



Sydney Flying Squadron Limited

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

Founded in 1891

Annual Report and Financial Statements

2011-2012



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**MINUTES OF THE 122nd ANNUAL GENERAL MEETING
OF THE SYDNEY FLYING SQUADRON LIMITED HELD AT 10:32 AM ON SUNDAY 20
NOVEMBER 2011 AT THE CLUBHOUSE AT 76 MCDOUGALL 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:

John Notley	Jane Fogg
Coral Taylor	Wilma Johnson
Carl Silverward	Dennis Winch
Jason Riddell	Russell Debney
Meryll Barker	Jill Atherton
Michael Fogg	Carole Baker
Lynette Searle	James Watt

It was RESOLVED that the apologies be accepted. Moved: Graeme Ferguson Seconded: Ben Powell. CARRIED

CONFIRM THE MINUTES OF THE 121st ANNUAL GENERAL MEETING

It was RESOLVED that the Minutes of the 2010-2011 Annual General Meeting be adopted as being true and correct. No business arising from minutes. Moved: Ben Powell. Seconded: Brian Zemanek. MOTION CARRIED

RECEIVE AND ADOPT THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MAY 2011

Received and adopted Financial Statement. Denny Linker gave a historical perspective of the Club. In 2002 when Jeremy Sharp was the President the Club showed a secured debt of \$340k. In 2002 to 2005 things went horribly wrong the debt was recalculated over \$600k (including the \$340k). Following Grant Taylor's death the Club almost collapsed. Bill Loader and Denny Linker were invited to the Board and shortly the financial situation deteriorated to insolvency status. The legal advice obtained that the Club was close to \$1m debt and only \$340k was secured debt and there was an excess of \$50k owing to superannuation, \$100k owing to suppliers. The scenario could have been that the Club would have been put straight into receivership.

Negotiations were done to move the Club forward to not technically solvent. There were negotiations with the Australian Taxation Office which Bob Sadler undertook. In 2008 a draw down facility was taken. The ATO, super and creditors were paid out and \$55k was spent on capital works on the Club. \$60000 was obtained from the sale of pokies as well.

The previous board had put the Club and its members into debt and the current board discovered this and the members must now know the history.

Denny thanked Bob Sadler and Jill Atherton who were not present at the table.

Moved: Jeremy Sharp Seconded: John Winning

Questions: Barbara Thompson asked whether there were any outstanding fines from superannuation. Denny said that there are no outstanding super fines payable.
Jack Millard asked why the AGM was so late in view that the papers were signed off in July. Denny said that they could not get everybody together.
Brian Zemanek asked in relation to Note 11 the debt between Pattons and the Club. Denny said that it was a paper debt and the next Treasurer can deal with that debt.
Moved: Graeme Ferguson Seconded: Brian Zemanek CARRIED

ELECTION OF DIRECTORS AND OFFICERS

Position for President (unopposed): Jeremy Sharp and took the chair. Jeremy thanked the Board and said that there are a lot of problems to sort out.
Denny Linker withdrew his nomination and read a note from Jill Atherton withdrawing her nomination.

President:	Jeremy Sharp	Treasurer:	Alan Robertson
Vice Presidents:	David Swales	Assistant Treasurer:	John Tierney
Presidents:	Bob Sawyer	Commodore:	Brian Zemanek
Secretary:	Peter Sinclair	Vice Commodore:	Robert Chapman
Secretary:	Graeme Ferguson		

Returning Officer John Bennett declared the board elected and it was resolved that the nine (9) nominations be accepted as the 2011-2012 Directors. CARRIED

RECONFIRMATION OF AUDITOR

It was RESOLVED that the current Auditor, Robertson and Greenwood be re-appointed for the next financial year. Moved: Denny Linker Seconded Brian Zemanek. CARRIED

No business notified.

FLAG OFFICERS ANNOUNCED

Returning members of the Sailing Board for the year – Rear Commodore- Ben Powell, Club Captain- Terry Stewart and Secretary: Bill Loader

NOTICE OF BUSINESS /MOTIONS

General questions and comments from the floor were answered, and noted where necessary for Committee deliberation.

Discussion Items and comments brought to the floor by members:

.Ian Pretty asked to have some funding for sailing put aside

.Peter Notley asked to remember members who passed away: Jim North, Alan Morton, Barry Crook, Ian Perdriau

.Ian Pretty said that this meeting is held midway in the Sailing season that the current board should have the meeting before sailing starts and proposes no later than July.

.Stewart Wilkie requested that his nomination for Bob Sawyer to receive a Life Membership is moved.

