

Sydney Flying Squadron Limited

*Australia's oldest open boat sailing club
on the shores of Sydney Harbour*

Founded in 1891



**Annual Report, Financial Statements and
Notice of Annual General Meeting**

2007-2008



Australia IV in foreground, Australia in background – 18 Footers - Courtesy of Daniella Friml, Photographer.



The Mistake, Top Weight, Yendys and Britannia – 18 Footers

Front Cover: Top Weight and Britannia – 18 Footers

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**Notice of Annual General Meeting
INVITATION to 'ORDINARY*' Financial Members**

The 119th Annual General Meeting of the Sydney Flying Squadron Limited
will be held at 10.30am on Sunday, 26 October 2008 in the Clubhouse,
76 McDougall Street, Milsons Point, NSW 2061.

Agenda

1. Apologies
2. To confirm the minutes of the 118th Annual General Meeting
3. To receive and adopt the financial statements of the Company and the Group for the year ending 31 May, 2008 and the reports by Directors and Auditors.
4. To elect the Board for the coming year.
5. To deal with any business of which notice has been given in accordance with the requirements of the Company's Constitution (Articles of Association).
6. To deal with any other business that the meeting may approve of, and for which due notice has not been given.

NOMINATION FOR BOARD OF DIRECTORS AND LIFE MEMBERS

Nominations for the Board of Directors and Life Members must be in the hands of the Secretary not less than 14 days prior to the date set for the Annual General Meeting (AGM) and will close at **4.00pm on Friday, 10 October 2008**.

The proposer, seconder and nominee must be **financial *Ordinary members** as per the Articles of Association at the time of signing the nomination form.

Please refer to the Articles of Association for exact definitions.

Notification of nominations received will be posted on the Club Notice Board.

Nomination forms will be available from the Sydney Flying Squadron Club office during office hours.

VOTING RIGHTS FOR ANNUAL GENERAL MEETING

***ONLY ORDINARY MEMBERS who are financial members and LIFE MEMBERS are eligible to vote.**

Please refer to the Articles of Association for exact definitions.

‘Ordinary Members’ are deemed to be:

- **financial SAILING members 19 years of age and over, actively involved in sailing at the Sydney Flying Squadron, who have twelve (12) months financial membership as at the date of the AGM;**
- **financial SOCIAL members 21 years of age and over who have three (3) years continuous financial membership as at date of AGM; and**
- **Life Members (and special categories Members for Life and non lapsed 10 Year Members).**

In case of doubt as to the form or the validity of any nomination or voting rights, the matter shall be referred to the Returning Officer, whose decision shall be final.

Anita McMahon, Secretary Manager, Sydney Flying Squadron Limited
17 September 2008

**MINUTES OF THE 118th ANNUAL GENERAL MEETING
OF THE SYDNEY FLYING SQUADRON LIMITED HELD AT 10:40 AM ON SUNDAY 2 DECEMBER 2007
AT THE CLUBHOUSE AT 76 MCDUGALL STREET, MILSONS POINT NSW 2061**

ATTENDANCE:

Present as per the list of financial members held by the Secretary

CHAIRMAN:

The President, Graeme Ferguson, took the chair.

WELCOME:

The Chairman welcomed all members to the AGM, and declared that a quorum had been achieved.

APOLOGIES:

P. Tomkins	J. Lewis	McFadwyn	C. Wishart
B. Crook	M. Van Strom	R. Debney	J. Winning
J. Rossi	J Millard	C Taylor	
J. Kennedy	D. Paget	J. Nolan.	

It was RESOLVED that the apologies be accepted.

CARRIED

CONFIRM MINUTES OF THE 117th ANNUAL GENERAL MEETING

It was RESOLVED that the Minutes of the 2006/2007 Annual General Meeting be adopted as being true and correct.

CARRIED

RECEIVE AND ADOPT FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MAY 2007

Transposition error from the income statement from 2005/2006 year which did not alter the 2006/2007 results were explained and it was RESOLVED that the financial statements of the Company and the Group for the year ending 31 May, 2007 be received and adopted.

CARRIED

ELECTION OF DIRECTORS AND OFFICERS

Director's nominations were confirmed to be in order with nomination for Secretary being taken from the floor. No ballots were required.

President:	Graeme Ferguson	Treasurer:	William Hughes
Vice Presidents:	Denny Linker	Assistant Treasurer:	Kurt Beckman
	Leigh Thompson	Commodore:	William Loader
Secretary:	Robert Tearne	Vice Commodore:	Malcolm Lennon
Assistant Secretary:	Jill Atherton		

It was resolved that the nine (9) nominations be accepted as the 2007/2008 Directors.

CARRIED

NOTICE OF BUSINESS /MOTIONS – Nil

RECONFIRMATION OF AUDITOR

It was RESOLVED that the current Auditor, Robertson and Greenwood be re-appointed for the coming year.

CARRIED

Special thanks were given by the Chairman to volunteers, members and staff for their continued support of the club.

There being no further business, the Chairman declared the Meeting closed at 11:04 am.

IMPORTANT NOTICE TO FINANCIAL MEMBERS

ANNUAL REPORTING FROM 2008-2009 YEAR

Historically, the club (and all companies) were required by law, to print and send a copy of the annual report to every financial member of the club for that year.

Printing and mailing out Annual Reports is a very expensive exercise, and often resulted in some households receiving more than one, and some up to 4+ copies.

Changes to Section 314 (1AB) of the Corporations Act 2001 advised in the Corporations Legislative Amendment (Simpler Regulatory System) Act (2007) allow the club, upon this advice, to send the Annual Report only to those members who elect to receive a copy. In addition, the Annual Report can be produced in two formats – A detailed Annual Report and a Summary Annual Report (which includes a summary only of the Financial Statements).

For those who do not elect to receive a copy of the club's Annual Report for the 2008/2009 year onwards, it will be available to view on the club's website at www.sydneyflyingsquadron.com.au

If you do wish to receive a copy of the annual report from next year onwards, please detach the bottom half of this page and return it to the club.

