

Sydney Flying Squadron Annual Report 2015-16





All photographs courtesy of Bruce Kerridge

Presidents Report

Fellow Members

It has been an interesting couple of months since taking over as President of the Sydney Flying Squadron.

Essentially the new catering arrangements I believe are working well for the Club, and since re-opening, the bar sales have increased by almost 100%.

There is a great deal of work to be done on Patton's Slipway. The main slipway and cradle have to be replaced and the other two slipways need a lot of work done on the rails. The amount of work to be done is quite daunting however I can see our way through all of this and the future looks bright.

As President, I hosted the Governor-General, Sir Peter Cosgrove and Lady Cosgrove at a lunch to launch the book *Setting Sail for the Great War* about

the sailors listed on the Club's World War I Honor Roll. The book was researched and written by Club volunteers. It was a very successful event, and it was great to have nine relatives of men on the Roll present as seen below.

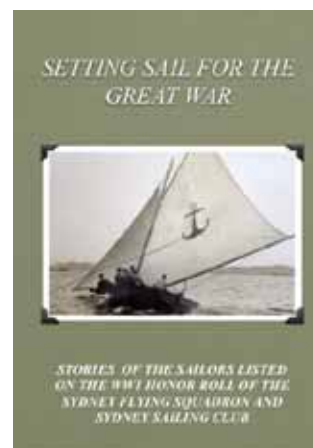
Our big challenge is to get more people sailing on a weekly basis, and hopefully getting 10 or 11 starters each week.

I believe that the next year's trading at the Club will be the best the Club has achieved in many years.

John Winning

President

Governor General launches World War 1 Honour Roll Book



Commodores Report

It is my great pleasure to report that the Sydney Flying Squadron has enjoyed a very successful and memorable 2015 -2016 season.

The Historic 18 ft skiffs continued to maintain their presence on our beloved Harbour much to the joy of the sailors and spectators alike. Our history of sailing, building and maintaining the skiffs is an integral part of the heritage of the Harbour and in this our 125th anniversary year we continue our providence.

Congratulations to all the crews who won and placed in the season series and championships. The handicap system proved successful in giving all the fleet a chance of making the podium. Many thanks to Bob Chapman and Peter Notley for keeping the race records and points scores.

The 12 ft skiffs showed a stronger presence this year that we hope to see grow even more through the coming season. The National Titles held at the SFS was very competitive and enjoyable with Lachie Paramour hosting the event with the help of Captain Morgan. Great to have the 12's back home and we look forward to some good racing this season.

We enjoyed the Cherubs company also last season and its great to have their fleet out east of the Harbour Bridge. The Club welcomes more participation from the class in the coming season.

The past year saw three of our most loved and respected sailors cross their last finish line. We mourn the loss of Graem Furguson, Mal Lennon and Paul (Shorn) Souter. Three of best blokes you could ever meet and dearly missed.

In honour of Graeme Furguson the Ringtail Cup has been birthed and will be awarded to the skiff that flies the most ringtails during the season. Britannia will receive the inaugural award and top the winners list on the Cup. Many thanks to Susie Conway and Steamer for their contribution towards the making of the Cup.

To celebrate our 125th year we are holding a commemorative Regatta in October that will be 3 short Mark Foy starts off Clarke Island. The Club has the spectators ferry booked with a presentation back at the Club after when the Ringtail Cup will be awarded for the first time.

At this years AGM we also award two Life Memberships to John "Steamer" Stanley for his contribution towards sailing and the Clubs heritage; and Wayne "Chucky" Goodfellow for his diligent contribution towards rescue and safety at the Club over the past 17 years. Congratulations Steamer and Chuck we honour you both.

And thanks to all the volunteers and social members who support and contribute towards keeping the programme alive. The list is too long to mention you all individually but you know who you are.

Looking forward to another great season in 16 - 17.

Sheets on and lean out
Billy Loader - Commodore



Social Club 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 Saturdays, during the sailing season.
2. Operation of a sailors bbq, after sailing, during the season

The previous 12 months have proved to be a testing time for all Members of the Sydney Flying Squadron. For several months the club was closed so that the very impressive renovations could take place.

Then the sailing members suffered the loss of three very prominent and active sailing members i.e. Paul (Sean) Souter, former SFS Board Members, Mal Lennon and our wonderful Board Member and Past President, Graeme (Fergie) Ferguson. These three faces will be missed. All three shared the same love - their Squaddy!