It is declared that Bob Sawyer is now a Life Member.

Meeting closed at 11.50am

IMPORTANT NOTICE TO FINANCIAL MEMBERS

RE: ANNUAL REPORTING

Historically, the club (and all companies) was 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 copy.

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).

The reports are available to view on the club's website at www.sydneyflyingsquadron.com.au

President's Report 2012

Dear Members

I would like to start by thanking the previous board for their great efforts to bring the club back to profitability. Thanks also to Anita, our Secretary Manager, for her untiring efforts in that regard. Last but not least the social members for their great contribution to the cause (the sailors can get their thanks in the Commodore's report...). It has been a short 'year' since this board was elected and I'm pleased to say that we have not been idle. This was helped by having a strong cohesive team, which I am hoping will all stand again so we can carry on the good work to date. Of primary importance was the evaluation of the Pattons' site and operations – the biggest concern being the lack of on-going maintenance, leading to worries about its business viability.



I am glad to say that the problem has now been addressed, with a new tenant for the main site being signed up and work already started on replacing and repairing slips, rails and cradles.



Other areas that have been addressed and continue to be worked on are the structural issues on the deck and generally around the downstairs shed area – a working bee in July did get some work done, but at time of printing, there is still more to be done.

A special mention should be made of the work done by Brian Zemanek before he left the board – he was heavily involved in the initial appraisal and negotiations for Pattons and spent many hours getting things organised.



His replacement as Commodore, Billy Loader, is known to most people here and has wasted no time in getting to grips with the sailing side of things and I'm sure his energy will help encourage greater participation this sailing season.

We also welcome back the famous starting duo of Specky and Lisa, who promise to get some discipline back in to our unruly sailors...!

Lastly, our commiserations to families and friends of members who passed away this last year.

Here's to a great new sailing season for 2012-13.

**Cheers,
Jeremy Sharp (aka Captain Blunt)**

Treasurers Report - Financial

Executive Summary

Overall, the Club, including Pattons Slipways, has traded profitably for the year, showing a surplus of \$87,994, an increase over the previous year of nearly \$53,500.

The Board believes this to be a satisfactory result, given the recent financial turmoil in which the Club found itself, and is the result of the Board's conservative approach to spending and recognition of the need to control costs and conserve cash wherever possible.

Expenses generally have been held in check e.g. wages, electricity, insurances, stationery, while council rates, bank fees and repairs etc. are less controllable but rises have been moderate. We can expect that energy prices will hurt us in the coming year and beyond, and all measures for efficiency and savings will be examined.



Good progress has been made with the Commonwealth Bank loan, which currently stands around \$640,000, [down from \$760,000 at the end of 2010-2011] however the Board recognizes that the Club's financial position will be on more certain ground once this debt has been discharged and has resolved to do this as quickly as practicable.

We enter a new financial year with optimism for the financial health of the Club. There are plans afoot to further increase profitability this coming year, however it is certain that costs will need to increase on items such as building and equipment maintenance etc. but this will be approached with fiscal responsibility and an awareness of the need to manage the business effectively.

The Current Situation

Key to the Club's financial viability has been the on-going contribution made by Pattons Slipways. The Boards of both the SFS and Pattons recognise the need for the SFS to become more financially independent and therefore less reliant upon the Pattons financial contribution in the medium and longer term, and this is entirely feasible.

The Board has plans in place now that will be executed during the course of this next financial period to provide more revenue from astute management of the club's resources and areas of saving.



The trading environment for Clubs in recent times has been particularly tough and the Squaddie is no exception. Bar trading is down 5% on year ago. Beer sales nationally are down around 7%, reflecting both economic and social pressures. We need to be aware of these trends and take appropriate steps to ensure our margins and subsequent revenue streams are maintained ahead of trend curves as far as is possible.

The restaurant plays an important role in both the finances and overall attraction of the Club and continues to do well.

The detail of the accounts is included for your perusal and I am happy to discuss any aspect that members may want to know more about.

Alan Robertson
Honorary Treasurer

The Financial Committee



The financial committee of the Club comprises Anita McMahon, Secretary Manager of the SFS, Bill Hughes, a past Board member of the SFS and member of the Social Committee and myself, Alan Robertson, also a member of the Pattons Slipways Board. May I take this opportunity to thank both Anita and Bill for their help, advice and hard work during the course of the year on the Finance Committee. The office of Treasurer in this year has been both exciting and challenging and it is with the help of these two willing people that we have been able to continue the groundwork laid by others.