Please mail this request to:

The Secretary Manager
Sydney Flying Squadron Limited
PO Box 577
Milsons Point NSW 2061

Request for Printed Copies of Future Annual Reports

Name of Member:	
Membership Number:	
Financial to:	
Type of Annual Report:	Summary Annual Report <input type="checkbox"/> Detailed Annual Report <input type="checkbox"/>
Signature of Financial Member	
Date Signed	

Historical Fleet Images



Boats: LifeSaver, Pastime and Keriki Circa. Tom Cuneo Collection



Boats: Alruth, Irene, MarjToo, Swansea. Tom Cuneo Collection



18 Footer Fleet in Sydney Harbour – circa 1920s

President's Report

Fellow Members

On behalf of your Board of Directors I present to you the 2007-2008 Annual Report on what has been a year of challenges.

Over the past years the club has sustained some considerable losses. This has been turned around by the diligence and sheer hard work by the Directors, Anita McMahon the Secretary Manager and her staff and Caterers Ray and Mona and their team.

During the 2007-2008 year, achievements have included:

- Settled all aged trade creditors
- Settled the majority of the outstanding PAYG, GST, Tax and BAS
- Settled outstanding lease payments with NSW Maritime
- Negotiating the new 20 year Maritime Lease for Club premises
- Arrested the operating losses of past few years
- Quarterly and Year to Date results for 2007/2008 year posted on the Club noticeboard for members
- Gained independent valuation of the Pattons asset
- Review and update of Pattons Lease agreements
- Commenced upgrading financial and operational reporting
- Comprehensive review of Bar operations to arrest the monthly losses being incurred and bring into line with industry benchmarks
- Comprehensive review of Poker Machine operations to ascertain their viability
- Comprehensive review of Restaurant operations with particular attention to transparency in costs being incurred by the Club
- Major face lift of Club facilities through Volunteer and low cost initiatives
- Members Code of Conduct published
- Ongoing effort to identify and correct risk and compliance issues
- Significant improvements to Communication to Members and Friends of the Club through e-news
- Improving the quality of Members data held
- Commenced upgrading the Stock Control system
- Introduced online renewals of annual membership dues
- Commenced upgrading the race and rescue craft
- Identifying and analyzing options (legal and otherwise) to address problems that resulted from previous mis-management

Much has been achieved in the past year and there is a lot more to do. As surplus funds can be generated, the ongoing maintenance plans for Pattons and the Clubhouse will have priority in addition to the necessary operational improvements to ensure statutory compliances are met.

In all clubs volunteers are a major part of the organization. The Sydney Flying Squadron is no exception with many volunteers involved in the Sailing Committee and Social Club House Committee. Special thanks go to these members and the results are to be seen in their reports.

There has been an increase in club activity over the year and I welcome all our new members and their friends to the club.

To all my fellow Board members many thanks for your dedication and support over the past year, together we have achieved big strides ahead of the club and I can see these results continuing and expanding into a secure future for the club.

Graeme Ferguson – President

Commodore's Report

Again it is my great pleasure to report that the Sydney Flying Squadron has enjoyed a very successful and memorable conclusion to the 07-08 season since my last report in December.

The 12 footers finished their season with encouraging numbers of skiffs getting out on the harbour on Sundays. Highlights for the 12's were; 5 skiffs competing in the Interdominion Championships in New Zealand with Brett Hobson and Alex Johnson on "Garde" taking out second place; the annual Garde series being held at the SFS with Jonathan Temple and Richard Jones on "O" winning; and the State Championships also being won by the Temple/Jones duo.



The coming season for the 12 footers will see the finals of the State Championships held at the SFS and a strong possibility of hosting the National Titles over Easter 09. The "O" Temple/Jones team took out the Sprint Series and Point Score for the season with "Gizmo" Michael Bochner and Tim Barraclough winning the Club Championship, a great effort by these crews. Congratulations go to all the SFS 12's sailors for coming second in the Miller Shield event.

Many thanks to Kate Cooper for her continued efforts with the International 14 ft skiff class. Katie did a great job with the SFS in hosting the National 14's Championships over the 08 Christmas / New Year period. Some great sailing was experienced by the local and interstate crews on the world's best harbour and congratulations to Brad Devine and crew

from WA for winning the event. The visitors all enjoyed the SFS hospitality that culminated with the memorable presentation dinner evening. Thanks to Phil Yeomans for his expertise in his role as PRO for the event and the protest committees for their just efforts.

Our Race Secretary Tamie Stanaway continued to make a great effort supporting the Sunday programme by filling in for David and Leasa Speck whilst they fulfilled their work commitments overseas. Many thanks to Chucky, Dean and Derek for their continued effort towards the Sunday programme also.

The Flying Dutchmen have extended their participation in the SFS programme by sailing both days of the weekends that we enjoy their company. Ian McCrossin was the successful winner of the points score for the season and we look forward to their company in 08-09. The SFS wishes you the best of luck in the coming Interdominions to be held in New Zealand this Christmas/New Year.



The Open 18 ft skiffs gained momentum towards the end of the season with more boats attending races. Lets hope this season sees even more boats in the programme.

Thanks to Michael Carter for emptying the SFS cellar over the season with his winning performance.

The Historic 18 ft skiffs finished the season in great form with Cap'n Blunt and the Alruth crew taking out the point score and "Perc" Perdriou and the Pittwater Perils winning the Club Championship.



The season culminated with the Flying Circus hitting the road to dance the last waltz at the Bulimba Sailing Club in Brisbane over the Anzac Day long weekend. Joined by the Kiwis M Class it was a truly international affair with Chris Haskard and the Australia crew taking gold.

Congratulations also to Harold Cudmore in winning the 2008 Australia Day Regatta. Plenty to look forward to in 08-09 with Gaffers day at the SASC; The Balmain Regatta; The Pittwater Regatta and The Gosford Cup at Easter.

This year sees the revival of the Queen of the Harbour charity. Sponsors will nominate their Queens to raise funds for the Day of Difference Foundation that supports the children's hospitals at Randwick and Westmead, with the Queen of the Harbour race held on 7th March. I urge you all to get behind this historic SFS event that really does make a difference for those unfortunate children. Thanks to Steamer and Kilo's efforts in getting this one off the ground.

Again, many thanks to the AHSSA and the Australian Open Skiff Trust in their support of the fleet through the season. It's great to

see the tax-free advantage that the Trust offers being used more to help maintain the boats. Thanks also to Ian Smith for his perseverance with the authenticity ratings system and Championship scoring. The Saturday volunteers all deserve a big pat on the back for their continued efforts. Tamie, Michael, Erin, Barley, Bobby, Bentley, Jane, Barbara, Glen, Michael and not forgetting Nathan and Dylan all make the racing possible. Thanks to Peter Notley our official scorer and special thanks to John Winning for the loan of the Rippleside and the rib on race days.

