times ahead.

Russell McCart
Commodore

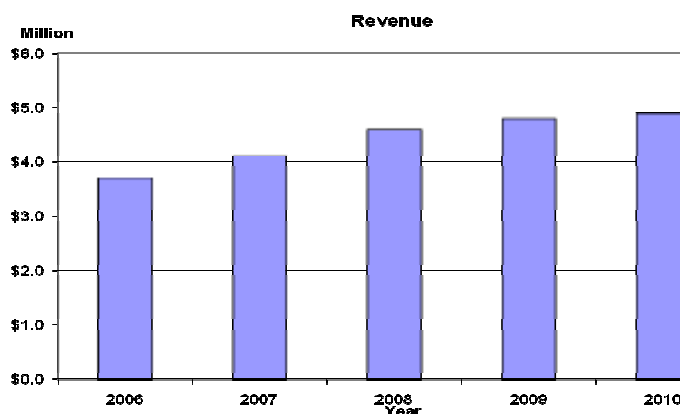
TREASURER'S REPORT 2010

Despite difficult economic conditions the Squadron again traded at a profit in the year ended 30 April 2010.

The Squadron (referred to in this Annual Report as the Parent Entity) made an operating profit of \$141,075 in the 2009/2010 year compared with a profit of \$220,520 in the previous year. The profit included improved results from Miscellaneous Trading however these were offset by lower profits from Marketing and the higher cost of Member Services, Sporting and Grounds.

In addition to the above profit by the Squadron, trust income of \$91,260 was received from the Motel and \$28,199 from RQYS Nominees. This lifted our Consolidated Profit from all sources including RQYS Marina Limited to \$251,097 compared with \$317,831 last year.

Revenue of the Squadron increased marginally to \$4,908,463 compared with the revenue last year of \$4,847,025. The growth of revenue over the past five years is shown below.



Comments on the results of each of the sections follow:

House

In the difficult trading conditions House performed reasonably well with revenue increasing marginally and achieving profits of \$136,059 which was 6% lower last year. The profits from Bottle Shop, RQ Bar and Boardwalk Café profits were all above on last year's results. Flags was hard hit by the economic downturn with revenue flat and unable to recover increases in wages and expenses resulting in a loss of \$22,889.

Sporting Operations

The revenue from Sporting Operations increased by 5% over the previous year. Due to higher repairs and maintenance costs of the support vessels the cost to the Squadron of Sporting Operations increased from last year's level of \$116,800 to \$153,838.

Marketing

Marketing this year incurred a loss of \$32,851 compared with the profit of \$30,605 made last year. Marketing revenue from sponsors and advertising fell by \$57,930 as a direct result of cutbacks made due to the poor economic conditions. Many sponsors continued to support us during the year despite the conditions and we thank them most sincerely for their support.

Miscellaneous Trading

Miscellaneous Trading made a profit of \$622,781 for the year which was an improvement over the \$562,698 earned in the previous year. This improvement was due to higher fuel sales and improved trade shed and hardstand revenues.

TREASURER'S REPORT **2010**

Grounds and Canaipa

The cost to the Squadron of maintaining its grounds and Canaipa rose to \$236,859 compared with \$219,500 last year largely due to higher grounds maintenance costs at Manly.

Member Services and Administration

For the year the cost of member services and administration was \$194,305. This was higher than last year's costs of \$179,598 due to the write off of costs associated with previous club house designs.

Capital Expenditure

The Squadron spent \$63,146 during the year on new assets which was lower than in the previous year.

Financial Position

Despite the economic conditions we experienced during the year our financial position remains strong.

RQYS Nominees

This company which comprises the marina slipping activities and the new marina (now known as Marina 2) had an extraordinary year. It built a 108 berth marina at a cost of nearly \$11 million which was funded by berth sales without any external borrowings. This achievement is entirely due to the hard work, patience and persistence over many years of Past Commodores Kevin Miller and Bill Kirby and the excellent salesmanship skills of Past Commodore Graham Sneesby ably assisted by Michael Burke.

Summary

It was a reasonable year for the Squadron given the difficult economic conditions.

These difficult economic times are by no means completely behind us and therefore more than ever the Squadron will depend on the efforts of the Flag Officers, Committees, Management, Staff and Volunteers and most particularly support from Members.

David Virgo
Honorary Treasurer

POWERBOAT COMMITTEE REPORT **2010**

The Powerboat Committee has had a very active year.

The Cruising Group ran eleven trips to destinations in Moreton Bay. These are promoted to new Squadron members as an induction into the Squadron community. Powerboat committee member Ian Threlfall organised the Squadron's involvement in the Q150 re-enactment celebrations in the Brisbane River in December with the Cruising Group forming part of the Squadron's fleet. Clare Fraser, longtime Secretary of the Cruising Group, was recognised for her years of work in this role and other Squadron activities by the prestigious Powerboater of the Year Award. Clare's professional organisational skills have set a high standard. Clare becomes the first woman Power Boater of the year - a significant event in the Squadron's history.

Competitive Navigation events continued to be a challenge to the committee in terms of attracting new and younger competitors. Goodwill Cup and Myora Cup still attract good numbers but the other events in the calendar declined to the point where they had to be dropped. Goodwill Cup morning saw around 200 competitors (power and sail, RQYS and SYC) breakfasting on the lawn at Canaipa. The Myora Cup was postponed due to bad weather and will be re-run in July in conjunction with the Canaipa 20th year celebration.

Starting this season and in line with other clubs throughout Australia the navigation competitions will be checked and scored using the Tack Tracker system, a course programmed GPS logger is carried by each competing vessel and downloaded for scoring at the end of the event.

A new initiative of the Powerboat Committee is a navigation course directed at powerboat skippers and crew with the aim of elevating competency in GPS Plotter Navigation and refreshing the fundamentals of Dead Reckoning.

Powerboat Committee member work in overseeing the maintenance of the Squadron's Support Boat fleet of nine vessels has resulted in substantial improvement in ready for use availability.

The Committee took on the task on building a body of volunteers qualified to skipper the *Vic Frizzell*. A system for in-house training and certification was set up, existing skippers were re-qualified and new skippers (including four members of the Powerboat Committee) were trained and qualified. The system is ongoing and the plan is to expand the training to other Squadron support vessels in the coming season.

Powerboat Committee continued to provide the Squadron representative on the Queensland Recreational Boating Council (previously Queensland Small Craft Council).

Changes in the Powerboat Committee next season will see long term member Terry Cranitch retire. In the last four years (his second stint on PBC) Terry has worked tirelessly organising navigation contests as course setter and promotions organiser. I would like to thank Terry for his support and help.

Mick Atkinson will be taking over from Ian Threlfall as the representative of the Powerboat Cruising Group on Powerboat Committee.

As Chairman of the Powerboat Committee I thank the many volunteers who generously support the committee's work. The sponsors who donate in both cash and kind deserve special thanks for their ongoing support especially in these lean times.

Ed Boast
Chairman Powerboat Committee.

SAILING COMMITTEE REPORT **2010**

I am pleased to report that at the end of the 09/10 Sailing season the Marine Sports Department has achieved commendable results despite the continuing effects of the economic down turn. Race entries on all courses have increased providing excellent competition for all sailors.

The Squadron continues to offer sailing throughout the year, especially during winter with the popular Frostbite Series, one off events and the increasing number of winter regattas we host. The Squadron's ability to deliver these events is testament to the dedication of all who are involved in the management and delivery of yacht racing at RQ.

The Marine Sports staff continues to promote the Squadron with local and international class associations as a regatta site suitable and capable of conducting events up to World Championship class events. It is anticipated that RQYS will shortly be confirmed as the site for a number of World Championship events in the next two to three years.

The strategic plan for Junior Development at the Squadron is progressing albeit at a slower rate than expected. The strategy provides pathways for junior sailors to progress from entry level Sail and Play and Learn to Sail up to the highest levels of international competition and Olympic selection.

The Squadron continues to support any class that organises threshold numbers in its dinghy fleets. However, in developing this strategy the steering group, with endorsement by Sailing and General Committees, decided to actively promote the international Optimist class. It was determined that Optimist Class was most appropriate because of its strict one design, affordable prices, suitability for entry level sailors, potential for international competition, rapid growth throughout Australia and hull shape that allows a wide weight range to be competitive at the highest levels.

In support of the strategy, the free coaching provided

to the "Optimist Green Fleet" continues to attract great numbers, despite a shortage of available boats. The ongoing success of the program is demonstrated by a waiting list of sailors wanting to join the fleet. The ongoing challenge facing the Junior Development sub committee and the Squadron is the acquisition of up to 28 Optimists that will supply waiting sailors and provide additional training hulls for the Squadron and interested sailors. Once acquired a number of the additional boats will be offered to sailors on a low cost introductory rental basis.

The ongoing successful implementation of Junior Development at the Squadron will build on the successes of our sailors at the highest levels in the years ahead. During the 09/10 sailing season congratulations and recognition of successes at the highest levels of the sport by RQYS sailors are offered to:

- Matt Mulder for winning the 2010 Australian Contender Championships and organising the World Championships held at RQYS in January
- Ben Franklin who is the 2010 Laser Radial Australian and 2010 Australian Youth Champion (Boys Laser Radial class) and has gained selection to compete at the ISAF Youth Worlds in Turkey
- Angus Galloway and Alex Gough 2010 Australian Youth Champions (Boys 420 class) and have gained selection to compete at the ISAF Youth Worlds in Turkey
- Eloise Brake and Ashley Warlow 2010 Australian Youth Champions (Girls 420 class) and have gained selection to compete at the ISAF Youth Worlds in Turkey
- Joanna Sterling 2010 Australian Youth Champion (Girls Techno 293 class) and has gained selection to compete at the ISAF Youth Worlds in Turkey
- Madison Kennedy 2010 Australian Youth Champion (Girls Laser 4.7 class) and gained selection to compete at the 2010 Youth Olympics in Singapore

Our major ocean yacht race and Squadron signature keel boat event the Brisbane to Keppel Tropical

SAILING COMMITTEE REPORT **2010**

Yacht Race was run for the third time in 2009 with 28 competitors. The destination for the race is the magnificent facilities and hospitality of the Keppel Bay Marina. Planning for the 2009 event is well under way with the event expected to attract increasing numbers of entries.

The Squadron's ability to communicate with members through diverse communication methods, especially electronic communication continues to be world class thanks to the efforts of Suellen Hurling and past employee Tom Johns. Their ability to prepare communications that are attractive to the particular target audience has been most effective. Our Marine Sports staff has worked diligently to generate income and control expenditure through all available means during the recent tight economic conditions. To our Marine Sports thank you for your continuing efforts in these challenging times.

Without the willing and cheerful support of our Volunteers it would not be possible for the Squadron to run the events on our calendar. Congratulations to the Volunteers who have gained national recognition and accreditation of their skills as Race Officers, Umpires and Judges these skills assist the Squadron in bidding to host events at the highest levels of the sport. To every Volunteer irrespective of your contribution thank you, particular recognition is due to our organizer of human resources Dugald Henderson whose contribution to the Squadron has been recognised with the award of Life Membership. Without the efforts of our dinghy maintenance stalwart Mike Fowler and their respective teams we could not put our fleets on the water. To the Flag Officers especially Commodore Russell McCart and Vice Commodore Peter Conde thank you for the support and the advice you have provided to our Volunteers.

To the Sailing Committee thank you for your support and passion for the sport, especially Rod Caldwell for acting as Chair of Sailing Committee during my absence overseas for work.

With many sporting organizations operational successes are often supported by generous sponsorships. We are indeed fortunate to have a group of fine Sponsors, both within the Squadron and externally, who contribute towards the running of major events and assist with weekly prizes. For their ongoing involvement through the encouragement provided by Michael Burke our sincere thanks.

Thanks also to our immediate past General Manager Haydyn Johns whose leadership and passion contributed to the success of another sailing season.

In conclusion I am able to confidently report to members on behalf of the Sailing Committee that Marine Sports at the Squadron are well prepared and eagerly awaiting the forthcoming 126th Sailing Season.

Mark Gallagher
Chairman Sailing Committee

WORKS COMMITTEE REPORT **2010**

Firstly, my thanks to Committee members and contributors to Works. It has been a historic year for the Squadron with two major projects that will be of great benefit to members for many years to come.

Firstly, our new Marina extension was completed and commissioned at the end of February. Secondly, a project that's been on Works Committee "wish list" for a very long time, our main ramp refurbishment will be completed and operational by the time you read this report.

The Squadron and I both owe an enormous vote of thanks to two of the Works Committee members who both contributed countless volunteer hours working on behalf of these two projects. Life Member Peter Watkins and long-term Squadron member Tim Green.

Peter Watkins, continuing his long-term close monitoring of all Squadron infrastructure matters, spent hours meeting with Project Management and Contractors before, during and since the implementation of new infrastructure for the Squadron and the new Marina.

Tim Green also devoted long hours over many months during the Squadron year co-ordinating the planning, tendering and subsequently monitoring construction phase of the main ramp refurbishment for our Committee.

Both are long-time Works Committee members who continue to astound with their current and historical knowledge of everything RQYS.