These changes resonate and create an impact. Some members were sad at the loss of their "old Squaddy" but others agreed that the changes were superb and necessary for the club's survival.

The activities of the Social side of the SFS have been very limited throughout this time. At the core has been a lack of volunteers, particularly with regards to the fund raising side of the club.

The Social Club funds were provided to facilitate a number of tasks including some small assistance to the Honor Roll project and a larger contribution to the SFS to aid the work being done on the piles of the lower deck. Adrienne Jackson and Veronica and Steve Scully are continuing their magnificent work on further Honor Roll restoration and it is hoped that the Social Club funds will be available to assist.

It was very pleasing to see the attendance numbers on the SFS ferry climb to record numbers and the ongoing support of Ferry Master Robert Gordon and the management of Rosman Ferries is very much appreciated. Thanks to those who assisted and in particular to Dave Baker who always managed to find a spot to set up the bbq for the sailors' sausage sizzle. Towards the end of the sailing season the mighty efforts of Coral Taylor stirred up some new blood (volunteers) and we hope that these newcomers to the club will take up the tongs and the raffle books, assist the Sailing Committee. We can then regroup ourselves for a more productive coming season.

The Sydney Flying Squadron has always existed with the enormous assistance of the volunteers. Every decade that passes shows that without the volunteers the club that exists in its present form will be compromised should the club not attract an ongoing team of willing people who will commit their time and energy.

Many thanks to all SFS volunteers.



Treasures Report

The 2015-2016 financial year was remarkable and unprecedented in the modern history of the Club. It represented the end of a period of declining revenue from bar sales, the lifeblood of the Club's finances, a continuation of which would have presented insurmountable problems. The year also showed there is promise for a brighter financial future so long as profitable growth in bar sales is maintained for the Club and we show discipline in the unrelenting task of bearing down on costs.

As members know, the Club was closed for trading for two months to allow for substantial renovations and repairs of enduring benefit to members. This impacted our finances in two ways:

- first, debt rose substantially to fund our investment of over \$200,000 in the repairs and refurbishment.
- second, bar sales were lower than would otherwise been the case. This is important to keep in mind when comparing the financial performance in 2015-2016 with the previous year so as to avoid an "apples and oranges" comparison. In a similar vein there were several substantial one-off expenses in 2015-2016 that need to be discounted when making a valid comparison between the two years.

Notwithstanding the loss of two months' trading, the performance of the bar was impressive, with sales up by 50%. On an annualised basis, making the assumption the sales averaged over 10 months could have been maintained at that rate over 12 months, bar revenue was over \$1 million. This is an 80% increase on the previous year.

The growth in bar sales was reflected in an increase in gross profit from the bar of 50%. This underpinned growth in total income of nearly 30% once we discount income from Pattons, government grants, an insurance claim and sale of a poker machine entitlement, none of which are indicative of the business performance of the Club.

Turning to the all-important bottom line, when one-off expenses (e.g. a contract payout, recruitment costs, abnormally high legal costs etc.) are discounted, an underlying loss of nearly \$30,000 in 2014-2015 was transformed to a profit of around \$15,000. Although far from ideal, this is a noteworthy result because it is the first true operating profit generated by the Club for many years. It demonstrates the Club has potential to stand on its own financial feet and thereby avoid the unsustainable dependence on a big subsidy from Pattons that has been a feature of the Club's finances in previous years.

The Club's improved financial potential will only be realised if the bar profit is increased and costs are kept under control. The biggest of these, and the one most amenable to control, is wages. These were up a whopping 90% during the year, partly because the increase in bar sales drove a need for more bar staff.

The Board and management need to ensure efficiencies in the use of staff are fully realised and that any new spending is offset by savings. Otherwise, debt won't be reduced at an acceptable rate and we will not have the ability to invest anywhere near as much as we should in sailing. After all, we are a sailing club.

Finally, I acknowledge the invaluable contribution our part-time bookkeeper, Eva Karpati, has made to the Club's finances. In processing SFS and Pattons income and expenses of nearly \$2.5 million during the year, Eva's professionalism has led her to identify savings worth many thousands of dollars. She has also put in place more efficient and robust systems and processes. We owe her a debt of gratitude.