Thanks to Neli and Vicki for the fabulous Saturday BBQ's and to the Social Committee for their kind gesture to fund all boat registrations fees for the coming season.

Finally due to the improved financial position of the club we have been able to afford much needed repair works to the Gemini and The Killara II. The Gemini has a new collar and the K2 has had major electrical and cosmetic surgery. I'm sure the volunteers will appreciate the safety, improved performance and reliability that has been a long time coming.

Looking forward to another great season in 08-09.

Sheets on and lean out !
Billy Loader – Commodore



Finance Committee Report

The finance committee was established in December 2007, following the Board elections at the last AGM, to monitor the Sydney Flying Squadron Ltd and Pattons Slipways Pty Ltd financial positions on a day to day basis. The committee meets monthly, with additional meetings as required to deal with matters of urgency as they arise.

Reviews are made of the previous month's trading figures as well as the year to date (YTD) performance. Any variations are immediately investigated and appropriate measures implemented if required.

The committee is also responsible for budgets and approval of capital expenditures over \$4000. The recommendations and costing are then presented to the SFS board for approval or rejection.

The committee will interview and discuss any proposal that may be put forward by third parties that will involve changes to the club's financial position. Additionally, the finance committee oversees negotiations relating to the cost of using the club's facilities by third parties, and for functions or other events.

The committee is also involved in the business development of the club and reviews all proposals from the Social Committee, Pattons Slipways Pty Ltd and Sailing Board including lease agreements and maintenance issues.

The key focus of the Finance Committee for 2007/2008 has been to settle the Club's past tax debt, accrued penalties and Superannuation liabilities resulting from the management problems of the past.

The club is now current with the Australian Tax Office (ATO). The final payoff was made following the close of books 31 May 2008. Negotiations continue with Super Guarantee and from current indications we are

confident that a substantial portion of payments made will be credited, with minimal liability to the club.

The finance committee is liaising with our lawyer to pursue damage claims resulting from past financial mismanagement.

With regular financial review, and hard work by all, the future of the club is vigorously improving from the difficult financial position of the recent past.

Finance Committee roster:

Bill Hughes – Treasurer

Leigh Thompson – Vice President

Denny Linker – Vice President

Kurt Beckman – Assistant Treasurer

Bob Sadler – Member at Large



Working Parties Report

When the majority of Board members were elected in May 2007, as a team we have concentrated on the day to day turnaround of the Sydney Flying Squadron as well as addressing the more urgent Compliance and Corporate Governance issues.

Currently underway, and a high priority task for completion in the 2008/2009 year is the rewrite of the Articles of Association. They were last changed to add more Sailing Classes into the membership categories over 10 years ago. It is necessary to bring them into line with the changes in the Corporations Act 2001, Registered Clubs Amendment Act 2006, Liquor Act 2007, the Gaming Machines Act (late 2008) and recommendations from the Independent Pricing and Regulatory Tribunal (IPART) review of NSW Registered Clubs (late 2008). An extraordinary general meeting mid 2009 is expected to be called just for this.

In addition, Directors have also taken on additional analysis to prepare for longer term planning for the Club. Working Parties, led by various Board Members have concentrated on:

- Reducing overall Risk profile of our Club
- Compliance & Corporate Governance
- Site and Asset management
- Structural adequacy review
- Lease management (Maritime & Pattons)
- Office and Club operations
- Communications
- Articles of Association review
- Members Code of Conduct (published November 2007)

It is not an easy task for the new Board to steer the Squaddy back from the financial and administration difficulties we inherited and it will take a number of years yet.

A heart-felt thanks to staff and members for their ongoing support and understanding.

Directors, SFS Limited

Pattons Board Report

For those unaware, the iron roofed building, slipway and burned out shed plus associated Maritime leases to the south of the clubhouse are the property known as Pattons Slipways Pty Limited (Pattons) which is wholly owned by Sydney Flying Squadron Limited (SFS). The main building contains five tenants and there are two leases with NSW Maritime primarily for the purpose of the slipway operations.

Denny Linker, Bill Loader and Mal Lennon are the nominated SFS board members of Pattons board and regular meetings have been convened and minuted to assess and plan the business of Pattons.

In August 2007 the property was valued for the purpose of securing the required loans with the Commonwealth Bank and to assess parity of the current leases for their re-evaluation. The board has set out to bring all leases to their potential being mindful that maintenance and revitalized business plans were required to bring a number of areas to market potential and that this plan would take time and accumulated funds to deliver.

All tenants were approached with updated leases and rentals that reflected those in the valuation report. Four leases have now been agreed and are in place. Agreement to the last and most complex lease for the workshop, slipways and Maritime leases could not be gained by individual negotiation thus the opportunity has been put to the market under a process of an Expression of Interest plus negotiation. This could take to the end of 2008. In the interim the current tenant is maintaining the status quo of the old lease terms.

A building maintenance program has commenced with the re-roofing of the main building, and investigations of the condition of the assets including the electrics, toilet facilities and provisions of the slipway area.

Directors, Pattons Board

Secretary Manager's Report

It has been a busy and successful year for the Club and a very special thanks to all those Members who support and visit the Squaddy on a regular basis.

Events for Members and their guests this year have been a great success with many being sold out weeks in advance. They included:

- Christmas in July
- Jazz with Slide McBride
- Melbourne Cup Day Luncheon
- Boxing Day Cruise
- Australia Day Cruises
- Jazz with Wizard & Oz
- Jazz with Galapagos Duck
- Queen Victoria Harbour Cruises
- Heritage Fleet & Good Food Cruises
- Sailing Presentation Night (and Clubhouse 50th Birthday)
- Mother's Day Luncheon

We have seen an increase in restaurant bookings during the year, and have not experienced the downturn in income many other Clubs have from changes relating to smoking areas.

Members have commented on and appreciated the efforts made to improve the aesthetics and ambiance in the Club, and our increased use of the internet, with up to 70% of members regularly opening their e-news, and around 30% renewing their membership online. The number of financial members in 2007/2008 was 1120.