Alan Robertson
Hon. Treasurer



Commodore's Report

I been invited by the Board to fill in the position of Commodore vacated by Brian Zemanek in June. The sailing season was successful under the leadership of Chris Haskard and Brian Zemanek. The Great Race was a highlight at the beginning of the season. The Sailing Calendar is being prepared for a successful sailing season. I wish to also thank the Social Committee in their tireless efforts in raising funds for sailing.

Bill Loader
Commodore



Social Committee Report

The SFS Social Committee operates as an official Committee under the Articles of the Club, and provides statements of finances regularly to the Board.

Funds raised by the Social Committee are derived from:

1. Selling raffle tickets on Thursday nights and Saturdays during the sailing season.
2. Operation of a sailors bbq before and after sailing during the season.

The Social Committee wishes to thank, on behalf of all SFS Members, Margaret Sawyer and Bill Hughes for their weekly fund raising effort.

Between June 2011 and 31 May 2012, the Committee provided the following:

- Donation to staff member's wedding-\$300.00
- Tea & Coffee supplies , after sailing-\$67.00
- Purchase of cashbox – raffle ticket sales-\$15.00
- Christmas Present – Secretary Manager-\$100.00
- Subsidisation of ticket prices for social night at Chenyu Chinese Theatre Presentation-\$722.00
- Various items for Queen of The Harbour event, including chocolates for lady sailors and photo board-\$98.00
- Restoration /updating of Galloping Ghost Trophy-\$1,366.00
- Skiff Starting Money (refer below)-\$7,023.00
- Thursday Night Members Draw (refer below)-\$4,600.00

Throughout the sailing season the Committee focused its efforts on raising money to encourage each skiff to compete in every race. The pool of funds raised from the after sailing BBQ and raffles totalled \$7,023.00.



The funds raised were distributed to the Owners of the following skiffs:

- Scott & Tangalooma-\$1,697.00
- Britannia-\$948.00
- Alruth, Australia, Australia IV, Mistake-\$3,505.00
- Top Weight-\$74.00
- Synergy-\$799.00

The Owners of the skiffs very much appreciated receiving these payments, however the Committee was disappointed, that, despite this encouragement, many of the skiffs did not start each race, due to being unable to find sufficient crew.

Throughout the year, the Committee conducts on Thursday evenings, following the meat raffle, a draw for \$100.00, Members Only. The total distribution of funds to Members amounted to \$4,600.00.

Bill Hughes
Social Committee

Secretary Manager's Report

It is pleasing to report for the last two years that the Club has maintained a steady trading pattern and returning a profit. The Club is now in a position in moving forward in implementing a strategic plan for the future.

The majority of the staff has been working at the Club on average for four years and more. The staff is committed to the Club and is an asset to the Club.

The highlight in the events calendar this year was the launching of the "Galloping Ghost" book. There was a record crowd in excess of 300 attending the event.

The Events program at the Club has been a continued success. The program is a very good medium to meet other members. Some of the events were:

- Tour at the Armory
- Aboriginal Food Tour
- Various Cabarets
- Wine Dinner
- Wine Education Classes
- Silk Road Talk
- Vivid Cruise Festival
- Carisbrooke House Tour
- Yuralla Tour
- Art Exhibition
- Hunters Hill Tour
- Southern Highlands Wine Tour
- Greeting of MV Queen Mary

The Sydney Jazz Club remains a great partnership with the Club for the mid week jazz.

Ray and his team continue to build up their reputation to serve great meals in the restaurant.

The format of the Trivia has changed to a team of dedicated volunteers in hosting Trivia on Thursday nights. Thank you to John, Rory, Sam,



Lou, Zena, Alison and Claire who have been a hit with the members. Craig Montgomery has been the Trivia Master in excess of two years and has set the standard.

Thank you to all the members who support the Club, the Directors who put a lot of work behind the scenes and the Social Committee who put a lot of effort every Thursdays and Saturdays.

A special thanks to Graeme Ferguson who has supported me for all the years during which he has been on the Board. And Les Meyer, owner of MV Emerald Star, who has been instrumental in making many of the events possible and successful.