Peter Jackson

Treasurer

Sydney Flying Squadron

ACN 000487230

Financial Statements 2015-16



DIRECTORS REPORT

For the year ended 31 May 2016

Your directors present their report on the Sydney Flying Squadron (the company) for the financial year ended 31 May 2016, 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
Nickolas Daly Soft Foil Engineer	31	Director since 10 September 2015 Sailing Board Vice Commodore Non Executive Director
Louise De Marco Human Resources Manager	43	Appointed Director 17 May 2016 Non Executive Director
Felix Finlay Transport & Training	49	Director since 29 September 2013 Resigned on 14 October 2015 Commodore Club Directors Institute (CDI) Member Non Executive Director Sailing Board
William Hughes	73	Director since 29 September 2013 Non Executive Director Retired 17 October 2015 Club Directors Institute (CDI) Member Pattons Board
Peter Jackson Economist & Retired Public Servant	64	Director since 16 September 2014 Club Directors Institute (CDI) Member Treasurer Sailing Board Non Executive Director Pattons Board
William Loader Project Manager	60	Appointed Director 24 June 2015 Resigned on 2 February 2016 Commodore Appointed Director 17 May 2016 Non Executive Director Club Directors Institute (CDI) Member Sailing Board Pattons Board
Alan Robertson Advertising Executive	69	Director since 20 November 2011 Resigned on 2 February 2016 President Club Directors Institute (CDI) Member Non Executive Director Pattons Board

Name and Qualifications	Age	Experience and Special Responsibilities
Steven Scully Retired	68	Director since 17 October 2015 Resigned on 19 March 2016 Non Executive Director
Terence Stewart Retired	65	Director since 17 October 2015 Vice President Non Executive Director
David Swales Health Services Director Non Executive Director	73	Director since 20 November 2011 Retired 17 October 2015 Club Directors Institute (CDI) Member Pattons Board
Neville Turbit Retired Project Management Consultant	69	Director since 17 October 2015 Club Directors Institute (CDI) Member Non Executive Director
Michael Van Stom Providore	54	Director since 29 September 2013 Resigned on 15 August 2015 Vice Commodore Sailing Board Non Executive Director
John Winning AM Company Director	63	Appointed Director on 4 February 2016 Pattons Board President Non Executive Director

Directors' Meetings

During the year ended 31 May 2016, twenty one (21) Directors' meetings were held where a quorum of four or more Directors were present.

Name of Director	Number of Meetings eligible to attend during the year	Number of Meetings attended during the year
Nickolas Daly	15	13
Louise De Marco	1	1
Felix Finlay	6	5
William Hughes	9	6
Peter Jackson	21	21
William Loader	14	13
Alan Robertson	14	12
Steven Scully	10	7
Terence Stewart	12	6
David Swales	9	5
Neville Turbit	12	10
Michael Van Stom	6	6
John Winning	6	6

Subsidiary Company

The company controls its wholly owned subsidiary company, Patton's Slipways Pty Ltd (Patton's). The Directors of the subsidiary company as at the date of this report are Peter Jackson, William Loader and John Winning.

Operating Result

The profit of the company for the financial year after providing for income tax amounted to \$83,142 (2015: \$211,385).

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

The company entered into a catering agreement with Ashdown Investments Pty Ltd in June 2015 to provide catering, restaurant and function services in the Club.

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, conduct 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 has entered into discussions with Ashdown Investments Pty Ltd for a new catering agreement to replace the current agreement.

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.

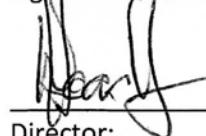
Proceedings on Behalf of Company

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:

 W. LOADER - COMMANDER

Director:

Dated this 31st day of August 2016

 PETER JACKSON - TREASURER

Director:

Dated this 31st day of August 2016

ROBERTSON & GREENWOOD PTY LTD

CHARTERED ACCOUNTANTS

ABN: 46 607 764 054

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

Dear Sir/Madam

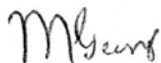
RE: SYDNEY FLYING SQUADRON LIMITED

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 2016 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
1 September 2016

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"Norwest Central"
Baulkham Hills NSW 2153
Telephone: 9680 8600

P.O. Box 8312
Baulkham Hills NSW 2153
Email: Mathew@randg.com.au
Facsimile: 9680 9755

PSC: Liability is limited by a Scheme approved under Professional Standards Legislation