We have achieved a lot since I came here, but there is still more investment and work to do to improve the operational and management systems of the club over the next few of years.

I must also take this opportunity to thank my team in the office, the bar and the restaurant for their efforts over the past year. Hope to see you in the club soon.

Anita McMahon, Secretary Manager

Clubhouse Celebrates 50 years

The Clubhouse celebrated its 50th birthday this year in style at the annual presentation dinner.



First Working Bee 50 years ago

In 1958, with Ted Chamberlain as the driving force behind gaining the boatshed for the SFS, his boat "The Tiger" was the first in the fleet, with the second being Len Heffernan's "Jantzen Girl".



Squaddy Boatshed and Clubhouse in 2008

Gathering 117 Years of History

We have a great heritage to preserve and are making this special request to members who have good quality photos (old and new) of Sydney Flying Squadron boats, club and people as well as memorabilia, to let us make copies.

Please email or phone the office during working hours with the details of what you have and we will be back in contact. **We need your help!**

Social Committee Report

The current Social Committee was formed in November 2007 and operates as an official Committee under the Articles of the Club, providing minutes of meetings and reporting plans, activities and statement of finances regularly to the Board.

The Committee has been extremely active in supporting Management and the Board through providing interesting activities and events for members, promoting the club and improving the look and feel of the clubhouse.

Funds raised by the Social Committee are derived from:

1. Selling raffle tickets on Thursday nights;
2. Organising the BBQ and a Saturday raffle during sailing season; and
3. Organising other social events for members and their guests.

Between November 2007 and 31 May 2008, the Committee has acquired and/or arranged for the club:

- Random Ticket Number Machine for Raffles;
- DVD player for Club;
- Lamps for lounge areas;
- Two vinyl SFS banners (promote SFS on ferry);
- Shadecloths for the top balcony;
- Shadecloths for lower deck – still to be erected;
- Members Christmas party;
- Christmas Raffle prizes;
- New BBQ and cover;
- Stand fee for the Wooden Boat Show at Australian National Maritime Museum;
- Flowers for sick members;
- Band for the end of sailing season party; and
- Members BBQs during the Winter months.

Other activities the Social Committee undertook during 2007/2008 have included:

- Spectator Ferry promotion (flyer and banners) in November;
- Providing the Gourmet Luncheon for SFS Members Christmas Party in December;
- Arranging the Members Whisky Tasting Evening and supporting the Men of League event in February;
- Manning a very successful SFS Stand at Wooden Boat Festival in Darling Harbour in March;
- Engaging a band for the end of Sailing Season party in April;
- Commencing Members Monthly (out of sailing season) BBQ in May – held first Sunday of month;
- Conducting the weekly Thursday evening raffles and members draws; and
- Organising the weekly Saturday BBQ and raffles during Sailing season.

Approved plans so far for the 2008/2009 year include:

- Purchasing and upgrading the clubhouse furniture;
- Paying the annual skiff fees for all boat classes;
- Repairs to painting and the photographs on display;
- Repairs to Entranceway; and
- Some great member events.

Your Social Committee would like to thank all Sydney Flying Club members, and their Guests, for supporting the club by attending events and purchasing raffle tickets throughout the year.

SFS Social Committee

Director's Report

For the year ended 31 May 2008

Your directors present their report on the Sydney Flying Squadron Limited (the company) for the financial year ended 31 May 2008, and the auditor's report thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:

Name and Qualifications	Age	Experience and Special Responsibilities
Graeme Ferguson Non Executive Director President	60	Director since May 2007 Tiling Contractor Club Directors Institute (CDI) Member
Denny Linker MIS (Aust) Non Executive Director Vice President	66	Director since June 2006 Registered Surveyor Finance Committee Club Directors Institute (CDI) Member
Leigh Thompson Non Executive Director Vice President	59	Director since May 2007 Director, A&L Supply Company Pty Ltd Finance Committee Kitchen & Stock Control Club Directors Institute (CDI) Member
William Loader Non Executive Director Commodore	52	Director since June 2006 Project Manager Club Directors Institute (CDI) Member Sailing Committee
Malcolm Lennon BA&H Civil Engineering Non Executive Director Vice Commodore	54	Director since May 2007 Project Manager Club Directors Institute (CDI) Member
William Hughes Non Executive Director Treasurer (Dec 2007 – May 2008) Assistant Treasurer (June-Dec 2007)	65	Director since August 2002 Retired Finance Committee Social Committee Club Directors Institute (CDI) Member
Kurt Beckman BSc Mechanical Engineering Non Executive Director Assistant Treasurer	43	Director since December 2007 Residential Designer Finance Committee Club Directors Institute (CDI) Member
Robert Tearne Non Executive Director Secretary Owner: Aberdare	60	Director since May 2007 Shipwright Social Committee Club Directors Institute (CDI) Member
Jill Atherton MBA, FAMI CPM, AFAIM, MAICD Non Executive Director Assistant Secretary	52	Director since May 2007 Consultant Club Directors Institute (CDI) Member Communications & Operations
Richard Notley ACIS Treasurer (June-Oct 2007) Non Executive Director	78	Director May 2007 – October 2007 Accountant

Directors' Meetings

During the year ended 31 May 2008, seventeen (17) director's meetings were held where a quorum of five or more directors were present.

Name of Director	Number of Meetings eligible to attend during the year	Number of Meetings attended during the year
Graeme Ferguson	17	17
Denny Linker	17	15
Leigh Thompson	17	17
William Loader	17	12
Malcolm Lennon	17	14
William Hughes	17	13
Kurt Beckman (elected 2 December 2007)	6	6
Robert Tearne	17	17
Jill Atherton	17	13
Richard Notley (resigned 24 October 2007)	9	8

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Subsidiary Company

The company controls its wholly owned subsidiary company, Patton's Slipways Pty Ltd ('Pattons'). The directors of the subsidiary company as at the date of this report are William Loader, Malcolm Lennon and Denny Linker.

Operating Result

The profit/ (loss) of the company for the financial year after providing for income tax amounted to \$(5,529) (2007: \$(54,799)).

Review of Operations

A review of the operations of the company during the financial year and the results of those operations are as follows:

The company continued its operations as a registered club during the whole of the financial year. The results of those operations are as disclosed in Operating Result above.