Anita McMahon
Secretary Manager



Director's Report

For the year ended 31 May 2012

Your directors present their report on the Sydney Flying Squadron Limited (the company) for the financial year ended 31 May 2012, 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
Jeremy Sharp Business Owner President Non Executive Director	62	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Building, Pattons
Robert Sawyer Retired Non Executive Director	81	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Building, Sailing
David Swales Health Services Director Non Executive Director	69	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Building
Peter Sinclair Audio Visual Specialist Non Executive Director	60	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Building
Alan Robertson Advertising Executive Non Executive Director	66	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Finance, Building, Pattons
Graeme Ferguson Tiling Contractor Non Executive Director	64	Director since May 2007 Club Directors Institute (CDI) Member Committees: Sailing, Building
John Tierney Boat Builder/Carpenter Non Executive Director	65	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Building
Brian Zemanek Retired Non Executive Director	66	Director since 20 November 2011 Resigned on 13 June 2012 Club Directors Institute (CDI) Member Committees: Building, Pattons
Robert Chapman Main Frame Computer Programmer/Senior Systems Analyst Non Executive Director	60	Director since 20 November 2011 Club Directors Institute (CDI) Member Committees: Sailing
Denny Linker MIS (Aust) -Registered Surveyor Non Executive Director	70	Director since June 2006, Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Finance, Pattons
Jill Atherton MBA, FAMI CPM, AFAIM, MAICD - Consultant Non Executive Director	56	Director since May 2007, Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Pattons

Christopher Haskard Licensed Real Estate Agent, Master Mariner Class 5, Med III. – Non executive Director Commodore	56	Director since September 2010, Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Sailing
Malcolm Lennon BA&H Civil Engineering - Project Manager Non Executive Director Vice Commodore	58	Director since May 2007, Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Sailing, Pattons
Robert Sadler M.I.E (Aust); A.C.S - Software Developer Non Executive Director Treasurer	65	Director since October 2008, Resigned 4 August 2011 Club Directors Institute (CDI) Member Committees: Finance, Building
Beverley Stewart Registered Nurse Non Executive Director Assistant Treasurer	58	Director since September 2010, Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Finance
Terry Stewart, JP Retired Non Executive Director Secretary	60	Director since September 2010 Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Building
Jane Mulford, JP Real Estate Administrator Non Executive Director Assistant Secretary	57	Director since September 2010 Resigned 20 November 2011 Club Directors Institute (CDI) Member Committees: Sailing

Directors' Meetings

During the year ended 31 May 2012, thirteen (13) 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	13	13
Denny Linker	5	5
Jill Atherton	5	4
Chrisk Haskard	5	5
Malcolm Lennon	5	4
Robert Sadler	3	3
Beverly Stewart	5	2
Terry Stewart	5	3
Jane Mulford	5	4
Jeremy Sharp	8	6
David Swales	8	6
Robert Sawyer	8	7
Peter Sinclair	8	5
John Tierney	8	8

Brian Zemanek	8	6
Robert Chapman	8	8
Alan Robertson	8	7

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 Alan Robertson and Jeremy Sharp.

Operating Result

The profit/ (loss) of the company for the financial year after providing for income tax amounted to \$87,994 (2011: \$34,552).

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 no significant changes in the State of Affairs of the company during the year.

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

Since the end of the financial year there have been no circumstances or events which could significantly affect 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.

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.

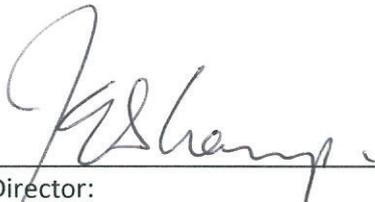
Proceedings on Behalf of Company

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:



JEREMY SHARP

Director:

Dated this 15th day of August 2012



ALAN ROBERTSON

Director:

Dated this 15th day of August 2012

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 2012 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 August 2012

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"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
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Email: admin@randg.com.au

Income Statement

For the year ended 31 May 2012

By function	Notes	Parent Entity (Club)	
		2012 \$	2011 \$
Sales Revenue		646,685	679,601
Cost of sales		(211,903)	(215,879)
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Gross profit		434,782	463,722
Other revenue		455,168	399,725
Total revenue		889,950	863,447
<hr/>			
Administration expenses		(31,696)	(35,343)
Finance costs		(84,749)	(87,307)
Other expenses from ordinary activities		(685,511)	(706,245)
		(801,956)	(828,895)
<hr/>			
Profit/(Loss) before tax	2	87,994	34,552
Income tax expense	3	-	-
<hr/>			
Profit/ (Loss) attributable to members of the entity		87,994	34,552