Other maintenance and Works projects conducted during the last year include:

- Installation of water tanks to help keep our grounds in the best shape possible during restrictions.
- Brick paving replaced in front of the Clubhouse.
- A double gate installed in the east fence for windsurfer member access to the bay.
- Beautification and planting was also carried out along this fence line to confirm with requirements from Port of Brisbane.
- A security upgrade to the southern boundary fence following access issues in this area.

- New technology for the Marina entry gate is being priced at the moment for installation to negate our tailgating problem.
- At Canaipa, a new source was found on the island for supply of concrete blocks, now placed and preventing further erosion to our eastern bank from boats speeding through the Canaipa anchorage.

Congratulations to Eric Matthews and his gardening team. Eric continues to produce extraordinary results, under trying conditions in the earlier part of the year and even now, continues to overcome salt on the rigging lawns and maintains our large premises with care and diligence.

Of course, and I say this every year, Canaipa continues to be the jewel in the Squadron's crown, now complemented by a couple of new jewels, overseeing our small piece of paradise down the bay. Many thanks to Kevin and Tina Ball for quickly picking up the caretaking mantle, adding their own innovative touches, entertainment and self-catering, making Canaipa an even better destination.

This is my final Board Report. It has been an interesting, sometimes turbulent, but always rewarding 14 years as a Squadron Director and Member of General Committee. I have been privileged to work with 8 Commodores and thank them all for taking me along on their journey. Thanks also to the many General Committee members who have helped make my term enjoyable. I am proud to have been able to serve the Squadron during this time and trust my contribution has brought worthwhile benefits for the members.

Jeff Rice
Chairman - Works Committee

HOUSE & ENTERTAINMENT COMMITTEE REPORT **2010**

The last two years have seen the world change as we knew it.

As a result, the needs and expectations of our members and the public have altered - i.e. the use of Flags for weddings, corporate lunches, 21st and 18th birthday parties has changed. We have been aware of the need to move forward with new ideas and initiatives with a view to servicing the changing needs of our members today.

We have seen Squadron functions that were once successful become less attractive to members. The 'gourmet dinners' are to be replaced with "Guest Chef Dinners" from some of Queensland's finest restaurants.

"Music under the Stars" has been a huge success and we are planning "Carols under the Stars" later this year.

The Commodore's at Home function was changed to a more 'family-friendly' format with jumping castles, outdoor movies and a child-care centre. Despite the monsoon conditions, this function was a great success with over 400 attending.

We are now offering a full a-la-carte breakfast on Saturdays and Sundays - I urge you to try this.

In the past, we have had a policy of not opening for lunch and dinner on public holidays as penalty rates at double time apply for staff. This policy is under review and in the interim the Squadron will now be open on public holidays for breakfast and lunch.

Other events planned are cheap pasta nights featuring a guest speaker. The first topic of these nights will be on the subject of "How to read a weather map". Other topics under consideration are "Basic 12v Electronics" and "How to get yourself out of trouble if your diesel breaks down" at a cost of around \$25 including food. We hope these nights will be informative and of great value to many.

It is a stated goal of the Flag Officers and the Board to try and put more value back into being a member of RQYS. I hope these initiatives start the process.

Other functions undertaken were:-

Opening day, Children's Christmas Party, Music Under the Stars, Mothers Day, Splice the Mainbrace, the Olympic Fundraiser featuring Malcolm Page (current 470 Gold Medalist) Matt Belcher and Viktor Kovlenko (470 Coach) and known as the medal maker, New Member's Nights, Captain's Table, 21 Club, 42 Year Warriors, Junior and Senior Presentation, Air Vanuatu Club Member of the Year - believe me the clubhouse has something for everyone.

All of these initiatives do not happen without considerable effort by all staff - it is a testament to all of them that the service and food quality did not miss a beat in the period between General Managers.

We have two long-serving members retiring from the House Committee in Evan Johnston and Peter Cran - their input whether it be cooking sausages at any number of Club functions to doing a ring around to get the numbers for Gourmet Dinners or just their enthusiasm and experience will be sadly missed.

The appointment of Paul Hughes is an era within the Squadron that I am looking forward to. Paul comes to us with a huge hospitality background and if the small changes he has already made are a picture of things to come - we have lots to look forward to.

Matthew Hill Smith
Chairman - House & Entertainment Committee

MEMBERSHIP COMMITTEE REPORT **2010**

Membership this year has seen a slight decrease in numbers and as at 30 April stood at 3,272. Whilst we have seen a consistent flow of new members joining the Squadron ranks during the year we have unfortunately lost some members which can mostly be attributed to the difficult economic climate.

Membership Committee have provided some new initiatives, especially in the Social membership category, to encourage local residents to join.

The 'Squadron on Display' day held last August saw a great number of local residents visit the Squadron to gain an insight as to what is available to them on becoming a member. I would like to thank my fellow Committee members and staff for their efforts in making this day a success.

New initiatives such as opening the Boardwalk Cafe

for breakfast on weekends and public holidays provides us with the opportunity to entice people to join so that they can enjoy all the facilities the Squadron has to offer.

The main focus of the Committee now is to provide better value for our Full members. This strategy will be an ongoing agenda item and open to new initiatives throughout the coming year and suggestions from members are always welcome.

Whilst I will be stepping down from the Chairmanship of the Membership Committee I would like to pass on my thanks to each of the Committee members and the staff for their support over the past year.

Peter Watkins
Chairman - Membership Committee

**Royal Queensland Yacht Squadron Limited
and Controlled Entities
ABN 25 053 989 272**

**CONSOLIDATED FINANCIAL REPORT
for the Year Ended 30 April 2010**

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ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

DIRECTORS' REPORT 2010

The directors of Royal Queensland Yacht Squadron Limited submit herewith the financial statements of the Royal Queensland Yacht Squadron Limited and its controlled entities for the year ended 30 April 2010 and report in accordance with a resolution of the directors as follows:

1. The following persons were directors of the parent entity during the whole of the financial year and up to the date of this report:

Charles Russell McCart	Peter John Conde	David Gilmour Virgo
Matthew Norman Hill-Smith	Mark Drew Gallagher	Edward Boast
Jeffrey Ian Rice	Peter Robert Watkins	

The following persons were directors during part of the financial year:

Name	Dates of Tenure
Gregory Dixon Clarke	Appointed 22 July 2009
Keith James Anderson	Resigned 22 July 2009

Haydyn Clyde Johns held the position of company secretary at the beginning of the financial year until the 11 March 2010. His qualifications are FPNA, ACIS, MECIA, and he has a number of years experience in accounting, hospitality and sporting administration. David Gilmour Virgo has occupied the position of interim company secretary since 11 March 2010 and will do so until the appointment of Paul Hughes as company secretary. David Virgo's experience is detailed below.

2. The principal activities of the entities in the consolidated group during the financial year were to encourage, promote and further the sport of yachting, yacht building, sailing, racing, and fishing and to provide other services to members, acting as a marina and boat maintenance operator and landlord of a motel property. No significant change has occurred in those activities during the year.
3. No dividend has been recommended out of the profits of the parent entity for the year ended 30 April 2010 nor has a dividend been paid or declared since the end of the previous financial year.
4. Review of the Operations
 - (a) Parent Entity

A review of the company's operation is contained in the Reports by the Commodore, the Treasurer, and other Committee Members and these are included in the Annual Report.
 - (b) Controlled Entities

The controlled entities comprise RQYS Marina Limited, RQYS Motel Pty Ltd and RQYS Nominees Pty Ltd. A review of the operations of RQYS Marina Limited is contained in the Report by the Chairman of the RQYS Marina Limited Board and is included in the Annual Report. A review of the operations of RQYS Motel Pty Ltd and RQYS Nominees Pty Ltd is contained in the Commodore's Annual Report.
5. There were no significant changes in the state of affairs of the consolidated group during the financial year.
6. No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:
 - (i) the operations of the consolidated group;
 - (ii) the results of those operations; or
 - (iii) the state of affairs of the consolidated group.
7. Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years, have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

DIRECTORS' REPORT 2010

8. Particulars of directors' qualifications, experience, special responsibilities, shares in the company or related body corporate as at the date of this report, are as follows:

Name	Qualifications	Experience	Responsibility
Charles Russell McCart	B.Bus Mngmt	Flag Officer for four years and Member of General Committee for four years	Commodore
Peter John Conde	MBA, BE (Hons)	Flag Officer for two years and Member of General Committee for three years	Vice Commodore
Gregory Dixon Clarke	Dip.Bus., MAICD	Flag Officer for nine months and Member of General Committee for nine months	Rear Commodore
Edward Boast		Member of General Committee for two years	Chairman of Powerboat Committee
Jeffrey Ian Rice		Member of General Committee for thirteen years	Chairman of Works Committee
Mark Drew Gallagher	BProfSt, GDipLaw, DipGovt (Fraud Invest)	Member of General Committee for two years	Chairman of Sailing Committee
Peter Robert Watkins		Member of General Committee for two years	Chairman of Membership Committee
David Gilmour Virgo	FCPA, FCIS, BCom(Accounting) UNSW	Member of General Committee for five years	Honorary Treasurer. Chairman of Finance Committee, Interim Company Secretary
Matthew Norman Hill-Smith		Member of General Committee for two years	Chairman of House & Entertainment Committee

9. During the financial year 12 meetings of the company's directors were held. The number of meetings each director of the company attended is as follows:

	Number of Board Meetings Held while a Director	Board Meetings Attended
Charles Russell McCart	12	12
Peter John Conde	12	7
Gregory Dixon Clarke (appointed 22 July 2009)	10	9
David Gilmour Virgo	12	12
Jeffrey Ian Rice	12	12
Edward Boast	12	12
Peter Robert Watkins	12	9
Mark Drew Gallagher	12	7
Matthew Norman Hill-Smith	12	5
Keith James Anderson (resigned 22 July 2009)	3	3

10. The parent entity has not at any time granted to a person an option to have shares issued to them in the parent entity.

DIRECTORS' REPORT **2010**

11. The parent entity has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the parent entity or of a related body corporate

(a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

(b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings;

with the exception that during the financial year the parent entity has paid premiums to insure each of the directors against liabilities incurred whilst acting in the capacity of directors of the parent entity. The insurance policy prohibits the disclosure of various details relating to the policy.

12. The Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 17 and forms part of the directors' report for the year ended 30 April 2010.

Signed in accordance with a resolution of the Board of Directors of Royal Queensland Yacht Squadron Limited.



C R McCart
Director

Dated at Brisbane, 10 June 2010



D G Virgo
Director

Dated at Brisbane, 10 June 2010

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 APRIL **2010**

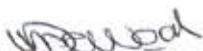
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
To the directors of Royal Queensland Yacht Squadron Limited and its controlled entities

I declare that, to the best of my knowledge and belief during the year ended 30 April 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



WHK HORWATH



VANESSA DE WAAL

Principal

Brisbane, 10 June 2010

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2010

	NOTE	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
Operating Revenue					
Member services income		1,154,015	1,116,686	1,154,015	1,136,690
House operations income		1,762,547	1,675,020	1,762,547	1,675,020
Sporting operations income		462,180	429,826	462,180	429,826
Marketing & sponsorship income		81,253	139,183	81,253	139,183
Grounds & Canaipa income		(16,415)	16,104	15,606	16,104
Miscellaneous trade income		1,329,319	1,339,287	1,329,319	1,339,287
Marina operations income		1,602,265	1,130,232	-	-
Slipping operations income		313,411	292,553	-	-
Motel revenue		421,757	482,091	-	-
Interest income		86,616	87,359	89,388	97,153
Other income		12,700	12,841	12,700	11,962
Profit from sale of non current assets		1,455	1,800	1,455	1,800
		<u>7,211,103</u>	<u>6,722,982</u>	<u>4,908,463</u>	<u>4,847,025</u>
Operating Expenses					
Member services expenses		(1,451,862)	(1,427,203)	(1,451,862)	(1,427,203)
House operations expenses		(1,626,485)	(1,529,904)	(1,626,485)	(1,529,904)
Sporting operations expenses		(616,020)	(546,626)	(616,020)	(546,626)
Marketing expenses		(114,104)	(108,579)	(114,104)	(108,579)
Grounds & Canaipa expense		(252,466)	(235,604)	(252,466)	(235,604)
Miscellaneous trade expenses		(706,449)	(776,589)	(706,451)	(776,589)
Marina operations expenses		(901,887)	(781,724)	-	-
Slipping operations expenses		(225,388)	(197,758)	-	-
Marina administration		(827,512)	(489,328)	-	-
Motel expenses		(241,214)	(361,082)	-	-
		<u>(6,963,387)</u>	<u>(6,454,397)</u>	<u>(4,767,388)</u>	<u>(4,624,505)</u>
Operating Profit		<u>247,716</u>	<u>268,585</u>	<u>141,075</u>	<u>222,520</u>
Other Income					
Trust income		-	-	119,459	160,540
PROFIT BEFORE INCOME TAX	2	<u>247,716</u>	<u>268,585</u>	<u>260,534</u>	<u>383,060</u>
Income tax expense/ (revenue)	3	<u>(3,381)</u>	<u>(49,246)</u>	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>251,097</u>	<u>317,831</u>	<u>260,534</u>	<u>383,060</u>
OTHER COMPREHENSIVE INCOME					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>251,097</u>	<u>317,831</u>	<u>260,534</u>	<u>383,060</u>
Profit (Loss) for the year attributable to:					
- Members		<u>251,097</u>	<u>317,831</u>	<u>260,534</u>	<u>383,060</u>
Total comprehensive income for the year attributable to:					
- Members		<u>251,097</u>	<u>317,831</u>	<u>260,534</u>	<u>383,060</u>