Significant Changes in the State of Affairs

There were significant changes in the State of Affairs of the company during the year. Real estate holdings (by Pattons) were revalued and supported an increase in borrowings from the company's Bankers. The borrowings allowed the company to pay outstanding creditors, to discharge tax liabilities for GST and PAYG and to repay the borrowings from Mr Richard Notley. The directors wish to place on record their appreciation to Mr Notley for providing financial support to the company over a number of years.

Principal Activities

The principal activities of the company, and its subsidiary company, during the financial year were the conduct and promotion of a licensed social club for members, promotion and organisation of sailing races and a commercial property owner.

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

Post Balance Date Events

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

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the nature of operations in future financial years.

Environmental Issues

The company's operations are subject to significant environmental regulation under a law of the Commonwealth and/or of a State or Territory including:

Food Act 2003

Food Regulation 2004

Public Health Act 1991

Directors' Benefits

Since the end of the financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts or received as the fixed salary of a full time employee of the company) by reason of a contract made by the Company or by a related corporation with the Directors or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

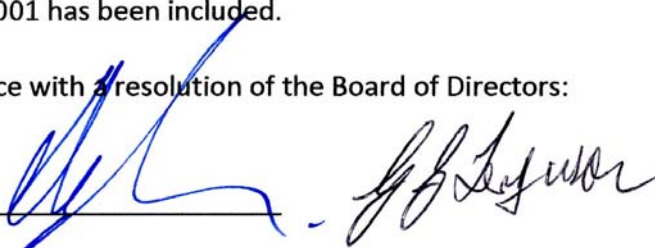
Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

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

Director:

Dated this 17th day of September 2008



Auditor's Independence Declaration

ROBERTSON & GREENWOOD CHARTERED ACCOUNTANTS

MATHEW GEORGE

IAN ROBERTSON
CONSULTANT

The Board of Directors
Sydney Flying Squadron Limited
76 McDougall Street
MILSONS POINT NSW 2061

Dear Sir/Madam

RE: SYDNEY FLYING SQUADRON LIMITED

Auditor's Independence Declaration Under Section 307C of The Corporations Act 2001

As auditor for Sydney Flying Squadron Limited for the year ended 31 May 2008 I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of 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.

ROBERTSON & GREENWOOD
Chartered Accountants



MATHEW GEORGE

Baulkham Hills, NSW
16 September 2008

Suite 211, 12 Century Circuit
"Norwest Central"
Baulkham Hills NSW 2153
P.O. Box 8312
Baulkham Hills BC NSW 2153

PSC: Liability is limited by a Scheme approved under
Professional Standards Legislation
Telephone: 9680 8600
Facsimile: 9680 9755
Email: admin@randg.com.au

Income Statement

For the year ended 31 May 2008

By function	Notes	Parent Entity (Club)	
		2008	2007
		\$	\$
Sales Revenue		779,741	1,274,410
Cost of sales		(243,580)	(490,326)
Gross profit		536,161	784,084
Other revenue		268,904	366,608
Total revenue		805,065	1,150,692
Administration expenses		(63,935)	(203,437)
Finance costs		(131,472)	(5,779)
Other expenses from ordinary activities		(615,187)	(996,275)
		(810,594)	(1,205,491)
Profit/(Loss) before tax	2	(5,529)	(54,799)
Income tax expense	3	0	0
Profit/ (Loss) attributable to members of the entity		(5,529)	(54,799)

Balance Sheet

As at 31 May 2008

	Note	Economic Entity (Club & Pattons)		Parent Entity (Club)	
		2008 \$	2007 \$	2008 \$	2007 \$
Current assets					
Cash and cash equivalents	4	102,550	24,489	65,138	22,371
Trade and other receivables	5	0	4,000	0	4,000
Inventories	6	24,993	16,430	24,993	16,430
Other current assets	7	26,566	6,489	25,836	6,489
Total current assets		154,109	51,408	115,967	49,290
Non-current assets					
Property, plant and equipment	8	3,351,175	2,375,172	340,736	363,051
Other Financial Assets	9	-	-	3,154,671	2,014,671
Total non-current assets		3,351,175	2,375,172	3,495,407	2,377,722
Total assets		3,505,284	2,426,580	3,611,374	2,427,012
Current liabilities					
Trade and other payables	10	192,259	597,388	145,356	578,432
Short-term borrowings	11	3,367	22,949	3,367	22,949
Current tax liabilities	12	206	(5,071)	0	0
Provisions	13	20,076	8,952	20,076	8,952
Total current liabilities		215,908	624,218	168,799	610,333
Non-current liabilities					
Long- term borrowings	11	832,051	340,000	1,036,450	405,025
Total non-current liabilities		832,051	340,000	1,036,450	405,025
Total liabilities		1,047,959	964,218	1,205,249	1,015,358
Net assets		2,457,325	1,462,362	2,406,125	1,411,654
Equity	14				
Reserves	15	2,943,551	1,943,551	3,032,358	2,032,358
Retained earnings		(486,226)	(481,189)	(626,233)	(620,704)
Total equity		2,457,325	1,462,362	2,406,125	1,411,654

Statement of Changes in Equity

For year ended 31 May 2008

	Note	Retained Earnings \$	Asset Revaluation Reserve \$	Parent Entity (Club) General Reserve \$	Total \$
Balance at 1 June 2007		(620,704)	2,000,000	32,358	1,411,654
Profit/(Loss) attributable to members		(5,529)	-	-	(5,529)
Revaluation increment/(decrement)		-	1,000,000	-	1,000,000
Sub-total		(5,529)	1,000,000	-	994,471
Balance at 31 May 2008	15	(626,233)	3,000,000	32,358	2,406,125

	Note	Retained Earnings \$	Asset Revaluation Reserve \$	Economic Entity (Club & Pattons) General Reserve \$	Total \$
Balance at 1 June 2007		(481,178)	1,911,193	32,358	1,462,373
Profit/(Loss) attributable to members		(5,048)	-	-	(5,048,)
Revaluation increment/(decrement)		-	1,000,000	-	1,000,000
Sub-total		(5,048)	1,000,000	-	994,952
Balance at 31 May 2008	15	(486,226)	2,911,193	32,358	2,457,325