Income Statement

For the year ended 31 May 2012

	Note	Economic Entity (Club & Pattons)		Parent Entity (Club)	
		2012 \$	2011 \$	2012 \$	2011 \$
Current assets					
Cash and cash equivalents	4	41,683	50,939	38,509	48,161
Trade and other receivables	5	-	-	-	-
Inventories	6	13,129	11,569	13,129	11,569
Other current assets	7	11,773	34,850	3,864	21,834
Total current assets		66,585	97,358	55,502	81,564
Non-current assets					
Property, plant and equipment	8	3,272,824	3,292,881	267,944	287,140
Other Financial Assets	9	-	-	3,014,671	3,154,671
Total non-current assets		3,272,824	3,292,881	3,282,615	3,441,811
Total assets		3,339,409	3,390,239	3,338,117	3,523,375
Current liabilities					
Trade and other payables	10	50,773	91,705	49,519	76,111
Short-term borrowings	11	-	-	-	-
Current tax liabilities	12	11,758	21,010	14,077	19,891
Provisions	13	24,591	14,305	24,591	17,080
Total current liabilities		87,122	127,020	88,187	113,082
Non-current liabilities					
Long- term borrowings	11	662,150	759,947	720,361	968,718
Total non-current liabilities		662,150	759,947	720,361	968,718
Total liabilities		749,272	886,967	808,548	1,081,800
Net assets		2,590,137	2,503,272	2,529,569	2,441,575
Equity					
Reserves	15	2,943,551	2,943,551	3,032,358	3,032,358
Retained earnings		(353,414)	(440,279)	(502,789)	(590,783)
Total equity		2,590,137	2,503,272	2,529,569	2,441,575

Statement of Changes in Equity

For year ended 31 May 2011

Note	Retained Earnings	Parent Entity (Club)		Total
		Asset Revaluation Reserve	General Reserve	
	\$	\$	\$	\$
Balance at 1 June 2010	(625,335)	3,000,000	32,358	2,407,023
Profit/(Loss) attributable to members	34,552	-	-	34,552
Revaluation increment/(decrement)	-	-	-	-
Sub-total	34,552	-	-	34,552
Balance at 31 May 2011	(590,783)	3,000,000	32,358	2,441,575

For year ended 31 May 2012

Note	Retained Earnings	Parent Entity (Club)		Total
		Asset Revaluation Reserve	General Reserve	
	\$	\$	\$	\$
Balance at 1 June 2010	(590,783)	3,000,000	32,358	2,441,575
Profit/(Loss) attributable to members	87,994	-	-	87,994
Revaluation increment/(decrement)	-	-	-	-
Sub-total	87,994	-	-	87,994
Balance at 31 May 2011	(502,789)	3,000,000	32,358	2,529,569

Statement of Changes in Equity (cont.)

For year ended 31 May 2012

	Note	Economic Entity (Club & Pattons)		Total	
		Retained Earnings	Asset Revaluation Reserve		General Reserve
		\$	\$	\$	\$
Balance at 1 June 2010		(475,109)	2,911,193	32,358	2,468,442
Profit/(Loss) attributable to members		34,830	-	-	34,830
Revaluation increment/(decrement)			-	-	
Sub-total		34,830	-	-	34,830
Balance at 31 May 2011	15	(440,279)	2,911,193	32,358	2,503,272

For year ended 31 May 2012

	Note	Economic Entity (Club & Pattons)		Total	
		Retained Earnings	Asset Revaluation Reserve		General Reserve
		\$	\$	\$	\$
Balance at 1 June 2010		(440,279)	2,911,193	32,358	2,503,272
Profit/(Loss) attributable to members		86,866	-	-	86,866
Revaluation increment/(decrement)		-	-	-	
Sub-total		86,866	-	-	86,866
Balance at 31 May 2011	15	(353,414)	2,911,193	32,358	2,590,137

Cash Flow Statement

For the year ended 31 May 2012

	Notes	Economic Entity (Club & Pattons)	
		2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers		1,284,817	1,226,833
Payments to suppliers and employees		(1,222,847)	(1,179,250)
Interest received		30,035	28,045
Other receipts		13,092	11,435
Income tax paid		(2,775)	(1,850)
Net cash provided by (used in) operating activities	18	102,322	85,213
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(9,681)	(6,699)
Net cash provided by (used in) investing activities		(9,681)	(6,699)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(101,897)	(72,103)
Net cash provided by (used in) financing activities		(101,897)	(72,103)
Net increase/(decrease) in cash held		(9,256)	6,411
Cash at beginning of year		50,939	44,528
Cash at end of year	4	41,683	50,939

Notes to Financial Statements

Note 1: Statement of significant accounting policies

The financial report is a general purpose financial report prepared to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is 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 15th August 2012 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.

Note 1: Statement of significant accounting policies (cont.)

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.

Note 1: Statement of significant accounting policies (cont.)

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.

Note 1: Statement of significant accounting policies (cont.)

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.

Note 1: Statement of significant accounting policies (cont.)

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.

o. Prepayments

The Board of Directors have changed the accounting policy since the previous period in relation to prepayments as they did not consider there would be any benefit derived in recognising the prepayment based on its value and therefore expensed the relevant item of expenditure.