Notes to the financial statements are attached

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 APRIL 2010

	NOTE	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	4	1,395,954	623,199	477,297	391,772
Trade and other receivables	5	1,260,851	955,427	395,668	377,471
Other financial assets	6	1,021,786	940,782	41,786	41,848
Inventories	7	128,073	148,207	128,073	148,207
Current tax assets	15	13,253	-	-	-
Other assets	8	19,827	156,472	17,607	17,909
TOTAL CURRENT ASSETS		3,839,744	2,824,087	1,060,431	977,207
NON-CURRENT ASSETS					
Trade and other receivables	5	-	6,253	2,507,597	2,065,717
Property, plant and equipment	9	18,233,259	9,770,189	4,650,069	4,912,070
Investment property	10	3,916,419	4,055,965	-	-
Deferred tax assets	11	43,824	72,617	-	-
TOTAL NON-CURRENT ASSETS		22,193,502	13,905,024	7,157,666	6,977,787
TOTAL ASSETS		26,033,246	16,729,111	8,218,097	7,954,994
CURRENT LIABILITIES					
Trade and other payables	12	2,364,456	1,765,299	1,571,602	1,693,331
Financial liabilities	13	347,495	212,053	-	-
Short term provisions	14	256,554	259,688	256,554	165,342
Current tax liability	15	-	3,329	-	-
Other current liabilities	16	2,617,145	3,086,125	800,402	774,151
TOTAL CURRENT LIABILITIES		5,585,650	5,326,494	2,628,558	2,632,824
NON-CURRENT LIABILITIES					
Long term provisions	14	31,724	31,724	31,724	24,889
Financial liabilities	13	952,552	1,500,466	-	-
Deferred tax liabilities	15	575,455	607,628	-	-
Other non current liabilities	16	9,373,969	-	-	-
TOTAL NON-CURRENT LIABILITIES		10,933,700	2,139,818	31,724	24,889
TOTAL LIABILITIES		16,519,350	7,466,312	2,660,282	2,657,713
NET ASSETS		9,513,896	9,262,799	5,557,815	5,297,281
EQUITY					
Reserves		65,307	65,431	65,307	65,431
Retained earnings		9,448,589	9,197,368	5,492,508	5,231,850
TOTAL EQUITY		9,513,896	9,262,799	5,557,815	5,297,281

Notes to the financial statements are attached

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2010

CONSOLIDATED GROUP	Reserves		Total Reserves \$	Retained Profits \$	Total \$
	\$ IOSSF	\$ Trophy			
30 April 2009					
<i>Balance at 1 May 2008</i>	23,521	41,910	65,431	8,879,537	8,944,968
Total comprehensive income					
Profit/(loss) for the year	-	-	-	317,831	317,831
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	317,831	317,831
Balance at 30 April 2009	23,521	41,910	65,431	9,197,368	9,262,799
30 April 2010					
<i>Balance at 1 May 2009</i>	23,521	41,910	65,431	9,197,368	9,262,799
Total comprehensive income					
Profit/(loss) for the year	-	-	-	251,097	251,097
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	251,097	251,097
Transfers to/(from) reserves	-	(124)	(124)	124	-
Balance at 30 April 2010	23,521	41,786	65,307	9,448,589	9,513,896
PARENT ENTITY					
30 April 2009					
<i>Balance at 1 May 2008</i>	23,521	41,910	65,431	4,848,790	4,914,221
Total comprehensive income					
Profit/(loss) for the year	-	-	-	383,060	383,060
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	383,060	383,060
Balance at 30 April 2009	23,521	41,910	65,431	5,231,850	5,297,281
30 April 2010					
<i>Balance at 1 May 2009</i>	23,521	41,910	65,431	5,231,850	5,297,281
Total comprehensive income					
Profit/(loss) for the year	-	-	-	260,534	260,534
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Transfers to/(from) reserves	-	(124)	(124)	124	-
Balance at 30 April 2010	23,521	41,786	65,307	5,492,508	5,557,815

Notes to the financial statements are attached

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2010

	NOTE	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from operations		17,413,959	8,684,663	5,423,775	4,982,235
Payments to suppliers and employees		(7,570,551)	(6,245,253)	(5,024,305)	(3,963,514)
Interest received		76,473	87,359	89,388	97,153
Interest paid		(79,648)	(208,915)	-	-
Income tax paid		(16,582)	-	-	-
NET CASH FROM OPERATING ACTIVITIES	17 (a)	9,823,651	2,317,854	488,858	1,115,874
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(8,558,875)	(1,614,468)	(76,176)	(132,538)
Loans advanced		-	-	(328,674)	(663,055)
Proceeds from sale of fixed assets		1,455	1,800	1,455	1,800
NET CASH FROM INVESTING ACTIVITIES		(8,557,420)	(1,612,668)	(403,395)	(793,793)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net repayment of borrowings		(412,472)	(707,572)	-	(906,485)
NET CASH FROM FINANCING ACTIVITIES		(412,472)	(707,572)	-	(906,485)
Net increase/(decrease) in cash held		853,759	(2,386)	85,463	(584,404)
Cash at the beginning of the period		1,563,981	1,566,367	433,620	1,018,024
CASH AT THE END OF THE PERIOD	17 (b)	2,417,740	1,563,981	519,083	433,620

Notes to the financial statements are attached

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are a general purpose financial statement that have been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the Royal Queensland Yacht Squadron Limited as an individual parent entity and Royal Queensland Yacht Squadron Limited and controlled entities as a consolidated group. The Royal Queensland Yacht Squadron Limited, a public company listed by guarantee, is incorporated and domiciled in Australia.

The financial statement has been prepared on an accrual basis and is based on historical costs, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statement of Royal Queensland Yacht Squadron Limited and controlled entities and Royal Queensland Yacht Squadron Limited as an individual parent entity complies with all Australian equivalents to International Financial reporting Standards (IFRS) in their entirety.

The financial statements were authorised for issue by the Board of Directors on 10 June 2010.

Change in accounting policies

The consolidated group has adopted the following new and revised Australian Accounting Standards issued by the AASB which have mandatory application in the current year. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

Presentation of financial statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in these financial statements include:

- The replacement of Income Statement with Statement of Comprehensive Income. Total comprehensive income includes the changes in equity during the period other than changes resulting from transactions with owners in their capacity as owners. Items of income and expenses not recognised in profit or loss are now disclosed as components of 'other comprehensive income'.
- The adoption of the single statement approach to the Statement of Comprehensive Income.
- Other financial statements are renamed in accordance with the Standard.
- The disclosure of a third statement of financial position at the beginning of the comparative period if the entity has made a prior period adjustment.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2010 reporting periods. The company has assessed the impact of these new standards and interpretations which are not expected to have any significant effect on the financial report.

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

(a) Principles of Consolidation

The consolidated group financial statements comprise a consolidation of the financial statements of Royal Queensland Yacht Squadron Limited and all of its controlled entities. The consolidated financial statements includes the information contained in the financial statements of Royal Queensland Yacht Squadron Limited and each of its controlled entities as from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a controlled entity the consolidated financial statement includes the results of the part of the reporting period during which the parent entity had control. The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. All inter-company balances and transactions, and unrealised profits arising from intra consolidated group transactions, have been eliminated in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are stated at cost or fair value, less depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the economic entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Marina 1 is located in an area which is subject to a lease from the Port of Brisbane Corporation. The lease, which commenced 19 March 1999, has an expiration date of 31 December 2028.

Marina 2 is located in an area which is subject to a lease from the Port of Brisbane Corporation. The lease, which commenced 25 February 2010, has an expiration date of 24 February 2035.

The depreciation rates used for each class of depreciable assets are:

CLASS OF ASSET	DEPRECIATION RATE
Land and ground improvements	5-33%
Building and improvements	2-12%
Marina	2-20%
Furniture, plant and equipment	6-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Income Tax

(i) Royal Queensland Yacht Squadron Limited (parent entity)

The company is exempt from the payment of income tax under Section 50-45 of the Income Tax Assessment Act 1997.

(ii) RQYS Marina Limited (controlled entity)

The charge for current income tax expense is based on the profit/ (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items directly to equity, in which case the deferred tax is adjusted directly against other comprehensive income.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(iii) RQYS Motel Trust and RQYS New Marina Trust (controlled entities)

RQYS Motel Trust and RQYS New Marina Trust are discretionary trusts and as such will not pay income tax provided the assessable income of the trust (calculated in accordance with the Income tax Assessment Act 1997) is distributed to the trust's beneficiaries each year. Royal Queensland Yacht Squadron is the nominated beneficiary of each trust and it is the trustees' intention to ensure that the assessable income of the trusts is distributed each year.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term. Lease payments received reduce the liability.

(e) Impairment of Assets

At each statementing date, the consolidated group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(f) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (g) **Provisions**
Provisions are recognised when the consolidated group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.
- (h) **Inventories**
Inventories are measured at the lower of cost and net realisable value. Costs are assigned using the first-in, first-out basis.
- (i) **Cash and cash equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.
- (j) **Trade Debtors**
Sales made on credit are included in "Trade Debtors" and are recorded at the balance due, less a provision for doubtful debts for an amount estimated to be uncollectible. Trade debtors are due within 30 days from the end of the month.
- (k) **Revenue**
Revenue is measured at the fair value for the consideration received or receivable. Revenue is recorded on an accruals basis as the goods are delivered or the service provided. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).
- (l) **Comparatives**
Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by the directors. The new classifications have been altered to reflect a more accurate view of the entity's operations.

The motel asset has been reclassified from Property, Plant and Equipment to investment property. The reclassification was required to correctly record the motel asset as investment property in accordance with Australian Accounting Standards. There was no change in the overall consolidated position of the company in the prior years as a result of this reclassification. The comparatives have been amended at the beginning of the comparative period as well as the end of the comparative period to transfer the carrying amount of the Motel asset to Investment property.

- (m) **Critical accounting estimates and judgements**
The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated group entity.

Key estimates – Impairment

The consolidated group assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised for the year ended 30 April 2010.

- (n) **Investment Property**
Investment property, comprising the motel building and improvements, is held to generate long term yields. All tenant leases are on an arm's length basis. Investment property is brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of investment property is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

The depreciable amount of investment property is depreciated over its useful life using the straight line method commencing from the time the asset is held ready for use. Depreciation rates and methods are reviewed annually and, if necessary, adjustments are made.

The depreciation rates used for each class of depreciable asset are:

Class of Asset	Depreciation Rate
Investment Property	2% – 4%

- (o) **Other financial assets - held-to-maturity**
Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities at the groups management has the positive intention and ability to hold to maturity. Held-to-maturity assets are carried at amortised cost using the effective interest method.

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 2 PROFIT BEFORE INCOME TAX				
Profit before income tax expense has been determined after:				
Revenue				
Interest income				
- External	86,616	87,359	105	45,785
- Controlled entity	-	-	89,283	51,368
Trust distributions				
- RQYS Motel Trust	-	-	91,260	93,506
- RQYS New Marina Trust	-	-	28,199	67,034
Expenses				
Auditor Remuneration				
- Audit Services	40,450	39,355	24,100	18,540
- Other Services	6,000	14,844	2,200	2,925
Impairment losses - financial assets				
- Trade Debtors	10,045	10,000	-	-
Interest expense				
- External	79,648	208,915	-	-
- Controlled entity	-	-	-	11,801
Depreciation				
- Marina	214,799	121,614	-	-
- Land and ground improvements	74,499	97,966	64,646	87,164
- Buildings	74,955	77,120	71,581	73,640
- Plant and equipment	201,478	190,568	142,236	142,680
- Investment property	141,828	141,828	-	-
	707,559	629,096	278,463	303,484
Rental expense relating to operating leases				
- Minimum lease payments	321,235	381,164	(13,472)	62,520
NOTE 3 INCOME TAX				
Income tax expense				
- Current tax	-	3,329	-	-
- Deferred tax	(3,381)	(52,575)	-	-
	(3,381)	(49,246)	-	-
Deferred income tax expense (benefit) included in income tax expense comprises				
- (increase)/decrease in deferred tax assets (Note 11)	28,793	(21,167)	-	-
- increase/(decrease) in deferred tax liabilities (Note 15)	(32,174)	(31,408)	-	-
	(3,381)	(52,575)	-	-
Numerical reconciliation of income tax expense to prima facie tax payable				
Operating profit/ (loss) before tax				
Tax at the Australian tax rate of 30% (2009 - 30%)	66,285	80,576	78,160	114,918
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Over/under provision of deferred tax assets and liabilities in prior years	465	(8,022)	-	-
- Net benefit of tax losses not previously recognised	-	(13,998)	-	-
- Tax exempt income	(70,131)	(107,802)	(78,160)	(114,918)
Income tax expense (revenue)	(3,381)	(49,246)	-	-