Cash Flow Statement

For the year ended 31 May 2008

	Notes	Economic Entity (Club & Pattons) 2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		1,226,785	1,678,413
Payments to suppliers and employees		(1,635,018)	(1,802,385)
Interest received		15,250	334
Other receipts		6,802	6,687
Income tax paid			
Net cash provided by (used in) operating activities	18	(386,181)	(116,951)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0	135,000
Payment for property, plant and equipment		(4,458)	(21,376)
Net cash provided by (used in) investing activities		(4,458)	113,624
Cash flows from financing activities			
Proceeds from borrowings		808,700	15,407
Repayment of borrowings		(340,000)	0
Net cash provided by (used in) financing activities		468,700	15,407
Net increase in cash held		78,061	12,080
Cash at beginning of year		24,489	12,409
Cash at end of year	4	102,550	24,489

Notes to Financial Statements

For the year ended 31 May 2008

Note 1: Statement of significant accounting policies

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

Sydney Flying Squadron Limited is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards

The financial report was authorised for issue on 17 September 2008 by the board of directors.

Reporting basis and conventions

The financial report has been prepared on an accruals 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 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.

Accounting policies

a. Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or substantially enacted at the balance 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 liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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 amount 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.

b. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is assigned on an average cost basis and includes supplier's invoice price, import duties, shipping charges, insurance and other acquisition costs where applicable and bringing them to their existing condition and location.

c. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or directors' valuation less, where applicable, any accumulated depreciation.

(i) Property

Freehold land and buildings are carried at directors' valuation.

(ii) Plant and equipment

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

(iii) Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings and Leasehold Improvements	2.5%
Plant and equipment	7.5% - 15%
Computers	25% - 40%
Other plant and equipment	7.5% - 15%

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

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

d. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and benefits incidental to the ownership of the leased asset, but not the legal ownership, to the lessee. All other leases are treated as operating 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. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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 that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

f. Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the company's share of post-acquisition reserves of its associates.

g. 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.

h. Cash and cash equivalents

Cash and cash equivalents includes 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, if any, are shown within short-term borrowings in current liabilities on the balance sheet.

i. Revenue

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

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).

j. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

k. 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 its fair value less costs to sell and its value in use, is compared to the carrying value of the asset. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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 balance sheet are shown inclusive of GST.

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

m. Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

n. Critical accounting estimates and judgments

In application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may vary from these estimates. The estimates and assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or the period of revision and future periods if the revision affects both current and future periods.

Note 2: Profit from ordinary activities

		Economic Entity (Club & Pattons)		Parent Entity (Club)	
		2008	2007	2008	2007
		\$	\$	\$	\$
Profit/(Loss) from ordinary activities before income tax has been determined after					
a	Expenses				
	Depreciation of property, plant and equipment	28,454	28,821	26,632	26,682
	Borrowing costs	2,008	35,073	2,008	5,780
	Remuneration of auditor - audit	9,700	4,520	7,500	4,520
b	Revenue and net gains				
	Membership Fees	41,741	53,392	41,741	53,392
	Commissions	1,685	2,339	1,685	2,339
	Rebates/Subsidies	5,891	7,014	5,891	7,014
	Net gain on disposal of property, plant and equipment	0	135,000	0	135,000

Note 3: Income tax expense

Income tax expense	206	0	0	0
	206	0	0	0

Note 4: Cash Assets

		Economic Entity (Club & Pattons)		Parent Entity (Club)	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash on hand and at bank		102,550	24,489	65,138	22,371
		102,550	24,489	65,138	22,371
a.	Reconciliation of cash				
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash and cash equivalents		102,550	24,489	65,138	22,371
		102,550	24,489	65,138	22,371

Note 5: Receivables

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current				
Trade receivables	0	4,000	0	4,000
	0	4,000	0	4,000

Note 6: Inventories

Current				
Raw materials and stores at cost				
On Hand	24,993	16,430	24,993	16,430
	24,993	16,430	24,993	16,430

Note 7: Other current assets

Current				
Prepayments and other receivables	26,566	6,489	25,836	6,489
	26,566	6,489	26,836	6,489

Note 8: Property, plant and equipment

Land and buildings				
Freehold land and buildings at:				
- directors' valuation 2008	3,000,000	2,000,000	0	0
Total land and buildings				
Leasehold improvements at:				
- cost	589,519	589,519	589,519	589,519
Less accumulated depreciation	(261,870)	(237,016)	(261,870)	(237,016)
Total leasehold improvements	327,649	352,503	327,649	352,503
Plant and equipment				
Plant and equipment at cost	407,871	403,413	390,511	386,193
Less accumulated depreciation	(402,192)	(402,622)	(384,972)	(385,402)
Total Plant & equipment	5,679	791	5,539	791
Poker machines				
- cost	215,539	215,539	215,539	215,539
Less accumulated depreciation	(209,778)	(208,761)	(209,778)	(208,761)
Total Poker machines	5,761	6,778	5,761	6,778
Furniture & Fittings				
- cost	100,105	100,105	3,200	3,200
Less accumulated depreciation	(93,598)	(91,570)	(1,412)	(221)
Total Furniture & Fittings	6,507	8,535	1,788	2,979

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Motor boats				
- cost	60,211	60,211	0	0
Less accumulated depreciation	(54,632)	(53,646)	0	0
Total Motor boats	5,579	6,565	0	0
Total property, plant and equipment	3,351,175	2,375,172	340,736	363,051

Note 9: Investments

- (i) The basis of valuation of the company's investment in its subsidiary company was fair market value as determined by the directors in the year ended 31 May 2008. This determination was made having regard to an independent report by Australia Pacific PCS Pty Ltd , Property Consultants & Valuers on 10 August 2007.
- (ii) The revaluation was made in accordance with a policy of regular revaluation by the directors to reflect the market value of its investments, such revaluations being carried out at least once every 3 years.
- (iii) The revaluation does not take into account the potential impact of capital gains tax on the grounds that such asset (and the subsidiary's underlying asset) was acquired before the introduction of tax on capital gains. The investment and the underlying asset of the subsidiary are integral to the company's operations and there is no intention to sell either of the assets. If the assets were sold at the revaluation amount no capital gains tax liability would arise.