Note 2: Profit from ordinary activities

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012 \$	2011 \$	2012 \$	2011 \$
Profit/(Loss) from ordinary activities before income tax has been determined after				
a Expenses				
Depreciation of property, plant and equipment	33,838	33,370	32,977	31,804
Borrowing costs	4,751	3,062	4,751	3,062
Remuneration of auditor - audit	7,800	7,800	5,400	5,400
b Revenue and net gains				
Membership Fees	66,791	51,469	66,791	51,469
Commissions	645	414	645	414
Rebates/Subsidies	11,154	4,537	11,154	4,537
Net gain/(loss) on disposal of property, plant and equipment	-	-	-	-
Note 3: Income tax expense				
Income tax expense	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Note 4: Cash Assets

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash on hand and at bank	41,683	50,939	38,509	48,161
	<u>41,683</u>	<u>50,939</u>	<u>38,509</u>	<u>48,161</u>

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	41,683	50,939	38,509	48,161
	<u>41,683</u>	<u>50,939</u>	<u>38,509</u>	<u>48,161</u>

Note 5: Receivables

Current				
Trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 6: Inventories

Current				
Raw materials and stores at cost				
On Hand	13,129	11,569	13,129	11,569
	<u>13,129</u>	<u>11,569</u>	<u>13,129</u>	<u>11,569</u>

Note 7: Other current assets

Current				
Prepayments and other receivables	11,773	34,850	3,864	21,834
	<u>11,773</u>	<u>34,850</u>	<u>3,864</u>	<u>21,834</u>

Note 8: Property, plant and equipment

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012	2011	2012	2011
	\$	\$	\$	\$
Land and buildings				
Freehold land and buildings at:				
- directors' valuation 2008	3,000,000	3,000,000	-	-
Total land and buildings	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>
Leasehold improvements at:				
- cost	589,518	589,519	589,518	589,519
Less accumulated depreciation	(361,287)	(336,434)	(361,287)	(336,434)
Total leasehold improvements	<u>228,231</u>	<u>253,085</u>	<u>228,231</u>	<u>253,085</u>
Plant and equipment				
Plant and equipment at cost	454,880	445,200	437,660	427,980
Less accumulated depreciation	(423,527)	(416,610)	(406,307)	(399,390)
Total Plant & equipment	<u>31,353</u>	<u>28,590</u>	<u>31,353</u>	<u>28,590</u>
Poker machines				
- cost	215,539	215,539	215,539	215,539
Less accumulated depreciation	(212,531)	(212,000)	(212,531)	(212,000)
Total Poker machines	<u>3,008</u>	<u>3,539</u>	<u>3,008</u>	<u>3,539</u>
Furniture & Fittings				
- cost	107,314	103,214	10,269	6,169
Less accumulated depreciation	(99,691)	(98,616)	(4,917)	(4,243)
Total Furniture & Fittings	<u>7,623</u>	<u>4,598</u>	<u>5,352</u>	<u>1,926</u>
Motor boats				
- cost	60,211	60,211	-	-
Less accumulated depreciation	(57,602)	(57,142)	-	-
Total Motor boats	<u>2,609</u>	<u>3,069</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>3,272,824</u>	<u>3,292,881</u>	<u>267,944</u>	<u>287,140</u>

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.

(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

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012	2011	2012	2011
	\$	\$	\$	\$
Current				
Trade payables	33,281	33,960	32,027	18,3651
PAYG Withholding Payable	1,791	6,502	1,791	6,502
Sundry payables and accrued expenses	15,701	51,243	15,701	51,244
	<u>50,773</u>	<u>91,705</u>	<u>49,519</u>	<u>76,111</u>

Note 11: Borrowings

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012	2011	2012	2011
	\$	\$	\$	\$
Current				
Bank overdraft – secured	-	-	-	-
Hire purchase liability	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current				
Other persons – secured	662,150	759,947	662,150	759,947
Other persons - unsecured	-	-	58,211	208,771
	<u>662,150</u>	<u>759,947</u>	<u>720,361</u>	<u>968,718</u>
Total current and non-current secured liabilities:				
Bank overdraft	-	-	-	-
Other persons	662,150	759,947	662,150	759,947
	<u>662,150</u>	<u>759,947</u>	<u>662,150</u>	<u>759,947</u>

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

Note 12: Current Tax Liabilities

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012 \$	2011 \$	2012 \$	2011 \$
GST payable	11,758	21,010	14,077	19,891
	<u>11,758</u>	<u>21,010</u>	<u>14,077</u>	<u>19,891</u>

Note 13: Provisions

Current	24,591	17,080	24,591	17,080
Employee benefits	-	(2,775)	-	-
Taxation	<u>24,591</u>	<u>14,305</u>	<u>24,591</u>	<u>17,080</u>

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

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

	<u>2,911,193</u>	<u>2,911,193</u>	<u>3,000,000</u>	<u>3,000,000</u>
	<u>2,943,551</u>	<u>2,943,551</u>	<u>3,032,358</u>	<u>3,032,358</u>

Note 16: Events after the balance sheet date

There were no significant events after the balance sheet date.