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 4 CASH AND CASH EQUIVALENTS				
Cash on hand	26,110	22,600	26,110	22,600
Cash at bank	1,054,361	292,846	135,704	61,419
Cash on deposit	315,483	307,753	315,483	307,753
	<u>1,395,954</u>	<u>623,199</u>	<u>477,297</u>	<u>391,772</u>
NOTE 5 TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	1,224,888	947,843	410,668	389,429
Less provision for impairment	(26,500)	(32,000)	(15,000)	(15,000)
	<u>1,198,388</u>	<u>915,843</u>	<u>395,668</u>	<u>374,429</u>
Other debtors	62,463	39,584	-	3,042
	<u>62,463</u>	<u>39,584</u>	<u>-</u>	<u>3,042</u>
	<u>1,260,851</u>	<u>955,427</u>	<u>395,668</u>	<u>377,471</u>
Non-Current				
RQYS Motel Pty Ltd - loan account	-	-	2,412,364	1,992,430
RQYS New Marina Trust - loan account	-	-	95,233	67,034
Yachting Queensland	-	6,253	-	6,253
	<u>-</u>	<u>6,253</u>	<u>2,507,597</u>	<u>2,065,717</u>
	<u>1,260,851</u>	<u>961,680</u>	<u>2,903,265</u>	<u>2,443,188</u>
NOTE 6 OTHER FINANCIAL ASSETS				
Memorial and trophy funds	41,786	41,848	41,786	41,848
Term deposit - Dredging Trust	480,000	398,934	-	-
Westpac Term Deposit	500,000	500,000	-	-
	<u>1,021,786</u>	<u>940,782</u>	<u>41,786</u>	<u>41,848</u>
NOTE 7 INVENTORIES				
Goods held for resale, at lower of cost and net realisable value	128,073	148,207	128,073	148,207
	<u>128,073</u>	<u>148,207</u>	<u>128,073</u>	<u>148,207</u>
NOTE 8 OTHER CURRENT ASSETS				
Prepayments:				
- General	19,827	12,221	17,607	10,059
- Port of Brisbane Corporation	-	144,251	-	7,850
	<u>19,827</u>	<u>156,472</u>	<u>17,607</u>	<u>17,909</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 9 PROPERTY, PLANT AND EQUIPMENT	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Freehold land, at cost	2,120,000	2,120,000	2,120,000	2,120,000
Land and ground improvements, at cost	1,814,019	1,793,026	1,458,217	1,437,224
Less accumulated depreciation	(302,563)	(227,428)	(247,451)	(182,855)
	3,631,456	3,685,598	3,330,766	3,374,419
Building and improvements, at cost	1,302,750	1,302,750	1,246,197	1,246,197
Less accumulated depreciation	(434,440)	(359,485)	(417,986)	(346,405)
	868,310	943,265	828,211	899,792
Furniture, plant and equipment, at cost	2,988,574	2,917,712	2,150,150	2,107,997
Less accumulated depreciation	(2,262,809)	(2,061,967)	(1,672,088)	(1,529,852)
	725,765	855,745	478,062	578,145
Marina, at Cost	15,225,699	4,322,953	-	-
Less accumulated depreciation	(2,231,001)	(2,020,557)	-	-
	12,994,698	2,302,396	-	-
Capital work in progress	13,030	1,983,185	13,030	59,714
	18,233,259	9,770,189	4,650,069	4,912,070

Movements in Carrying Amounts

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

	Marina	Land and Ground Improve- ments	Capital Work In Progress	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$
CONSOLIDATED GROUP						
Written down value at the beginning of the year	2,302,396	3,685,598	1,983,185	943,265	855,745	9,770,189
Additions	21,000	11,473	8,975,660	-	80,382	9,088,515
Disposals	-	-	(59,714)	-	-	(59,714)
Transfers	10,886,101	8,884	(10,886,101)	-	(8,884)	-
Depreciation Expense	(214,799)	(74,499)	-	(74,955)	(201,478)	(565,731)
Written down value at the end of the year	12,994,698	3,631,456	13,030	868,310	725,765	18,233,259

	Marina	Land and Ground Improve- ments	Capital Work In Progress	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$
PARENT ENTITY						
Written down value at the beginning of the year	-	3,374,419	59,714	899,792	578,145	4,912,070
Additions	-	12,109	13,030	-	51,037	76,176
Disposal	-	-	(59,714)	-	-	(59,714)
Transfers	-	8,884	-	-	(8,884)	-
Depreciation Expense	-	(64,646)	-	(71,581)	(142,236)	(278,463)
Written down value at the end of the year	-	3,330,766	13,030	828,211	478,062	4,650,069

NOTE 10 INVESTMENT PROPERTY	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Motel building and improvements, at cost	4,259,490	4,257,208	-	-
Less accumulated depreciation	(343,071)	(201,243)	-	-
	3,916,419	4,055,965	-	-

In the opinion of the directors, the carrying value of investment property is approximate to its fair value.

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NOTE 10 INVESTMENT PROPERTY (continued)

Movements in Carrying Amounts

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

	Investment Property \$	Total \$
CONSOLIDATED GROUP		
Written down value at the beginning of	4,055,965	4,055,965
Additions/transfers	2,282	2,282
Depreciation Expense	(141,828)	(141,828)
Written down value at the end of the	3,916,419	3,916,419

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 11 TAX ASSETS				
Current tax asset	13,253	-	-	-
Deferred tax asset	43,824	72,617	-	-
The balance comprises temporary differences attributable to:				
- Doubtful debts	2,100	3,900	-	-
- Employee benefits	-	30,354	-	-
- Other provisions and accruals	32,451	36,559	-	-
- Tax losses	8,071	-	-	-
- Other temporary differences	1,202	1,804	-	-
	43,824	72,617	-	-

The movements in deferred tax assets reconciles as follows:

	Doubtful debts	Employee benefits	Other provisions and accruals	Other temporary differences	Total
	\$	\$	\$	\$	\$
2010					
Opening balance 1 May 2009	3,900	30,354	36,559	1,804	72,617
Charged/credited to the statement of comprehensive income	(1,800)	(30,354)	(4,108)	(602)	(36,864)
Closing balance at 30 April 2010	2,100	-	32,451	1,202	35,753
2009					
Opening balance 1 May 2008	-	-	-	-	-
Balances not previously recognised	2,100	28,617	20,734	-	51,451
Charged/credited to the statement of comprehensive income	1,800	1,737	15,825	1,804	21,166
Closing balance at 30 April 2009	3,900	30,354	36,559	1,804	72,617

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 12 PAYABLES				
Current				
Trade and member creditors	2,364,456	1,765,299	575,306	824,736
Loan - RQYS Marina Limited (i)	-	-	827,546	845,679
Loan - RQYS Nominees Pty Ltd (i)	-	-	168,750	22,916
	2,364,456	1,765,299	1,571,602	1,693,331

(i) The loan is interest free unsecured and payable on demand.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 13 FINANCIAL LIABILITIES	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Bank loans	347,495	212,053	-	-
	<u>347,495</u>	<u>212,053</u>	<u>-</u>	<u>-</u>
Non-Current				
Bank loans	952,552	1,500,466	-	-
	<u>1,300,047</u>	<u>1,712,519</u>	<u>-</u>	<u>-</u>

The bank loan is secured by:

- 1 Registered mortgage over head lease by RQYS Motel Pty Ltd over the property known as "Manly Marina Cove Motel", 578 Royal Esplanade Manly Qld.
- 2 Fixed and floating charge by RQYS Motel over all assets and uncalled capital.
- 3 Guarantee by Royal Queensland Yacht Squadron Limited

At 30 April 2010 the loan was subject to interest at rate of 6.34% and was repayable in monthly loan repayments of \$35,000. The facility expires on 20 June 2019.

NOTE 14 PROVISIONS	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Employee entitlements	256,554	259,688	256,554	165,342
	<u>256,554</u>	<u>259,688</u>	<u>256,554</u>	<u>165,342</u>
Non-Current				
Employee entitlements	31,724	31,724	31,724	24,889
	<u>288,278</u>	<u>291,412</u>	<u>288,278</u>	<u>190,231</u>

NOTE 15 TAX LIABILITIES

NOTE 15 TAX LIABILITIES	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Current tax liability	-	3,329	-	-
	<u>-</u>	<u>3,329</u>	<u>-</u>	<u>-</u>
Non-Current				
Deferred tax liabilities	575,455	607,628	-	-
	<u>575,455</u>	<u>610,957</u>	<u>-</u>	<u>-</u>
The balance comprises temporary differences attributable to:				
- Depreciation	575,455	607,441	-	-
- Prepayments	-	187	-	-
	<u>575,455</u>	<u>607,628</u>	<u>-</u>	<u>-</u>

The movements in deferred tax liabilities reconciles as follows:

2010	Depreciation	Pre-payments	Total
	Opening balance 1 May 2009	607,441	187
Charged/credited to the statement of comprehensive income	(31,986)	(187)	(32,173)
Closing balance at 30 April 2010	<u>575,455</u>	<u>-</u>	<u>575,455</u>
2009			
Opening balance 1 May 2008	638,870	167	639,037
Charged/credited to the statement of comprehensive income	(31,429)	20	(31,409)
Closing balance at 30 April 2009	<u>607,441</u>	<u>187</u>	<u>607,628</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 16 OTHER LIABILITIES	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Payments Received in Advance	2,197,145	1,788,100	800,402	774,151
Dredging Trust	420,000	360,000	-	-
New Marina Berth Deposits	-	938,025	-	-
	2,617,145	3,086,125	800,402	774,151
Non Current				
Payments Received in Advance	9,373,969	-	-	-
	9,373,969	-	-	-

NOTE 17 CASH FLOW INFORMATION

(a) **Reconciliation of net cash from operating activities to operating profit after income tax**

Net profit after income tax	251,097	317,831	260,534	383,060
Adjustment for non cash items				
Depreciation	707,559	629,096	278,463	303,484
Distributions received	-	-	(119,459)	(160,540)
Profit on sale of non current assets	(1,455)	(1,800)	(1,455)	(1,800)
Non current assets written off	59,714	-	59,714	-
Adjustment for changes in assets and liabilities				
<i>Decrease / (increase) in:</i>				
Trade debtors	(282,545)	(643)	(21,239)	32,850
Other debtors	4,641	(14,410)	9,295	20,458
Inventories	20,134	(31,047)	20,134	(31,047)
Prepayments	136,645	(7,776)	302	(5,144)
Deferred tax assets	28,793	(21,167)	-	-
<i>Increase/(decrease) in:</i>				
Provision for doubtful debts	(5,500)	10,000	-	-
Accounts payable	51,468	184,949	(121,729)	218,210
Fees and levies in advance	8,904,989	1,326,724	26,251	407,958
Current income tax liability	(16,582)	3,329	-	-
Deferred tax liability	(32,173)	(31,408)	-	-
Provisions	(3,134)	(45,824)	98,047	(51,615)
Net cash from operating activities	9,823,651	2,317,854	488,858	1,115,874

(b) For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and bank deposits at call net of bank overdrafts. Cash and cash equivalents at the end of the year as shown in the statement of cash flows is reconciled to the related items in the accounts as follows:

Cash and cash equivalents (note 4)	1,395,954	623,199	477,297	391,772
Term deposits (note 6)	980,000	898,934	-	-
Savings book account (note 6)	41,786	41,848	41,786	41,848
	2,417,740	1,563,981	519,083	433,620

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 18 INVESTMENT IN CONTROLLED ENTITIES

	Country of Incorporation	BENEFICIAL % HELD	
		2010	2009
Parent Entity			
Royal Queensland Yacht Squadron Limited	Australia		
Controlled Entity			
RQYS Marina Limited	Australia	100%	100%
RQYS Motel Pty Ltd	Australia	100%	100%
RQYS Nominees Pty Ltd	Australia	100%	100%
RQYS New Marina Trust	Australia	100%	100%
RQYS Motel Trust	Australia	100%	100%

NOTE 19 CONTRIBUTION TO THE CONSOLIDATED GROUP PROFIT AFTER INCOME TAX

	2010	2009
	\$	\$
Royal Queensland Yacht Squadron Limited	141,075	222,520
RQYS Marina Limited	(9,439)	(41,506)
RQYS Motel Pty Ltd as trustee for RQYS Motel Trust	91,260	69,783
RQYS Nominees Pty Ltd as trustee for RQYS New Marina Trust	28,199	67,034
	<u>251,095</u>	<u>317,831</u>

NOTE 20 RESERVES

The ISOSSF Reserve is a reserve to support up and coming sailors in their various endeavours .

The Trophy Fund Reserve is a reserve to maintain the trophies of the of the Royal Queensland Yacht Squadron Limited.

NOTE 21 SEGMENT INFORMATION

The principal activities during the course of the financial year were:

- to provide sporting activities associated with sailing, power boating, game fishing and other services to members;
- acting as a marina and slipping operator; and
- landlord of a motel property.

All activities were provided within Queensland.

NOTE 22 CAPITAL AND LEASE COMMITMENTS

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
<i>Operating Lease Commitments Payable</i>				
Not later than one year	475,372	311,664	37,207	15,700
Later than one year but not later than five years	2,502,087	2,182,235	148,826	62,800
Later than five years	12,568,235	8,916,703	517,119	233,908
	<u>15,545,694</u>	<u>11,410,602</u>	<u>703,152</u>	<u>312,408</u>

Marina 1 is located in an area which is subject to a lease from the Port of Brisbane Corporation. The lease, which commenced 19 March 1999, has an expiration date of 31 December 2028.