Note 10: Payables

Current				
Trade payables	79,499	205,449	42,649	194,076
GST Payable	16,196	161,900	18,618	157,689
PAYG Withholding Payable	2,714	215,739	2,714	215,739
Sundry payables and accrued expenses	93,850	14,300	81,375	10,928
	192,259	597,388	145,356	578,432

Note 11: Borrowings

Current				
Bank overdraft – secured	0	16,966	0	16,966
Hire purchase liability	3,367	5,983	3,367	5,983
Lease liabilities	3,367	22,949	3,367	22,949
Non-current				
Other persons – secured	832,051	340,000	832,051	200,000
Other persons - unsecured	0	0	204,399	205,025
	832,051	340,000	1,036,450	405,025

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total current and non-current secured liabilities:				
Bank overdraft	0	16,966	0	16,966
Other persons	835,418	340,000	1,039,817	200,000
	835,418	356,966	1,039,817	216,966

The loan facilities are secured by an Equitable Mortgage over all of the company's assets.

Note 12: Current Tax Liabilities

Provision for Income Tax	206	(5,071)	0	0
	206	(5,071)	0	0

Note 13: Provisions

Current				
Employee benefits	20,076	8,952	20,076	8,952
	20,076	8,952	20,076	8,952

Note 14: Equity

a. Capital

The company is limited by guarantee and as such there is no issued capital

Note 15: Reserves

a. General Reserve – Victor Everson Trust

32,358	32,358	32,358	32,358
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The general reserve was used in prior years to record amounts set aside to fund the future expansion of the company

b. Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets

2,911,193	1,911,193	3,000,000	2,000,000
2,943,551	1,943,551	3,032,358	2,032,358

Note 16: Events after the balance sheet date

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

Note 17: Contingent liabilities

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Estimates of the potential financial effect of contingent liabilities that may become payable:				
- Bank guarantees	832,051	1,462,362	832,051	1,411,654

Note 18: Cash flow information

	Economic Entity (Club & Pattons)	
	2008	2007
	\$	\$
Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit/(Loss) from ordinary activities after income tax	(4,635)	(52,844)
Non-cash flows in profit from ordinary activities		
Depreciation	28,454	28,821
Net gains on disposal of plant and equipment	0	(135,000)
(Increase) Decrease in Assets		
Trade and Other Receivables	4,000	3,200
Inventories	(8,562)	9,192
Other assets	(20,077)	
Increase (Decrease) in Liabilities		
Trade and other payables	(125,951)	22,971
Provisions	11,124	8,952
Other liabilities	(270,534)	(2,204)
Cash Flows from operations	(386,181)	(116,951)

Note 19: New accounting standards and accounting interpretations

There have been new Australian Accounting Standards and Australian Accounting Interpretations issued or amended that are applicable to the company but are not yet effective. The company's assessment of the impact of these new standards and interpretations has been completed with no material effect on the company's financial report. They have not been adopted in the preparation of the financial report at the reporting date.

Note 20: Company details

The registered office and principal place of business of the company is:
Sydney Flying Squadron Limited
76 McDougall Street
MILSONS POINT NSW 2061


Directors' declaration

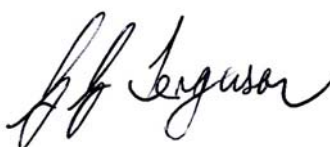
The directors have determined that the company is a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out in pages 6 to 21 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the company's financial position as at 31 May 2008 and of its performance for the year ended on that.
2. In the opinion of the directors there are reasonable grounds, at the date of this statement, to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director: 

Dated this 17th day of September 2008

Audit Report

ROBERTSON & GREENWOOD CHARTERED ACCOUNTANTS

MATHEW GEORGE

IAN ROBERTSON
CONSULTANT

Independent Auditor's Report
To the Members of Sydney Flying Squadron Limited

Scope

We have audited the financial report, being the Directors Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements of Sydney Flying Squadron Limited for the financial year ended 31 May 2008.

The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration has not changed as at the date of providing our audit opinion.

Audit opinion

In our opinion, the financial report of Sydney Flying Squadron Limited for the year ended 31 May 2008 is in accordance with:

1. the Corporations Act 2001 so as to:
 - (a) give a true and fair view of the entity's financial position as at 31 May 2008 and of its performance for the year ended on that date; and
 - (b) comply with Accounting Standards and the Corporations Regulations; and
2. other mandatory professional reporting requirements.

Dated this 17th day of September, 2008

Mathew George
Registered Company Auditor



Robertson & Greenwood
Chartered Accountants

Suite 211, 12 Century Circuit
"Norwest Central"
Baulkham Hills NSW 2153
P.O. Box 8312
Baulkham Hills BC NSW 2153

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Telephone: 9680 8600
Facsimile: 9680 9755
Email: admin@randg.com.au

SYDNEY FLYING SQUADRON LIMITED
(ACN 000 487 230)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2008

	2008	2007
	\$	\$
Trading Income		
Bar sales	747,391	737,028
Functions & Supplies	32,350	52,854
Restaurant	0	484,528
Total Trading Income	779,741	1,274,410
Less: Cost of Sales		
Opening finished goods	16,431	25,623
Cost of bar sales	235,536	273,034
Bar & restaurant general supplies	16,606	208,100
	268,573	506,757
Less:		
Closing finished goods	24,993	16,431
Cost of Sales	243,580	490,326
Gross Profit from Trading	536,161	784,084

SYDNEY FLYING SQUADRON LIMITED
(ACN 000 487 230)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2008

	2008	2007
	\$	\$
Income		
Gross Profit from trading	536,161	784,084
Poker machine	60,880	89,935
Commissions received	1,685	2,025
Management fees	54,318	78,182
Interest received	15,249	0
Membership fees	41,741	53,392
Rebates	5,891	0
Sundry receipts	911	4,438
Profit on sale of property, plant, equip	0	135,000
Kitchen charge	88,229	3,636
Total income	805,065	1,150,692
Expenses		
Accountancy	8,303	59,230
Advertising and promotion	2,028	4,007
Audit fees	7,500	4,520
Bank Fees And Charges	13,151	7,329
Bookkeeping fees	2,000	2,600
Borrowing costs	2,008	0
Cleaning/rubbish removal	40,787	46,409
Consultants fees	7,111	25,501
Computer costs	1,587	2,604
Depreciation & amortisation	26,632	26,682
Donations	500	0
Electricity & gas	28,815	28,625
Entertainment	22,866	36,999
Fines	1,501	28,122
Hire/rent of Plant & Equipment	3,315	3,842
Hire purchase charges	738	1,160
Insurance	55,065	61,466
Interest - Australia	131,473	5,780
Lease payments	19,176	12,564
Legal fees	3,673	2,759
Management fees	0	75,014
Membership expenses	6,155	4,286
Pest control	1,184	395
Postage	3,025	2,425
Printing & stationery	11,952	11,103
Rates & land taxes	8,986	8,860