Note 17: Contingent liabilities

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2012 \$	2011 \$	2012 \$	2011 \$
Estimates of the potential financial effect of contingent liabilities that may become payable:				
- Bank guarantees	832,050	832,050	832,050	832,050

Note 18: Cash flow information

	Economic Entity (Club & Pattons)	
	2012 \$	2011 \$
Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit/(Loss) from ordinary activities after income tax	86,866	34,830
Non-cash flows in profit from ordinary activities		
Depreciation	33,838	33,370
Net (gains)/losses on disposal of plant and equipment	-	-
(Increase) Decrease in Assets		
Trade and Other Receivables	-	678
Inventories	(1,560)	3,055
Other assets	23,077	10,380
Increase (Decrease) in Liabilities		
Trade and other payables	(40,933)	(4,704)
Provisions	10,286	(2,678)
Other liabilities	(9,252)	10,282
Cash Flows from operations	102,322	85,213

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: Commitment for Capital Expenditure

Since balance date the company has not entered into any commitments for capital expenditure.

Note 21: 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 5 to 19 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 2012 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

 JEREMY SHARP

Director:

Dated this 15th day of August 2012

 ALAN ROBINSON.

Director:

Dated this 15th day of August 2012

Audit Report

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 2012 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 August 2012

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

SYDNEY FLYING SQUADRON LIMITED
(ACN 000 487 230)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2012

	2012	2011
	\$	\$
Trading Income		
Bar Sales	646,685	679,601
Functions & Supplies	12,863	27,123
Total Trading Income	659,548	706,724
Less: Cost of Sales	11,568	14,624
Opening Finished Goods	213,464	212,824
Cost of Bar Sales	225,032	227,448
Less:		
Closing Finished Goods	13,129	11,569
Cost of Sales	211,903	215,879
Gross Profit from Trading	447,645	490,845

SYDNEY FLYING SQUADRON LIMITED
(ACN 000 487 230)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2012

	2012	2011
	\$	\$
Income		
Gross Profit from Trading	447,645	490,845
Poker Machine	26,802	35,506
Commissions Received	645	414
Management Fees	96,818	74,546
Interest Received	30,000	27,999
Membership Fees	66,791	51,470
Rebates	11,154	4,537
Social Committee	21,959	15,685
Ferry Ticket Sales	13,029	19,288
Club Events	24,732	18,133
Merchandise	2,988	1,763
Sundry Receipts	1,938	6,898
Kitchen Charge	145,449	116,363
Total income	889,950	863,447
Expenses		
Accountancy	16,415	10,780
Advertising and Promotion	3,946	2,348
Audit Fees	5,400	5,400
Bad Debts	160	268
Bank Fees And Charges	18,560	15,655
Bar & Kitchen Requisites	11,224	14,132
Bookkeeping Fees	8,031	11,500
Borrowing Costs	4,751	3,062
Cleaning & Rubbish Removal	44,638	48,578
Consultants Fees	1,115	-
Computer	1,058	2,354
Depreciation & Amortisation	32,977	31,804
Electricity & Gas	31,985	33,374
Entertainment	3,327	21,502
Event & Function	20,773	17,487
Ferry	3,158	-
Hire of Plant & Equipment	9,651	17,673
Insurance	41,012	43,043
Interest	84,749	87,307

SYDNEY FLYING SQUADRON LIMITED
(ACN 000 487 230)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2012