Marina 2 is located in an area which is subject to a lease from the Port of Brisbane Corporation. The lease, which commenced 25 February 2010, has an expiration date of 24 February 2035.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 23 EMPLOYEE BENEFITS				
The aggregate employee benefit liability recognised and included in the financial statements is as follows:				
Provision for employee benefits:				
Current (Note 14)	256,554	259,688	256,554	165,342
Non-current (Note 14)	31,724	31,724	31,724	24,889
Accrued wages and salaries (i)	19,393	10,820	19,393	10,820
	307,671	302,232	307,671	201,051
(i) Accrued wages and salaries are included in the current payables balance as disclosed in the statement of financial position to the financial statement.				
Number of employees at year end	25	23	25	20

NOTE 24 INCORPORATION

The parent entity was incorporated as Royal Queensland Yacht Squadron Limited on 14 October 1991 as a public company limited by guarantee and not having a share capital. Under Clause 6 of the Memorandum of Association every person who is a member or within one year after ceasing to be a member, is liable to contribute to the assets of the company in the event of a winding up to an amount not exceeding \$100 in the case of full members, \$80 in the case of country members and members who are residing outside Queensland, life members, senior members, young adult members and honorary members and \$60 in respect of junior members. In the case of fully paid members the payment of the fully paid membership fee discharges them from any further liability as members of the company. The number of members is as follows:

	Parent Entity	
	2010	2009
	No.	No.
City	776	808
Country	87	79
Other classes	1631	1619
Associates	778	815
	3,272	3,321

NOTE 25 RELATED PARTY TRANSACTIONS

(a) Directors' Names

The names of directors who have held office during the financial year are listed in the Directors' statement.

(b) Directors' Remuneration and Retirement Benefits

The directors' received no remuneration or retirement benefits.

(c) Transactions with Directors' and Director Related Entities

Some of the directors of the company are also directors of RQYS Marina Limited which has lent moneys to the company. The details of these loans are set out in Note 12. Some of the directors of the company are also directors of RQYS Motel Pty Ltd (as trustee for RQYS Motel Trust) and RQYS Nominees Pty Ltd (as trustee for RQYS New Marina Trust) which have been lent money by the company. The details of these loans are set out in Note 5.

All the current Directors of Royal Queensland Yacht Squadron Limited, with the exception of, Peter John Conde, Jeffery Ian Rice, Mark Drew Gallagher and Gregory Dixon Clarke have an interest in berths managed and maintained by RQYS Marina Limited. This interest involves the ownership or rental of Marina berths, with all transactions conducted at all times strictly at arm's length.

Edward Boast and Matthew Norman Hill-Smith who are current Directors of Royal Queensland Yacht Squadron Limited, have an interest in berths managed and maintained by RQYS Nominees Pty Limited. This interest involves the ownership or rental of Marina berths, with all transactions conducted at all times strictly at arms length.

During the year the parent entity purchased goods and services amounting to \$58,153 from Inflatable Ribs Marine. Inflatable Ribs Marine is a company associated with Mr Edward Boast, a director of Royal Queensland Yacht Squadron Limited. All transactions with Inflatable Ribs Marine are of a commercial nature and conducted at all times strictly at arms length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 26 NET FAIR VALUE

The net fair value of cash, trade debtors, investment and accounts payable approximate their carrying values.

NOTE 27 CONTINGENT LIABILITIES

There are currently no contingent liabilities that require disclosure in the financial statements other than Royal Queensland Yacht Squadron Limited has provided a guarantee to the Westpac Bank with respect to the loan repayment obligations of RQYS Motel Pty Ltd. At the date of this statement there is no indication that any demand will be made under the guarantee.

NOTE 28 COMPANY DETAILS

The Royal Queensland Yacht Squadron was incorporated in Queensland, Australia and is of Australian domicile. The registered office is situated at 578 Royal Esplanade, Manly QLD 4179.

NOTE 29 - FINANCIAL RISK MANAGEMENT

The parent entity and consolidated group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and bank loans.

The main purpose of non-derivative financial instruments is to raise finance for the consolidated group and parent entity operations. The parent entity and the consolidated group do not have any derivative instruments at 30 April 2010.

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial Risk Management

The main risks the parent entity and consolidated group are exposed to through its financial assets and liabilities are interest rate risk, liquidity risk and credit risk. The consolidated group's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the parent entity and consolidated group, by way of various measures detailed below.

Senior management analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

There has been no changes to the consolidated group or parent entities financial risk management strategies during the year.

Risk management is carried out by the board of directors and key management personnel.

(a) Market Risk

Interest rate risk

The consolidated group's and the parent entities interest rate risk arises from funds on deposit with banks and the borrowing of funds to finance the construction of capital assets. Interest bearing deposits and borrowings at variable rates expose the group to cash flow interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

The sensitivity analysis have been determined based on the exposure of the parent entity and consolidated group to interest rates for non-derivative financial instruments at the statementing date at the stipulated change taking place at the beginning of the financial year and held constant throughout the statementing period. A 0.5% increase or decrease is used when statementing interest rates internally to key management personnel and represents management's assessment of the possible change in interest rates.

At 30 April 2010, the effect on the consolidated group's and the parent entity's pre-tax profit and retained profits if interest rates had increased / decreased by 0.5% from the period-end rates with all other variables held constant would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 29 - FINANCIAL RISK MANAGEMENT (CONTINUED)

There has been no change to the consolidated and parent entity's exposure to interest rate risk or the manner in which they manage and measure the risk.

Price risk

The parent entity and consolidated group are not exposed to any material commodity price risk.

Foreign currency risk

The parent entity and consolidated group do not have any exposures to foreign currencies at the statementing date.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated group. The consolidated group enters into legally binding contracts and management monitors the progress of these contracts in accordance with contract values, as a means of mitigating the risk from financial loss.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the parent entity and consolidated group's maximum exposure to credit risk without taking account of the value of any collateral

The ageing of the company's trade receivables at the reporting date was:

CONSOLIDATED GROUP	2010		2009	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due (current)	1,057,397	(5,000)	872,151	-
Not past due 0-30 days(30 day ageing)	19,037	(15,646)	45,734	(4,060)
Not past due 31 - 60 days (60 day ageing)	142,600	-	-	-
Past due 31 - 60 days (60 day ageing)	4,565	(4,565)	9,434	(9,080)
Past due more than 60 days (90 days + ageing)	1,289	(1,289)	20,526	(18,860)
	<u>1,224,888</u>	<u>(26,500)</u>	<u>947,843</u>	<u>(32,000)</u>

Based on historic default rates, the company believes that no further impairment allowance is necessary in respect of receivables not past due or past due and not impaired as indicated above. Past due receivables are individually analysed and an impairment provision established as necessary.

The movement in the provision for impairment of receivables in respect of trade receivables of the company during the year was as follows:

	2010 \$	2009 \$
Balance at 1 May	32,000	22,000
Impairment loss recognised	500	10,000
Receivables written off	(6,000)	-
Balance at 30 April	<u>26,500</u>	<u>32,000</u>

PARENT ENTITY	2010		2009	
	Gross \$	Impairment \$	Gross \$	Impairment \$
Not past due (current)	393,554	-	355,453	-
Not past due 0-30 days(30 day ageing)	13,104	(10,990)	23,036	(4,060)
Past due 31 - 60 days (60 day ageing)	2,871	(2,871)	7,470	(7,470)
Past due more than 60 days (90 days + ageing)	1,139	(1,139)	3,470	(3,470)
	<u>410,668</u>	<u>(15,000)</u>	<u>389,429</u>	<u>(15,000)</u>

Based on historic default rates, the company believes that no further impairment allowance is necessary in respect of receivables not past due or past due and not impaired as indicated above. Past due receivables are individually analysed and an impairment provision established as necessary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 29 - FINANCIAL RISK MANAGEMENT (CONTINUED)

The movement in the provision for impairment of receivables in respect of trade receivables of the company during the year was as follows:

	2010	2009
	\$	\$
Balance at 1 May	15,000	15,000
Impairment loss recognised	-	-
Receivables written off	-	-
Balance at 30 April	15,000	15,000

(c) Liquidity risk

Ultimate responsibility for liquidity risk rests with the board of directors, who have an appropriate liquidity risk management framework for the management of the chief and economic entity's short, medium and long-term funding and liquidity requirements.

The parent entity and consolidated group manage liquidity risk by monitoring forecast and actual cash flows and enter into purchases and contracts in accordance with appropriate expenditure approval authority policies.

The parent and consolidated group's liquidity risk relating to financial liabilities at 30 April 2010 is limited to the repayment of the long-term bank loan amounting to \$1,300,047 and trade payables. Trade payables are short-term in nature. The consolidated group does not finance its operational expenditure through debt.

(d) Interest Rate Risk

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

CONSOLIDATED GROUP

	Weighted Average Effective Rate	Floating Interest Rate	Non-Interest Bearing	Total
2010	%	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	2.5%	1,054,361	26,110	1,080,471
Short Term Deposits	4.07%	1,337,269	-	1,337,269
Trade and other debtors		-	1,287,351	1,287,351
Total Financial Assets		2,391,630	1,313,461	3,705,091
Financial Liabilities				
Accounts payable		-	2,364,456	2,364,456
Interest bearing liabilities	6.34%	1,300,047	-	1,300,047
Total Financial Liabilities		1,300,047	2,364,456	3,664,503

ROYAL QUEENSLAND YACHT SQUADRON LIMITED
AND CONTROLLED ENTITIES
ABN 25 053 989 272

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 29 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest Rate Risk (continued)

CONSOLIDATED GROUP

2009	Weighted Average Effective Rate	Floating Interest Rate	Non-Interest Bearing	Total
	%	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	2.1%	292,846	22,600	315,446
Short Term Deposits	2.9%	1,248,535	-	1,248,535
Trade and other debtors		-	993,680	993,680
Total Financial Assets		<u>1,541,381</u>	<u>1,016,280</u>	<u>2,557,661</u>
Financial Liabilities				
Accounts payable		-	1,765,299	1,765,299
Interest bearing liabilities	5.1%	1,712,519	-	1,712,519
Total Financial Liabilities		<u>1,712,519</u>	<u>1,765,299</u>	<u>3,477,818</u>

PARENT ENTITY

2010

Financial Assets				
Cash and Cash Equivalents	0.01%	135,704	26,110	161,814
Short Term Deposits	0.03%	357,269	-	357,269
Trade and other debtors		-	410,668	410,668
Loans to related companies	6.00%	2,227,598	279,999	2,507,597
Total Financial Assets		<u>2,720,571</u>	<u>716,777</u>	<u>3,437,348</u>
Financial Liabilities				
Accounts payable		-	575,306	575,306
Loans from related entities		-	996,296	996,296
Total Financial Liabilities		<u>-</u>	<u>1,571,602</u>	<u>1,571,602</u>

2009

Financial Assets				
Cash and Cash Equivalents	1.55%	61,419	22,600	84,019
Short Term Deposits	2.00%	349,601	-	349,601
Trade and other debtors		-	398,724	398,724
Loans to related companies	3.90%	1,898,924	160,540	2,059,464
Total Financial Assets		<u>2,309,944</u>	<u>581,864</u>	<u>2,891,808</u>
Financial Liabilities				
Accounts payable		-	824,736	824,736
Loans from related entities		-	868,595	868,595
Total Financial Liabilities		<u>-</u>	<u>1,693,331</u>	<u>1,693,331</u>

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 30 KEY MANAGEMENT PERSONNEL COMPENSATION				
Short-term employment benefits	105,042	109,149	105,042	109,149
Post-employment benefits	19,869	36,855	19,869	36,855
Long-term benefits	15,157	-	15,157	-
Termination benefits	43,495	-	43,495	-
	<u>183,563</u>	<u>146,004</u>	<u>183,563</u>	<u>146,004</u>

DIRECTOR'S DECLARATION FOR THE YEAR ENDED 30 APRIL **2010**

The directors declare that:

- (a) The financial statements and notes set out on pages 18 to 37 are in accordance with the *Corporations Act 2001*; and:
- (i) comply with Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the consolidated group and the companies financial position as at 30 April 2010 and its performance as represented by the results of its operations and its cash flows, for the year ended on that date; and
- (b) in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Board of Directors.



C R McCart
Chairman

Dated at Brisbane, 10 June 2010



D G Virgo
Director

Dated at Brisbane, 10 June 2010

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL QUEENSLAND YACHT SQUADRON LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Royal Queensland Yacht Squadron Limited, which comprises the statement of financial position as at 30 April 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company and consolidated group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors of Royal Queensland Yacht Squadron Limited on the same date as the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 APRIL **2010**

AUDIT OPINION

In our opinion the financial statements of Royal Queensland Yacht Squadron Limited and the consolidated group is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated group financial position as at 30 April 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001, and:
- (b) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.