Income Statement

For the year ended 31 May 2016

By function	Notes	Parent Entity (Club)	
		2016 \$	2015 \$
Sales Revenue		852,582	567,033
Cost of sales		(276,329)	(191,472)
Gross profit		576,253	375,561
Other revenue		474,958	547,278
Total revenue		1,051,211	922,839
Administration expenses		(41,271)	(24,740)
Finance costs		(24,931)	(19,613)
Other expenses from ordinary activities		(901,867)	(667,101)
		(968,069)	(711,454)
Profit/(Loss) before tax	2	83,142	211,385
Income tax expense	3	-	-
Profit/ (Loss) attributable to members of the entity		83,142	211,385

Balance Sheet

As at 31 May 2016

		Economic Entity (Club & Pattons)		Parent Entity (Club)	
	Note	2016 \$	2015 \$	2016 \$	2015 \$
Current assets					
Cash and cash equivalents	4	87,247	73,045	24,452	58,355
Trade and other receivables	5	95,595	19,482	41,608	19,482
Inventories	6	18,315	14,147	18,315	14,147
Other	7	11,935	11,725	-	-
Total current assets		213,092	118,399	84,375	91,984
Non-current assets					
Receivables	8	-	-	75,107	-
Property, plant and equipment	9	3,591,263	3,315,448	527,546	283,120
Investments	10	-	-	3,014,671	3,014,671
Total non-current assets		3,591,263	3,315,448	3,617,324	3,297,791
Total assets		3,804,355	3,433,847	3,701,699	3,389,775
Current liabilities					
Trade and other payables	11	77,540	64,757	45,711	64,745
Tax liabilities	13	20,286	23,930	33,471	33,912
Provisions	14	342	40,755	-	38,996
Total current liabilities		98,168	129,442	79,182	137,653
Non-current liabilities					
Borrowings	12	501,242	189,084	501,242	213,989
Total non-current liabilities		501,242	189,084	501,242	213,989
Total liabilities		599,410	318,526	580,424	351,642
Net assets		3,204,945	3,115,321	3,121,275	3,038,133
Equity	15				
Reserves	16	2,943,551	2,943,551	3,032,358	3,032,358
Retained earnings		261,394	171,771	88,917	5,775
Total equity		3,204,945	3,115,321	3,121,275	3,038,133

Statement of Changes in Equity

For year ended 31 May 2015

			Parent Entity (Club)		
	Note	Retained Earnings	Asset Revaluation Reserve	General Reserve	Total
		\$	\$	\$	\$
Balance at 1 June 2014		(205,610)	3,000,000	32,358	2,826,748
Profit/(Loss) attributable to members		211,385	-	-	211,385
Revaluation increment/(decrement)		-	-	-	-
Sub-total		211,385	-	-	211,385
Balance at 31 May 2015	16	5,775	3,000,000	32,358	3,038,133

For the year ended 31 May 2016

			Parent Entity (Club)		
	Note	Retained Earnings	Asset Revaluation Reserve	General Reserve	Total
		\$	\$	\$	\$
Balance at 1 June 2015		5,775	3,000,000	32,358	3,038,133
Profit/(Loss) attributable to members		83,142	-	-	83,142
Revaluation increment/(decrement)		-	-	-	-
Sub-total		83,142	-	-	83,142
Balance at 31 May 2016	16	88,917	3,000,000	32,358	3,121,275

Statement of Changes in Equity (cont.)

For year ended 31 May 2015

	Note	Retained Earnings	Economic Entity (Club & Pattons) Asset Revaluation Reserve	General Reserve	Total
		\$	\$	\$	\$
Balance at 1 June 2014		(46,120)	2,911,193	32,358	2,897,431
Profit/(Loss) attributable to members		217,890	-	-	217,890
Revaluation increment/(decrement)		-		-	
Sub-total		217,890		-	217,890
Balance at 31 May 2015	16	171,770	2,911,193	32,358	3,115,321

For the year ended 31 May 2016

	Note	Retained Earnings	Economic Entity (Club & Pattons) Asset Revaluation Reserve	General Reserve	Total
		\$	\$	\$	\$
Balance at 1 June 2015		171,770	2,911,193	32,358	3,115,321
Profit/(Loss) attributable to members		89,623	-	-	89,623
Revaluation increment/(decrement)		-	-	-	
Sub-total		89,623	-	-	89,623
Balance at 31 May 2016	16	261,394	2,911,193	32,358	3,204,945