	2012	2011
	\$	\$
Expenses (continued)		
Legal Fees	1,849	3,287
Membership Expenses	15,169	14,315
Pest Control	2,170	1,775
Poker Machine	4,837	-
Postage	3,624	3,998
Printing & Stationery	11,784	7,467
Rates & Land Taxes	14,242	10,737
Rent on Land & Buildings & Rates	30,736	25,947
Repairs & Maintenance	42,362	44,724
Sailing Promotion & Expenses	56,852	44,269
Security	1,153	4,449
Shrinkage	35	795
Social Committee Expenses	11,552	10,776
Staff Amenities	1,962	1,075
Staff Training	334	1,068
Subscriptions & Licenses	2,982	9,861
Superannuation	45,553	81,061
Telephone	9,679	7,663
Trivia	9,056	-
Wages	192,191	190,121
Annual Leave	9,931	8,601
Sick Leave	-	(9,429)
Total Expenses	810,983	828,895
Profit (Loss) from Ordinary Activities		
Before Income Tax	78,967	34,552
Prior Period Adjustment	9,027	-
Profit (Loss) from Operating Activities		
Before Income Tax	87,994	34,552

**SYDNEY FLYING SQUADRON LIMITED
COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2012**

We have compiled the accompanying financial report of Sydney Flying Squadron Limited, which comprises the balance sheet as at 31 May 2012, profit and loss account for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the financial report has been prepared is set out in Note 1 to the financial report.

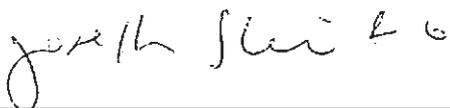
The Directors of Sydney Flying Squadron Limited are solely responsible for the information contained in the financial report and have determined that the basis of accounting used in Note 1 to the financial report is appropriate to meet their needs and for the purpose that the financial report was prepared.

On the basis of information provided by the directors of Sydney Flying Squadron Limited, we have compiled the accompanying financial report in accordance with the basis of accounting in Note 1 to the financial report and APES 315: Compilation of Financial Information.

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

The financial report was compiled exclusively for the benefit of the Directors of Sydney Flying Squadron Limited. We do not accept responsibility to any other person for the contents of the financial report.

Joseph Shamia & Co.
Chartered Accountants
Suite 1
307-317 Condamine Street
Manly Vale NSW 2093



15th day of August 2012

PATTON'S SLIPWAYS PTY LTD
(A.C.N. 000 070 271)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2012

	2012	2011
	\$	\$
Income		
Interest Received	35	46
Rents Received	226,056	186,941
Total Income	226,091	186,987
Expenses		
Audit Fees	2,400	2,400
Bank Fees And Charges	165	150
Depreciation – Plant	401	729
Depreciation - Motor Boats	460	837
Filing Fees	295	218
Insurance	9,449	6,441
Interest	30,015	27,999
Legal Fees	2,565	6,905
Management Fees	96,819	74,546
Rates & Land Taxes	30,743	20,422
Rent – Waterways	14,270	17,037
Registration & License Fees	6,273	3,609
Repairs & Maintenance	30,862	23,898
Sailing Expenses	2,124	1,518
Total Expenses	226,841	186,709
Profit (Loss) from Ordinary Activities		
Before Income Tax		
Prior Period Adjustment	(750)	278
	(378)	-
Profit (Loss) from Operating Activities		
Before Income Tax	(1,128)	278

**PATTON'S SLIPWAYS PTY LTD
COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2012**

We have compiled the accompanying financial report of Patton's Slipways Pty Ltd, which comprises the balance sheet as at 31 May 2012, profit and loss account for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the financial report has been prepared is set out in Note 1 to the financial report.

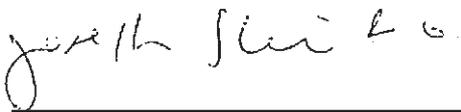
The Directors of Patton's Slipways Pty Ltd are solely responsible for the information contained in the financial report and have determined that the basis of accounting used in Note 1 to the financial report is appropriate to meet their needs and for the purpose that the financial report was prepared.

On the basis of information provided by the directors of Patton's Slipways Pty Ltd, we have compiled the accompanying financial report in accordance with the basis of accounting in Note 1 to the financial report and APES 315: Compilation of Financial Information.

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

The financial report was compiled exclusively for the benefit of the Directors of Patton's Slipways Pty Ltd. We do not accept responsibility to any other person for the contents of the financial report.

Joseph Shamia & Co.
Chartered Accountants
Suite 1
307-317 Condamine Street
Manly Vale NSW 2093



15th day of August 2012

Registered Clubs Act Disclosures

Registered Clubs Regulations 1996 (the Regulations) Provision of Information to Members For the year ended 31 May 2012

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) No consulting fees equal to or more than \$30,000 were paid by the Club.
- (h) The total amount paid to consultants was \$1,115.
- (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 from the operation of approved gaming machines in the club were \$26,802 during the reporting period ended 31 May 2012.
- (l) No amounts were applied to community development and support under Part 4 of the Gaming Machine Tax Act 2001.

Registered Clubs Act 1976 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