WHK HORWATH



VANESSA DE WAAL

Principal

Brisbane, 10 June 2010

MARINA CHAIRMAN'S REPORT 2010

Q: *Why was the Company established and what is the reason for its existence?*

A: To provide another layer value to being a Member of RQYS.

In the process of preparing this Report, I have read through material which appeared in earlier Reports and am reminded of the fact the period of the Sub-Sub-Leases expires on 30th December 2028, now little more than 18 years away. Still quite a long time however, it will go quickly!

In the 2009 Report information was provided on the continuing investigations being made into the cost of maintaining the structures and since that time there have been some major events. Details of them appear in the first two items below, with some comments.

THE POSSIBILITY OF RECONFIGURING

As a result of construction of the road for access to the New Marina, the shape of the water area effectively changed and design work carried out in September/October 2009 revealed it was possible to build 453 berths with a length of something more than 300m in excess of the total length of the existing berths. In the process of investigating the possibility of rebuilding the Marina in a new lay-out, questions arose about the Capital Gains Tax ("CGT") implications of changes in the location and size of berths.

In order to clarify the position, a Private Binding Ruling was obtained from the Australian Taxation Office. Simply stated, the Ruling confirmed elements associated with changes in the location and sizes of some of the berths would constitute a CGT Event. In the opinion of Directors, the sums of money involved in CGT made the prospect of a reconfiguration and rebuilding in a new lay-out uneconomical. It was therefore decided not to pursue the matter any further but rather, focus on continuing to maintain the existing structures or rebuild them in the same lay-out, using modern materials and construction techniques.

FIRE SERVICES

In the latter part of 2009 Notice was received from Queensland Fire and Rescue Services ("QFRS") to the effect Fire Services in the Marina were non-compliant. Information provided by Consultants retained by the Company indicates the cost of providing compliant Fire Services to the existing structures will be in

the order of \$1,500,000. The water supply to the Squadron premises was one of the matters dealt with in the recently completed infrastructure upgrades and the volume of water required to comply with QFRS requirements is therefore physically available.

The necessary hydraulic design work has been undertaken and P/C Miller is currently working with QFRS on a series of interim measures which will allow the existing Fire Services to be used until a decision is made on whether or not to continue to maintain the structures or rebuild them in their existing lay-out. The Commodore has sent letters to Members on these matters in recent times.

In addition to Fire Services, it is apparent the electricity supply will have to be upgraded if the existing structures are going to remain in place until 2028.

REPAIR OR REBUILD

There is no doubt it will be physically possible to keep repairing the existing structures out to 2028, in the same way as has been done up to the present point in time. However, the cost of the exercise is escalating at such a rate the economies of continuing down that path are increasingly questionable. The cost of upgrading Fire Services and the need to deal with the electricity supply appears likely to provide "the tipping point."

In addition and irrespective of the level of maintenance, the structures will always look "old and tired" by comparison with the New Marina and this may impact on berth values.

While final decisions are yet to be made, it is the current view of Directors rebuilding appears to be the appropriate course to follow.

RENT DISPUTE

The company disputed the level of rent set by Port of Brisbane Corporation ("POBC") for the 30m Strip of leasehold land along the Harbour frontage for the three years ending 31st December 2010. After protracted negotiations which ran over almost three years, a settlement was achieved in December last year which resulted in a reduction in the amount sought by POBC of in the order of \$100,000 per year.

During the three years in question, amounts were included for estimated rent in the half-yearly levies collected from Berth Owners. The surplus will be

MARINA CHAIRMAN'S REPORT 2010

used to cover part of the on-going costs for repairs and maintenance or alternatively, applied towards any rebuilding which might take place.

I would like to thank the Commodore for the assistance he provided in dealing with this matter. I did the research and prepared the submissions and Russell undertook the discussions with the POBC Valuer.

We are now waiting for an Assessment of the rent for the three years from 1st January 2010 to 31st December 2012.

TRADING FOR THE YEAR

This year we incurred a small trading loss after tax of \$9,431 which was an improvement over the \$41,246 after tax trading loss last year. This improvement largely related to the better than expected outcome of the rental dispute with POBC over the 30m strip for the three years ending 31st December 2009.

TRANSFER OF THE HARBOUR

When the Government made its decision to dispose of selected State assets, there was a considerable level of concern on the part of Directors about Manly Boat Harbour being sold to private enterprise along with the Port. Efforts to buy the Harbour were not successful however, Government made the decision to transfer the Harbour to Department of Transport and Main Roads ("DoT") for on-going administration. That means the Harbour remains in public ownership, rather than passing to private enterprise.

The transfer to DoT was effective from 1st June 2010. There will be a series of changes however, it is not thought they will impact on Berth Owners.

CONVERSION OF TENURES

The program to effect registration of the Sub-Sub-Leases of the individual berths with the Department of Environment & Resource Management ("the Titles Office") is now at an advanced stage. All of the Lease Survey Plans have been registered and documents relating to individual Berth Owners are being dealt with progressively.

Some Berth Owners are yet to provide material and their failure to do so may result in them having to pay additional expenses.

TAX STATUS AND THE FUTURE

In earlier Reports mention has been made of the fact that in 2008 the Company ceased to be "a Mutual" for Tax purposes, that profits it generates are taxable in accordance with normal principles, the Yard operations have been transferred over to RQYS Nominees Pty Ltd and until 2028, it is not thought RQYS Marina Limited will undertake any business activities other than the continued operation of the Marina.

Also in other Reports, mention has been made of the fact the rights of Berth Owners cease as at 30th December 2028 and it is not currently thought there will be any reason for the Company to operate beyond that time. In addition to all else, the arrangements between the Company and the Squadron for use of infrastructure involved in the operation of the Marina cease at the end of 2028. These issues are under continual review and information will be provided in Annual and other Reports.

During the year dealt with by this Report, personnel previously employed by the Company were transferred over to the Squadron for administrative purposes. The expenses of the staff concerned are now charged to the Company by the Squadron, on a cost recovery basis.

Resources of the Company are utilised in connection with the operation and administration of the New Marina and among other things, this involves the use of the office building, the 30m Strip and water areas. Conversely, areas paid for by the New Marina including the access road and water areas are available for use by members of RQYS Marina Limited. Because there are seen to be generally balancing factors, no charges are currently paid by either RQYS Marina Limited or RQYS Nominees Pty Ltd to each other for the use of these particular facilities. However, the question of charges are currently reviewed by the Honorary Treasurer and Peter Coddington on a 6 to 12 monthly cycle and if the balance changes, payments will be made. The Squadron continues to pay a one half share of the rent for the 30m Strip.

ACCESS EASEMENTS

During the year, the Company consented to the Grant by the Port in favour of the Squadron of 10 Access Easements over the 30m Strip for the benefit of the freehold land (Lot 663) and final registration occurred in September 2009. The existence of the Easements

MARINA CHAIRMAN'S REPORT 2010

results in the Squadron's freehold land having permanent access to and from the Harbour, even if the situation arises in the future in which a lease of the Strip is no longer available or the level of rent is so high the use of the area is not economically viable.

OPERATING DEPTHS

Mainly is what is referred to as "A 2m Harbour" and this means operating depths of -2m LAT. In the process of dredging being carried out for the New Marina (now known as Marina 2), the areas in question were taken down to a depth of -2.5m LAT. However, the Entrance Channel and other areas are still at -2m LAT and while attempts will continue to achieve greater depths, there is no indication necessary approvals from the regulatory authorities are likely to be available in the foreseeable future.

SECURITY

The general situation in relation to security appears to have been better in recent times than in the past. That having been said, total security in the Marina and grounds at RQ is virtually impossible to achieve and it is particularly important everyone secures their property and makes theft as difficult as possible.

THE STORM SEASON

Again, we didn't suffer any significant damage during the 2009-10 storm season and I hope the same can be said about next summer. The size and quality of mooring lines remains an issue and it surprises me what some Boat Owners consider to be sufficient to safely moor their vessels. Make sure your boat is safe!

HOUSE KEEPING

The following items remain relevant and I sincerely ask everyone to observe them:

- Anchor Chains – These are not to be painted on the walkways.
- Bicycles – The riding of bicycles on the Marina walkways is dangerous and prohibited.
- Bilge Pumps – It is essential nothing other than clean water is pumped from bilges while vessels are in the Harbour. It is imperative this required is observed at all times and a breach could lead to prosecution.
- Dilapidated/Unightly/Unseaworthy Vessels – Boat Owners of vessels fitting into any one or more of these categories will be ordered to remove them from the Marina.
- Dogs and Cats – Pets must be kept on a lead at all

times and their excreta cleaned up and deposited into rubbish bins.

- Electricity – Use must be kept to a minimum and air conditions, hot water systems and unnecessary refrigeration must not be left on while boats are in the Marina.
- External Works – It is essential machines with efficient dust extractors are used when doing external repairs and maintenance. It is essential no particles are able to enter the air or water as a result of work being done.
- Fishing – This is prohibited within the Marina or from any of the structures.
- Refueling in berths – This is absolutely prohibited.
- Rubbish – When a bin is full, do not leave rubbish beside it, but take it to another bin. Drivers will not get out of their trucks and rubbish left beside bins is scattered across the grounds.
- Tradesmen – Boat Owners are entirely responsible for the actions of the tradesmen they employ. It is therefore important everyone is fully aware of the various regulations and if in doubt, contact staff at the office.
- Trolleys – These are provided to move goods to and from boats. After use they must be returned to the head of the link bridges and not left on the Marina or in the carpark.
- Water – Restrictions on the use of water remain in force and are to be observed. Changes occur from time to time and Boat Owners should be familiar with the requirements.

OUR STAFF

The overall Marina activities at RQ are a very large undertaking and without the efforts and dedication of the Staff (for which I thank them all), we wouldn't be able to enjoy our boating activities to anywhere near the same extent.

The Grounds and Yard are now under the administrative control of the Marina Manager, who reports to the General Manager. It is expected these processes will lead to greater efficiencies that have been available in the past.

Bill Kirby
Chairman of Directors

'The difference between ordinary and extraordinary is that little extra.' J Johnson

RQYS Marina Limited
ABN 23 010 217 991

FINANCIAL REPORT
for the Year Ended 30 April 2010

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Statement of Changes in Equity	51
Statement of Cash Flows	52
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DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2010

The directors of RQYS Marina Limited submit herewith the financial statements of the company for the year ended 30 April 2010 and report in accordance with a resolution of the directors as follows:

1. The following persons were directors of the chief entity during the whole of the financial year and up to the date of this report:

William George Kirby
Kevin Anthony Miller

Charles Russell McCart
Peter John Conde

The following persons were directors during part of the financial year:

Keith James Anderson (resigned 22 July 2009)

Gregory Dixon Clarke (appointed 22 July 2009)

Andrew Monks held the position of company secretary at the end of the financial year. He has many years experience in the management of marinas.

2. The principal activities of the company in the course of the financial year were acting as a marina operator. There was no significant change in these activities during the year.
3. No dividend has been recommended out of the profits of the company for the year ended 30 April 2010 nor has a dividend been paid or declared since the end of the previous financial year.
4. A review of the company's operations is contained in the Report by the Chairman of the Board and has been included in the Annual Report.
5. There were no significant changes in the state of affairs of the company during the financial year.
6. No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect:
- (i) the operations of the company;
 - (ii) the results of those operations; or
 - (iii) the state of affairs of the company.
7. Likely developments in the operations of the economic entity and the expected results of those operations in future financial years, have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the economic entity.
8. Particulars of directors' qualifications, experience, special responsibilities, shares in the company or related body corporate as at the date of this report, are as follows:

Name and Qualifications	Experience	Responsibility
William George Kirby	Director for eight years	Chairman of the Board
Kevin Anthony Miller B.Com., F.V.L.E.	Director for eight years	
Charles Russell McCart B.Bus. Mgmt	Director for four years	
Peter John Conde MBA, BE (Hons)	Director for two years	
Gregory Dixon Clarke Dip. Bus., MAICD	Director for nine months	

Each director other than Peter Conde and Gregory Clarke is a berth owner member of the Company.

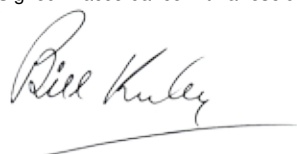
DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2010

9. During the financial year 8 meetings of the company's directors were held. The number of meetings each director of the company attended is as follows:

	Number of Board Meetings Held while a Director	Board Meetings Attended
William George Kirby	8	6
Kevin Anthony Miller	8	8
Keith James Anderson (resigned 22 July 2009)	3	3
Charles Russell McCart	8	8
Peter Conde	8	5
Gregory Dixon Clarke (appointed 22 July 2009)	6	4

10. The company has not at any time granted to a person an option to have shares issued to them in the company.
11. The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate
- (a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings;
- with the exception that during the financial year the company has paid premiums to insure each of the directors against liabilities incurred whilst acting in the capacity of directors of the company. The insurance policy prohibits the disclosure of various details relating to the policy.
12. The Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 48 and forms part of the directors' report for the year ended 30 April 2010.

Signed in accordance with a resolution of the Board of Directors of RQYS Marina Limited.