Cash Flow Statement

For the year ended 31 May 2016

	Notes	Economic Entity (Club & Pattons)	
		2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		1,518,133	1,279,183
Payments to suppliers and employees		(1,522,851)	(1,132,022)
Interest received		29	9,241
Other receipts		48,104	95,549
Net cash provided by (used in) operating activities	19	43,415	251,951
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(341,371)	(24,156)
Net cash provided by (used in) investing activities		(341,371)	(24,156)
Cash flows from financing activities			
Proceeds from borrowings		312,158	-
Repayment of borrowings		-	(220,128)
Net cash provided by (used in) financing activities		312,158	(220,128)
Net increase/(decrease) in cash held		14,202	7,667
Cash at beginning of year		73,045	65,378
Cash at end of year	4	87,247	73,045

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 31st August 2016 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% - 10%
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.

Note 2: Profit from ordinary activities

		Economic Entity (Club & Pattons)		Parent Entity (Club)	
		2016	2015	2016	2015
		\$	\$	\$	\$
Profit/(Loss) from ordinary activities					
before income tax has been determined					
after					
a	Expenses				
	Depreciation of property, plant and equipment	63,391	42,549	59,301	38,728
	Borrowing costs	-	-	-	-
	Remuneration of auditor - audit	8,000	8,000	5,400	5,400
b	Revenue and net gains				
	Membership Fees	86,693	70,960	86,693	70,960
	Commissions	423	530	423	530
	Rebates/Subsidies	4,634	504	4,634	504
	Net gain/(loss) on disposal of property, plant and equipment	16,837	95,045	11,837	95,045

Note 3: Income tax expense

Income tax expense	2,778	2,788	-	-
	2,778	2,788	-	-

Note 4: Cash and Cash Equivalents

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash on hand and at bank	87,247	73,045	24,452	58,355
	87,247	73,045	24,452	58,355

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

87,247	73,045	24,452	58,355
87,247	73,045	24,452	58,355

Note 5: Trade and other receivables

Current Trade receivables	95,595	19,482	41,608	19,482
	95,595	19,482	41,608	19,482

Note 6: Inventories

Current Stock on hand	18,315	14,147	18,315	14,147
	18,315	14,147	18,315	14,147

Note 7: Other

Current Prepayments and other receivables	11,935	11,725	-	-
	11,935	11,725	-	-

Note 8: Receivables

Non Current			
Loan receivable - unsecured	-	75,107	-
	-	75,107	-

Note 9: Property, plant and equipment

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Land & buildings				
Freehold land and buildings at:				
- directors' valuation 2013	3,000,000	3,000,000	-	-
Total Land & buildings	3,000,000	3,000,000	-	-
Leasehold improvements at:				
- cost	919,152	671,915	900,626	657,425
Less accumulated depreciation	(487,387)	(442,283)	(484,270)	(440,654)
Total Leasehold improvements	431,765	229,632	416,356	216,771
Plant & equipment				
Plant & equipment at cost	594,756	524,454	528,795	489,936
Less accumulated depreciation	(452,125)	(447,158)	(431,055)	(428,088)
Total Plant & equipment	142,631	77,296	97,740	61,848
Furniture & fittings				
- cost	118,022	109,719	20,977	12,674
Less accumulated depreciation	(103,387)	(103,824)	(7,527)	(8,173)
Total Furniture & fittings	14,635	5,895	13,450	4,501
Motor boats				
- cost	61,665	61,665	-	-
Less accumulated depreciation	(59,433)	(59,040)	-	-
Total Motor boats	2,232	2,625	-	-
Total property, plant and equipment	3,591,263	3,315,448	527,546	283,120

Note 10: 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 2013. This determination was made having regard to an independent report by Australia Pacific PCS Pty Ltd , Property Consultants & Valuers dated 31 May 2013.
- (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 11: Trade and other payables

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Current				
Trade payables	66,507	24,033	34,678	24,021
PAYG withholding payable	7,504	2,635	7,504	2,635
Sundry payables and accrued expenses	3,529	38,089	3,529	38,089
	77,540	64,757	45,711	64,745

Note 12: Borrowings

Current				
Bank overdraft – secured	-	-	-	-
	-	-	-	-
Non-current				
Other persons – secured	501,242	189,084	501,242	189,084
Other persons - unsecured	-	-	-	24,905
	501,242	189,084	501,242	213,989
Total current and non-current secured liabilities:				
Bank overdraft	-	-	-	-
Other persons	501,242	189,084	501,242	189,084
	501,242	189,084	501,242	189,084