SYDNEY FLYING SQUADRON LIMITED

(ACN 000 487 230)

PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED 31 MAY 2008

	2008	2007
	\$	\$
Expenses continued		
Rent on land & buildings & rates	25,000	48,997
Repairs & maintenance	36,579	40,939
Sailing promotion & expenses	27,789	28,466
Security	1,513	1,368
Staff amenities	770	1,311
Staff training	(174)	837
Storage costs	0	2,006
Subscriptions & licences	4,213	19,302
Sundry expenses	4,676	27,653
Superannuation	25,950	49,084
Telephone	6,474	9,767
Wages	253,215	504,525
Annual leave	10,173	6,663
Sick leave	4,886	2,290
Total expenses	810,594	1,205,491
Profit (Loss) from Ordinary Activities		
before income tax	(5,529)	(54,799)

**COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2008**

On the basis of the information provided by the directors of Sydney Flying Squadron Limited, we have compiled, in accordance with APS 9: Statement on Compilation of Financial Reports the special purpose financial report of Sydney Flying Squadron Limited for the year ended 31 May 2008, comprising the attached Statement of Financial Performance and Statement of Financial Position.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Australian Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The Directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Sydney Flying Squadron Limited constitution and are appropriate to meet the needs of the Directors and Members of the company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the Company, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the Directors and Members of Sydney Flying Squadron Limited and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

J. R. VINCENT
Chartered Accountant
11/10 Victoria Ave
CASTLE HILL

26 August 2008

PATTON'S SLIPWAYS PTY LTD
(A.C.N. 000 070 271)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2008

	2008	2007
	\$	\$
Income		
Interest received	779	73
Rents received	199,411	176,061
Total income	200,190	176,134
Expenses		
Accountancy	9,000	18,182
Audit fees	2,200	0
Bank Fees And Charges	121	143
Depreciation – plant	837	980
Depreciation - motor boats	985	1,159
Filing Fees	353	695
Hire/rent of Plant & Equipment	1,680	1,680
Insurance	6,849	7,159
Interest – Australia	31,390	29,293
Legal fees	2,849	0
Management fees	54,318	78,182
Management fees commission	0	2,800
Pest control	0	2,318
Rates & land taxes	20,212	11,184
Rent – waterways	12,000	10,989
Registration & licence fees	3,453	0
Repairs & maintenance	53,256	9,434
Total expenses	199,503	174,198
Profit from Ordinary Activities		
before income tax	687	1,936

PATTON'S SLIPWAYS PTY LTD
COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2008

On the basis of the information provided by the directors of Patton's Slipways Pty Ltd, we have compiled, in accordance with APS 9: Statement on Compilation of Financial Reports the special purpose financial report of Patton's Slipways Pty Ltd for the year ended 31 May 2008, comprising the attached Statement of Financial Performance and Statement of Financial Position.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Australian Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The Directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Patton's Slipways Pty Ltd constitution and are appropriate to meet the needs of the Directors and Members of the company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the Company, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the Directors and Members of Patton's Slipways Pty Ltd and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

J. R. VINCENT
Chartered Accountant
11/10 Victoria Ave
CASTLE HILL

26 August 2008

Registered Clubs Act Disclosures

Registered Clubs Regulations 1996 (the Regulations)

Provision of Information to Members

For the year ended 31 May 2008

Regulation 47HA(2)

- (a) The Club (Sydney Flying Squadron Limited and its controlled entity) did not receive any Declarations, returns or disclosures.
- (b) Number of Executives of the Club who received salary and allowances in excess of \$100,000.
- | Range | Number |
|-----------------------|--------|
| \$100,000 - \$110,000 | Nil |
- (c) No Board Member, Executive or other persons undertook any overseas travel connected with the Club business.
- (d) No loans were made to any employees during the year.
- (e) No contracts were entered into during the year to which Section 41 M of the Registered Clubs Act 1976 applies
- (f) No employee was a close relative of any member of the governing body of the Club or of a top executive of the Club.
- (g) Consulting fees of \$8,303 were paid to J.R. Vincent, Chartered Accountant in respect of financial investigative and accounting services.
- (h) Other consultants were paid a total amount of \$7,111.
- (i) No settlements of legal disputes were entered into with a member of the governing body or an employee of the club.
- (j) No legal fees were paid on behalf of a member of the governing body or an employee of the club.
- (k) Gaming machine profits, in the reporting period ended 31 August 2007 were \$124,902.50.
- (l) No amounts were applied to community development and support under Part 4 of the Gaming Machine Tax Act 2001.

Registered Clubs Act 1976

Registered Clubs Amendment Bill 2006

Section 41J (2)

The Core Property of the registered club is the leasehold premises of the club at 76 McDougall Street, Milsons Point NSW 2061.



The Squaddy from the Waterfront - Courtesy of Daniella Friml, Photographer.

Dine at Mark Foys Restaurant on the Squaddy deck

Follow the Fleet on the Ferry on Saturday Racedays



Following the Fleet on the Saturday Ferry - Courtesy of Daniella Friml, Photographer.



The Scot – 18 Footer. Courtesy of Daniella Friml, Photographer.



Ed Blackman & Paul Carpenter -12s -2008 Interdominion Championship. Wellington NZ. January 2008

A special thanks to those members, guests and sailors who supplied us with fantastic images for this Annual Report. We look forward to receiving more for use in future publications. We apologise for where our records (or space) did not allow us to cite photographers or details.

Back Cover - Top: The Fleet with The Mistake, Aberdare and The Scot in the foreground.

Back Cover – Bottom: The fabulous top deck at the Squaddy (Clubhouse).



**Visit us at the
Sydney Flying Squadron**

76 McDougall Street, Milsons Point NSW- Phone 02 9955 8350

www.sydneyflyingsquadron.com.au