W G Kirby
Chairman

Dated at Brisbane, 10 June 2010



C R McCart
Director

Dated at Brisbane, 10 June 2010

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 APRIL **2010**

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of RQYS Marina

I declare that, to the best of my knowledge and belief during the year ended 30 April 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



WHK HORWATH



VANESSA DE WAAL

Principal

Brisbane, 10 June 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL **2010**

	NOTE	2010 \$	2009 \$
REVENUE			
Marina operations income		1,616,766	1,201,919
Interest income		60,541	24,722
TOTAL REVENUE		1,677,307	1,226,641
EXPENSES			
Marina operations expenses		(901,887)	(801,728)
Administration expenses		(788,240)	(515,665)
TOTAL EXPENSES		(1,690,127)	(1,317,393)
PROFIT (LOSS) BEFORE INCOME TAX	2	(12,820)	(90,752)
Income tax expense (revenue)	3	(3,381)	(49,246)
PROFIT (LOSS) FOR THE YEAR		(9,439)	(41,506)
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(9,439)	(41,506)
Profit (Loss) for the year attributable to:			
- Members		(9,439)	(41,506)
Total comprehensive income for the year attributable to:			
- Members		(9,439)	(41,506)

Notes to the financial statements are attached

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL **2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	4	31,132	66,908
Trade and other receivables	5	3,278,971	3,041,499
Other financial assets	6	480,000	398,934
Current tax assets	12	13,253	-
Other current assets	7	2,220	138,563
TOTAL CURRENT ASSETS		3,805,576	3,645,904
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,750,623	2,904,735
Deferred tax assets	9	43,824	72,617
TOTAL NON-CURRENT ASSETS		2,794,447	2,977,352
TOTAL ASSETS		6,600,023	6,623,256
CURRENT LIABILITIES			
Trade and other payables	10	937,889	917,244
Short term provisions	11	-	94,346
Current tax liability	12	-	3,329
Other current liabilities	13	1,130,600	1,028,356
TOTAL CURRENT LIABILITIES		2,068,489	2,043,275
NON-CURRENT LIABILITIES			
Long term provisions	11	-	6,835
Deferred tax liability	12	575,455	607,628
TOTAL NON-CURRENT LIABILITIES		575,455	614,463
TOTAL LIABILITIES		2,643,944	2,657,738
 NET ASSETS		 3,956,079	 3,965,518
EQUITY			
Retained profits		3,956,079	3,965,518
TOTAL EQUITY		3,956,079	3,965,518

Notes to the financial statements are attached

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2010

	Retained Profits \$	Total \$
30 April 2009		
<i>Balance at 1 May 2008</i>	4,007,024	4,007,024
Total comprehensive income		
- Profit/(loss) for the period	(41,506)	(41,506)
- Other comprehensive income	-	-
<i>Total comprehensive income for the year</i>	(41,506)	(41,506)
 <i>Balance at 30 April 2009</i>	3,965,518	3,965,518
 30 April 2010		
<i>Balance at 1 May 2009</i>	3,965,518	3,965,518
Total comprehensive income		
- Profit/(loss) for the period	(9,439)	(9,439)
- Other comprehensive income	-	-
<i>Total comprehensive income for the year</i>	(9,439)	(9,439)
 <i>Balance at 30 April 2010</i>	3,956,079	3,956,079

Notes to the financial statements are attached

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL **2010**

	NOTE	2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,885,473	1,504,818
Payments to suppliers and employees		(1,624,759)	(1,349,183)
Interest received		51,625	24,722
Income tax paid		(16,582)	-
NET CASH FROM OPERATING ACTIVITIES	14 (a)	295,757	180,357
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans advanced		(218,719)	(1,140,951)
Loan repayments received		-	906,485
Payment for property, plant and equipment		(31,748)	(28,068)
NET CASH FROM INVESTING ACTIVITIES		(250,467)	(262,534)
Net increase/(decrease) in cash held		45,290	(82,177)
Cash at the beginning of the period	14 (b)	465,842	548,019
CASH AT THE END OF THE PERIOD	14 (b)	511,132	465,842

Notes to the financial statements are attached

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the RQYS Marina Limited as an individual entity. RQYS Marina Limited is a public company limited by guarantee, incorporated and is domiciled in Australia.

The financial statements were authorised for issue by the Board of Directors on 10 June 2010.

The financial report has been prepared on an accrual basis and is based on historical costs, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report of RQYS Marina Limited complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

Change in accounting policies

The company has adopted the following new and revised Australian Accounting Standards issued by the AASB which have mandatory application in the current year. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

Presentation of financial statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in these financial statements include:

- The replacement of Income Statement with Statement of Comprehensive Income. Total comprehensive income includes the changes in equity during the period other than changes resulting from transactions with owners in their capacity as owners. Items of income and expenses not recognised in profit or loss are now disclosed as components of 'other comprehensive income'.
- The adoption of the separate income statement and statement of comprehensive income approach/ single statement approach to the Statement of Comprehensive Income.
- Other financial statements are renamed in accordance with the Standard.
- The disclosure of a third statement of financial position at the beginning of the comparative period if the entity has made a prior period adjustment.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2010 reporting periods. The company has assessed the impact of these new standards and interpretations which are not expected to have any significant effect on the financial report.

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

(a) **Property, Plant and Equipment**

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

Property

Freehold land and buildings are stated at cost or fair value, less depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Marina 1 is located in an area which is subject to a lease from the Port of Brisbane Corporation. The lease, which commenced 19 March 1999, has an expiration date of 31 December 2028.

(a) Property, Plant and Equipment (Continued)

The depreciation rates used for each class of depreciable assets are:

CLASS OF ASSET	DEPRECIATION RATE
Ground improvements	5-10%
Building and improvements	2-25%
Marina	2-20%
Plant and equipment	4-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(b) Income Tax

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items directly to equity, in which case the deferred tax is adjusted directly in other comprehensive income.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term. Lease payments received reduce the liability.

(d) **Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(e) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(f) **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned using the first-in, first-out basis.

(h) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) **Trade Debtors**

Sales made on credit are included in "Trade Debtors" and are recorded at the balance due, less a provision for doubtful debts for an amount estimated to be uncollectible. Trade debtors are due within 30 days from the end of the month.

(j) **Trade Creditors**

A liability is recorded for goods and services received prior to balance date, whether invoiced to the company or not. Trade creditors are normally settled within 30 days.

(k) **Revenue**

Revenue is measured at the fair value for the consideration received or receivable. Revenue is recorded on an accruals basis as the goods are delivered or the service provided. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2010

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(m) **Comparatives**

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by the directors. The new classifications have been altered to reflect a more accurate view of the entity's operations.

(n) **Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised for the year ended 30 April 2010.

NOTE 2 PROFIT (LOSS) BEFORE INCOME TAX	2010	2009
	\$	\$
Profit(loss) before income tax expense has been determined after:		
Revenue		
Interest income		
- External	15,528	12,921
- Related entity	45,013	11,801
Expenses		
Auditor Remuneration		
- Audit Services	12,600	16,118
- Other Services	3,800	6,824
Impairment losses - financial assets		
- Trade Debtors	6,945	6,000
Depreciation expenses		
- Marina	121,645	121,614
- Land and Ground improvements	10,178	10,800
- Buildings	3,374	3,480
- Plant and equipment	50,663	44,910
	<u>185,860</u>	<u>180,804</u>
Rental expense relating to operating leases		
- Minimum lease payments	334,707	318,644

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2010

NOTE 3 INCOME TAX

	2010	2009
	\$	\$
Income tax expense		
- Current tax	-	3,329
- Deferred tax	(3,381)	(52,575)
	(3,381)	(49,246)
Deferred income tax expense (benefit) included in income tax expense comprises		
- (increase)/decrease in deferred tax assets (Note 9)	28,793	(21,166)
- increase/(decrease) in deferred tax liability (Note 12)	(32,173)	(31,409)
	(3,380)	(52,575)
Numerical reconciliation of income tax expense to prima facie tax payable		
Operating profit(loss) before tax		
Tax at the Australian tax rate of 30% (2009 - 30%)	(3,846)	(27,226)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Over/under provision of deferred tax assets and liabilities in prior years	465	(8,022)
- Net benefit of tax losses not previously recognised	-	(13,998)
Income tax expense (revenue)	(3,381)	(49,246)

NOTE 4 CASH AND CASH EQUIVALENTS

Cash at bank	31,132	66,908
	31,132	66,908

NOTE 5 TRADE AND OTHER RECEIVABLES

Current		
Trade debtors	532,090	544,020
Less provision for impairment of receivables	(7,000)	(13,000)
	525,090	531,020
Other debtors	58,062	33,379
Loan - Parent entity interest free, unsecured and repayable on demand	827,546	845,651
Loan - Associated entity unsecured and repayable on demand, interest payable on \$1,021,485	1,868,273	1,631,449
	2,753,881	2,510,479
	3,278,971	3,041,499

NOTE 6 OTHER FINANCIAL ASSETS

Cash at bank - Dredging Trust	480,000	398,934
	480,000	398,934

NOTE 7 OTHER ASSETS

Current		
Prepayments:		
- General	2,220	2,162
- Port of Brisbane Corporation	-	136,401
	2,220	138,563

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 8 PROPERTY, PLANT, AND EQUIPMENT	2010	2009
	\$	\$
Marina, at Cost	4,343,953	4,322,953
Less accumulated depreciation	<u>(2,142,202)</u>	<u>(2,020,557)</u>
	2,201,751	2,302,396
Building and improvements, at cost	56,553	56,553
Less accumulated depreciation	<u>(16,454)</u>	<u>(13,080)</u>
	40,099	43,473
Ground improvements, at cost	355,802	355,802
Less accumulated depreciation	<u>(54,801)</u>	<u>(44,623)</u>
	301,001	311,179
Furniture, plant and equipment, at cost	787,572	776,824
Less accumulated depreciation	<u>(579,800)</u>	<u>(529,137)</u>
	207,772	247,687
	2,750,623	2,904,735

Movements in Carrying Amounts

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

2010	Marina	Land and Ground Improve- ments	Buildings	Plant and Equipment	Total	
	\$	\$	\$	\$	\$	
Written down value at the beginning of the year	2,302,396	311,179	43,473	247,687	2,904,735	
Additions	21,000	-	-	10,748	31,748	
Depreciation Expense	<u>(121,645)</u>	<u>(10,178)</u>	<u>(3,374)</u>	<u>(50,663)</u>	<u>(185,860)</u>	
Written down value at the end of the year	2,201,751	301,001	40,099	207,772	2,750,623	
2009	Marina	Land and Ground Improve- ments	Capital Work in Progress	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$
Written down value at the beginning of the year	2,424,010	321,979	505,180	46,953	264,529	3,562,651
Additions	-	-	-	-	28,068	28,068
Disposals - transfer to RQYS Nominees Pty Ltd	-	-	(505,180)	-	-	(505,180)
Depreciation Expense	<u>(121,614)</u>	<u>(10,800)</u>	<u>-</u>	<u>(3,480)</u>	<u>(44,910)</u>	<u>(180,804)</u>
Written down value at the end of the year	2,302,396	311,179	-	43,473	247,687	2,904,735

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 9 TAX ASSETS	2010	2009
	\$	\$
Current tax assets	13,253	-
Deferred tax assets	43,824	72,617
The balance comprises temporary differences attributable to:		
- Doubtful debts	2,100	3,900
- Employee benefits	-	30,354
- Other provisions and accruals	32,451	36,559
- Other temporary differences	1,202	1,804
	<u>35,753</u>	<u>72,617</u>

The movements in deferred tax assets reconciles as follows:

2010	Doubtful debts	Employee benefits	Other provisions and accruals	Other temporary differences	Total
	\$	\$	\$	\$	\$
Opening balance 1 May 2009	3,900	30,354	36,559	1,804	72,617
Charged/credited to the statement of comprehensive income	(1,800)	(30,354)	(4,108)	(602)	(36,864)
Closing balance at 30 April 2010	<u>2,100</u>	<u>-</u>	<u>32,451</u>	<u>1,202</u>	<u>35,753</u>

2009	Doubtful debts	Employee benefits	Other provisions and accruals	Other temporary differences	Total
	\$	\$	\$	\$	\$
Opening balance 1 May 2008	-	-	-	-	-
Balances not previously recognised	2,100	28,617	20,734	-	51,451
Charged/credited to the statement of comprehensive income	1,800	1,737	15,825	1,804	21,166
Closing balance at 30 April 2009	<u>3,900</u>	<u>30,354</u>	<u>36,559</u>	<u>1,804</u>	<u>72,617</u>

NOTE 10 TRADE AND OTHER PAYABLES	2010	2009
	\$	\$
Current		
Trade and member creditors	751,798	729,572
Other creditors	186,091	187,672
	<u>937,889</u>	<u>917,244</u>