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

Note 13: Tax Liabilities

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2016	2015	2016	2015
	\$	\$	\$	\$
GST payable	20,286	23,930	33,471	33,912
	<u>20,286</u>	<u>23,930</u>	<u>33,471</u>	<u>33,912</u>

Note 14: Provisions

Current				
Employee benefits	-	38,996	-	38,996
Taxation	342	1,759	-	-
	<u>342</u>	<u>40,755</u>	<u>-</u>	<u>38,996</u>

Note 15: Equity

a. Capital

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

Note 16: 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

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

Note 17: Events after the balance sheet date

There were no significant events after the balance sheet date.

Note 18: Contingent liabilities

	Economic Entity (Club & Pattons)		Parent Entity (Club)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Estimates of the potential financial effect of contingent liabilities that may become payable:				
- Bank guarantees	832,050	832,050	832,050	832,050

Note 19: Cash flow information

	Economic Entity (Club & Pattons)	
	2016	2015
	\$	\$
Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit/(Loss) from ordinary activities after income tax	89,623	220,678
Non-cash flows in profit from ordinary activities		
Depreciation	63,391	42,549
Net (gains)/losses on disposal of plant and equipment	2,166	-
(Increase) Decrease in Assets		
Trade and other receivables	(76,323)	-
Inventories	(4,168)	(1,491)
Other assets	-	(11,524)
Increase (Decrease) in Liabilities		
Trade and other payables	12,783	(15,129)
Provisions	(40,413)	15,905
Other liabilities	(3,644)	963
Cash Flows from operations	43,415	251,951

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

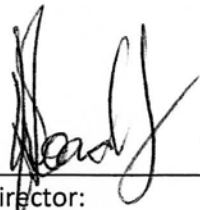
Directors' declaration


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 2016 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: W. LOADER - COMMODORE
Dated this 31st day of August 2016


Director: PETER JACKSON - TREASURER
Dated this 31st day of August 2016

ROBERTSON & GREENWOOD PTY LTD

CHARTERED ACCOUNTANTS
ABN: 46 607 764 054

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 2016.

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 2016 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 2016 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 1st day of September, 2016

Mathew George
Registered Company Auditor



Robertson & Greenwood
Chartered Accountants

Suite 211, 12 Century Circuit
"Norwest Central"
Baulkham Hills NSW 2153
Telephone: 9680 8600

P.O. Box 8312
Baulkham Hills NSW 2153
Email: Mathew@randg.com.au
Facsimile: 9680 9755

PSC: Liability is limited by a Scheme approved under Professional Standards Legislation

SYDNEY FLYING SQUADRON LIMITED
(ACN 000 487 230)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2016

	2016	2015
	\$	\$
Trading Income		
Bar Sales	852,582	567,033
Functions & Supplies	1,911	2,218
Total Trading Income	854,493	569,251
Less: Cost of Sales		
Opening Stock	14,147	12,656
Cost of Bar Sales	280,497	192,963
	294,644	205,619
Less:		
Closing Stock	18,315	14,147
Cost of Sales	276,329	191,472
Gross Profit from Trading	578,164	377,779

SYDNEY FLYING SQUADRON LIMITED**(ACN 000 487 230)****PROFIT & LOSS STATEMENT****FOR THE YEAR ENDED 31 MAY 2016**

	2016	2015
	\$	\$
Income		
Gross Profit from Trading	578,164	377,779
Commissions Received	423	530
Management Fees	145,000	145,000
Interest Received	5	9,240
Membership Fees	86,693	70,960
Rebates	4,634	504
Social Committee	-	22,429
Ferry Ticket Sales	22,487	18,731
Club Events	17,556	25,416
Merchandise	2,715	3,686
Donations	2,064	-
Kitchen Rent	153,000	153,519
Grant Received	12,909	-
Insurance Claim	11,561	-
Sale Poker Machine Entitlement	14,000	95,045
Total income	1,051,211	922,839

Expenses		
Accountancy	16,972	17,910
Advertising and Promotion	4,773	2,726
Annual & Long Service Leave	-	26,479
Audit Fees	5,400	5,400
Bad Debts	59	14
Bank Fees And Charges	19,097	8,991
Bar & Kitchen Requisites	5,190	5,249
Cleaning & Rubbish Removal	55,683	53,381
Consultants Fees	23,463	250
Computer	1,682	1,166
Contract Payout	20,000	-
Depreciation	59,301	38,728
Donations	5,600	110
Electricity & Gas	40,235	43,201
Event & Function	10,700	20,530
Ferry	-	1,491
General	4,327	-
Gift Certificates	3,563	-
Hire of Plant & Equipment	4,563	3,600
Insurance	51,962	43,260
Interest	24,931	19,613