NOTE 11 PROVISIONS		
Current		
Employee entitlements	-	94,346
	<u>-</u>	<u>94,346</u>
Non-Current		
Employee entitlements	-	6,835
	<u>-</u>	<u>101,181</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 12 TAX LIABILITIES	2010	2009	
	\$	\$	
Current			
Current tax liabilities	-	3,329	
Non-Current			
Deferred tax liabilities	575,455	607,628	
	<u>575,455</u>	<u>610,957</u>	
The balance comprises temporary differences attributable to:			
- Depreciation	575,455	607,441	
- Prepayments	-	187	
	<u>575,455</u>	<u>607,628</u>	
The movements in deferred tax liabilities reconciles as follows:			
2010	Depreciation	Pre-payments	Total
Opening balance 1 May 2009	607,441	187	607,628
Charged/credited to the statement of comprehensive income	(31,986)	(187)	(32,173)
Closing balance at 30 April 2010	<u>575,455</u>	<u>-</u>	<u>575,455</u>
2009	Depreciation	Pre-payments	Total
Opening balance 1 May 2008	638,870	167	639,037
Charged/credited to the statement of comprehensive income	(31,429)	20	(31,409)
Closing balance at 30 April 2009	<u>607,441</u>	<u>187</u>	<u>607,628</u>
NOTE 13 OTHER LIABILITIES	2010	2009	
	\$	\$	
Current			
Members paid in advance	710,600	668,356	
Dredging Trust	420,000	360,000	
	<u>1,130,600</u>	<u>1,028,356</u>	
NOTE 14 CASH FLOW INFORMATION			
(a) Reconciliation of net cash from operating activities to profit(loss) after income tax			
Net profit after income tax	(9,439)	(41,506)	
Adjustment for non cash items			
Depreciation	185,860	180,804	
Adjustment for changes in assets and liabilities			
<i>Decrease / (increase) in:</i>			
Trade debtors	5,930	(29,099)	
Other debtors	(8,916)	(11,707)	
Prepayments	136,343	(2,632)	
Deferred tax assets	28,793	(21,167)	
<i>Increase/(decrease) in:</i>			
Accounts payable	4,878	(74,380)	
Fees and levies in advance	102,244	196,332	
Current income tax liability	(16,582)	3,329	
Deferred tax liability	(32,173)	(31,408)	
Provisions	(101,181)	11,791	
Net cash from operating activities	<u>295,757</u>	<u>180,357</u>	
(b) For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and bank deposits at call net of bank overdrafts. Cash and cash equivalents at the end of the year as shown in the statement of cash flows are reconciled to the related items in the accounts as follows:			
Cash and cash equivalents (Note 4)	31,132	66,908	
Cash at bank - Dredging Trust (Note 6)	480,000	398,934	
	<u>511,132</u>	<u>465,842</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 15 CAPITAL LEASE COMMITMENTS	2010 \$	2009 \$
Operating Lease Commitments Payable		
Not later than one year	335,883	266,910
Later than one year but not later than five years	1,343,533	1,067,638
Later than five years	4,668,318	3,976,587
	<u>6,347,734</u>	<u>5,311,135</u>

The marina is located in an area which is subject to a lease from the Port of Brisbane Corporation. The lease, which commenced 19 March 1999, has an expiration date of 31 December 2028.

NOTE 16 EMPLOYEE BENEFITS

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

Provision for employee benefits:		
- Current (Note 11)	-	94,346
- Non-current (Note 11)	-	6,835
	<u>-</u>	<u>101,181</u>
Number of employees at year end	<u>0</u>	<u>4</u>

NOTE 17 INCORPORATION

The company is incorporated under the Corporations Act 2001 as a company limited by guarantee and not having a share capital. Under clause (vi) of the Memorandum of Association every person who is a member or within one year after ceasing to be a member, is liable to contribute to the assets of the company in the event of a winding up to an amount not exceeding \$10. At 30 April 2010, the company had 397 members (2009: 393).

NOTE 18 - FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to related parties and bank loans.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 April 2010.

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial Risk Management

The main risks the company is exposed to through its financial assets and liabilities are interest rate risk, liquidity risk and credit risk. The company's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the company, by way of various measures detailed below.

Senior management analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Risk management is carried out by the board of directors and key management personnel.

There have been no changes to the financial risk management strategies during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2010

NOTE 18 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk

Interest rate risk

The company's interest rate risk arises from funds on deposit with banks and the lending of funds to its parent entity to finance the construction of capital assets. The loans advanced at variable rates expose the company to cash flow interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

The sensitivity analyses have been determined based on the exposure of the company to interest rates for non-derivative financial instruments at the reporting date at the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.5% increase or decrease is used when reporting interest rates internally to key management personnel and represents management's assessment of the possible change in interest rates.

At 30 April 2010, the effect on the company's pre-tax profit and retained profits if interest rates had increased / decreased by 0.5% from the period-end rates with all other variables held constant would be immaterial.

There has been no change to the company's exposure to interest rate risk or the manner in which it manages and measures the risk.

Price risk

The company is not exposed to any material commodity price risk.

Foreign currency risk

The company does not have any exposures to foreign currencies at the reporting date.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company enters into legally binding contracts and management monitors the progress of these contracts in accordance with contract values, as a means of mitigating the risk from financial loss.

The company does not have any significant credit risk exposure to any single counterparty of any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The ageing of the company's trade receivables at the reporting date was:

	2010		2009	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due (current)	530,054	(5,000)	507,560	
Not past due 0-30 days(30 day ageing)	2,036	(2,000)	21,182	
Past due 31 - 60 days (60 day ageing)	-	-	613	
Past due more than 60 days (90 days + ageing)	-	-	14,665	(13,000)
	<u>532,090</u>	<u>(7,000)</u>	<u>544,020</u>	<u>13,000</u>

Based on historic default rates, the company believes that no further impairment allowance is necessary in respect of receivables not past due or past due and not impaired as indicated above. Past due receivables are individually analysed and an impairment provision established as necessary.

The movement in the provision for impairment of receivables in respect of trade receivables of the company during the year was as follows:

	2010	2009
	\$	\$
Balance at 1 May	13,000	7,000
Impairment loss recognised	-	6,000
Receivables written off	(6,000)	-
Balance at 30 April	<u>7,000</u>	<u>13,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

NOTE 18 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Ultimate responsibility for liquidity risk rests with the board of directors, who have an appropriate liquidity risk management framework for the management of the chief and company's short, medium and long-term funding and liquidity requirements.

The company manages liquidity risk by monitoring forecast and actual cash flows and enter into purchases and contracts in accordance with appropriate expenditure approval authority policies.

The company's only financial liabilities are trade creditors which are expected to be settled within 30 days under normal trade terms.

(d) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2010	Weighted Average Effective Rate	Floating Interest Rate	Non-Interest Bearing	Total
	%	\$	\$	\$
Financial Assets				
Cash at bank	2.2%	31,132	-	31,132
Short term deposits	5.98%	480,000	-	480,000
Trade and other debtors		-	583,152	583,152
Loans to related parties	6.0%	1,021,485	1,674,334	2,695,819
Total Financial Assets		1,532,617	2,257,486	3,790,103
Financial Liabilities				
Accounts payable		-	937,889	937,889
Total Financial Liabilities		-	937,889	937,889

2009	Weighted Average Effective Rate	Floating Interest Rate	Non-Interest Bearing	Total
	%	\$	\$	\$
Financial Assets				
Cash at bank	2.3%	66,908	-	66,908
Short term deposits	3.7%	398,934	-	398,934
Trade and other debtors		-	564,399	564,399
Loans to related parties	3.9%	1,021,485	1,455,615	2,477,100
Total Financial Assets		1,487,327	2,020,014	3,507,341
Financial Liabilities				
Accounts payable		-	917,244	917,244
Total Financial Liabilities		-	917,244	917,244

NOTE 19 RELATED PARTY TRANSACTIONS

(a) Directors' Names

The names of directors who have held office during the financial year are listed in the Directors' Report.

(b) Directors' Remuneration and Retirement Benefits

The directors' received no remuneration or retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2010

(c) *Transactions with Directors' and Director Related Entities*

Details of the director's ownership of berth's are included in the Director's report. Transactions entered into with the directors are at arm's length and in accordance with the normal trading terms of the company.

Some of the directors of the company are also directors of Royal Queensland Yacht Squadron Limited which has borrowed moneys from the company. The details of these loans are set out in Note 5.

The following transactions were entered into during the year with Royal Queensland Yacht Squadron Limited:

	2010	2009
	\$	\$
Recovery of accounting and other services	20,004	20,004
Recovery cost of wages	57,768	-

(d) *Transactions with other related parties*

Royal Queensland Yacht Squadron Limited, the ultimate parent, is the sole beneficiary of the RQYS New Marina Trust. The following transactions were entered into during the year with the RQYS New Marina Trust:

Recovery of accounting, wages and other costs	88,313	48,956
Marina Equipment Licence Usage fees received	44,292	-
Loan receivable from RQYS New Marina Trust as per note 5	1,868,273	1,631,449

NOTE 20 NET FAIR VALUE

The net fair value of cash, trade debtors, investment and accounts payable approximate their carrying values.

NOTE 21 CONTINGENT LIABILITIES

There are currently no contingent liabilities that require disclosure in the financial report.

NOTE 22 AFTER BALANCE DATE EVENTS

No matters have arisen since the balance date, which will have a material impact on the financial statements and which requires disclosure.

NOTE 23 CONTROLLING ENTITY

The ultimate holding company is Royal Queensland Yacht Squadron Limited.

NOTE 24 COMPANY DETAILS

RQYS Marina Limited was incorporated in Queensland, Australia and is of Australian domicile. The registered office is situated at 578 Royal Esplanade, Manly QLD 4179.

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 30 APRIL **2010**

(a) The financial statements and notes set out on pages 49 to 64 are in accordance with the *Corporations Act 2001*; and:

- (i) comply with Accounting Standards and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the company's financial position as at 30 April 2010 and its performance as represented by the results of its operations and its cash flows, for the year ended on that date; and

in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they
(b) become due and payable; and

This declaration is made in accordance with a resolution of the Board of Directors.



W G Kirby
Chairman

Dated at Brisbane, 10 June 2010



C R McCart
Director

Dated at Brisbane, 10 June 2010

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 APRIL 2010

The Financial Report

We have audited the accompanying financial report of RQYS Marina Limited, which comprises the statement of financial position as at 30 April 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors of RQYS Marina Limited on the same date as the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 APRIL **2010**

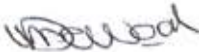
AUDIT OPINION

In our opinion the financial statements of RQYS Marina Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 April 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001, and:
- (b) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.



WHK HORWATH



VANESSA DE WAAL

Principal

Brisbane, 10 June 2010

Royal Queensland Yacht Squadron Limited

Sponsors 2009 | 2010

We gratefully acknowledge the generous support and assistance provided by our sponsors.

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Volvo Penta

Corporate Sponsors

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Coca Cola
Constellation Wines
D B Schenker
Girdis Group of Companies
Hardy Brothers Jewellers / Wallace Bishop Jewellers
Inflatable RIBs Marine
John Crawford Marine
Keppel Bay Marina
Marine Auctions
Matterson Marine
Metrospace Outdoor Advertising
Network 10
O'Reilly Real Estate
Radio 4KQ
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SeAirLand Systems
Slam
Spiderbox Business Communications
Stack Masula
Telstra Shop - Wynnum
Telstra Country Wide
TMQ International Pty Ltd
Totally Workwear
Yamaha Australia

Royal Queensland Yacht Squadron Limited Commodores

1885 - 1887	Sir Thomas McIlwraith, K.C.M.G, M.L.A.	1953 - 1955	T M Foggitt, D.S.C.
1887 - 1890	The Hon. E B Forrest, M.L.C., M.L.A.	1955 - 1957	S N Wood
1890 - 1892	G Markwell	1957 - 1958	J H Robinson, M.B.E.
1892 - 1893	R P Earle	1958 - 1961	W E Whatmore
1893 - 1984	R H Lawson	1961 - 1964	G Cavill
1894 - 1895	J G Vidgen	1964 - 1966	E T Early
1895 - 1897	J Clark	1966 - 1968	N G Lockyer
1897 - 1898	W J Weatherill	1968 - 1971	K G N Kibble
1898 - 1900	W A Douglass	1971 - 1973	J G M Tyquin
1900 - 1902	J Clark	1973 - 1976	J Hattrick
1902 - 1903	W A Douglas	1976 - 1979	D Bowly
1903 - 1919	T Welsby	1979 - 1981	N S Girdis, C.B.E.
1919 - 1921	W A Douglas	1981 - 1982	A J Love
1921 - 1922	D MacTaggart	1982 - 1984	W J Thompson
1922 - 1923	J Clark	1984 - 1986	J E Harrison, A.M.
1923 - 1925	J Love	1986 - 1988	W Bishop
1925 - 1927	W A Douglas	1988 - 1990	G J Sneesby
1927 - 1928	A L M Wilson	1990 - 1992	R E Crooke
1928 - 1929	V Campbell	1992 - 1994	J A Ferguson
1929 - 1931	T L Jones	1994 - 1996	B J Phillips
1931 - 1933	Dr C Croll	1996 - 1998	S H R Morris
1933 - 1935	E Sparkes	1998 - 2000	R H Seymour
1935 - 1936	T L Jones	2000 - 2002	D R Land
1936 - 1938	A S Huybers	2002 - 2004	J E Miall
1938 - 1939	J R Figgis	2004 - 2006	W G Kirby
1939 - 1946	F A Bruce	2006 - 2008	K A Miller
1946 - 1948	J Kelly	2008 - 2009	K J Anderson
1948 - 1951	S N Gow	2009 -	C R McCart
1951 - 1953	J H Robinson		