SYDNEY FLYING SQUADRON LIMITED**(ACN 000 487 230)****PROFIT & LOSS STATEMENT****FOR THE YEAR ENDED 31 MAY 2016**

	2016	2015
	\$	\$
Expenses (continued)		
Legal Fees	18,899	1,430
Loss on Write off Asset	2,163	-
Membership Expenses	3,611	14,120
Merchandise	12,313	-
Pest Control	2,453	-
Postage	4,067	3,156
Printing & Stationery	11,938	11,169
Rates & Land Taxes	12,626	12,302
Rebates	7,915	-
Rent on Land & Buildings & Rates	27,181	34,888
Repairs & Maintenance	49,890	24,806
Sailing Promotion & Expenses	44,741	51,867
Security	21,156	1,221
Social Committee Expenses	-	13,977
Staff Amenities	1,769	2,019
Staff Training & Recruitment	17,610	-
Subscriptions & Licenses	26,960	3,618
Superannuation	32,711	70,430
Telephone	10,998	8,066
Trivia	4,128	8,287
Wages	297,439	155,587
Total Expenses	968,069	711,454
Profit (Loss) from Ordinary Activities		
Before Income Tax	83,142	211,385

SYDNEY FLYING SQUADRON LIMITED
COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2016

We have compiled the accompanying financial report of Sydney Flying Squadron Limited, which comprises the balance sheet as at 31 May 2016, 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.

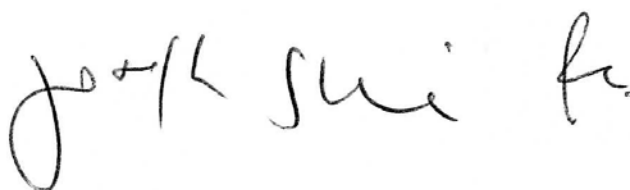
The Directors of Sydney Flying Squadron Limited are solely responsible for the information contained in the financial report and have determined that the basis of accounting used in Note 1 to the financial report is appropriate to meet their needs and for the purpose that the financial report was prepared.

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



31st day of August 2016

SYDNEY FLYING SQUADRON LIMITED
COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2016

We have compiled the accompanying financial report of Sydney Flying Squadron Limited, which comprises the balance sheet as at 31 May 2016, 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.

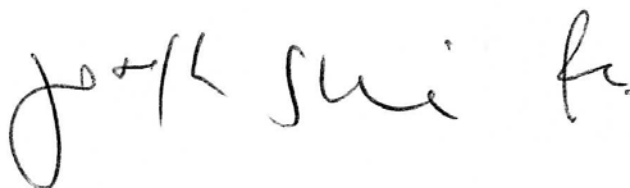
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Joseph Shamia & Co.
Chartered Accountants
Suite 1
307-317 Condamine Street
Manly Vale NSW 2093



31st day of August 2016

PATTON'S SLIPWAYS PTY LTD
(A.C.N. 000 070 271)
PROFIT & LOSS STATEMENT
FOR THE YEAR ENDED 31 MAY 2016

	2016	2015
	\$	\$
Income		
Interest Received	24	1
Rents Received	233,702	269,661
Gain on Disposal of Assets	5,000	-
Total Income	238,726	269,662
Expenses		
Audit Fees	2,600	2,600
Bank Fees And Charges	59	180
Consultants	3,000	5,500
Depreciation – Plant	3,697	3,357
Depreciation – Motor Boats	393	464
Filing Fees	246	317
Insurance	1,244	33,428
Interest	1	9,240
Legal Fees	-	168
Management Fees	145,000	145,000
Rates & Land Taxes	24,741	24,154
Rent – Waterways	18,213	19,082
Registration & License Fees	4,040	413
Repairs & Maintenance	25,819	16,466
Subscriptions	414	-
Total Expenses	229,467	260,369
Profit from Ordinary Activities		
Before Income Tax	9,259	9,293

PATTON'S SLIPWAYS PTY LTD
COMPILATION REPORT
FOR THE YEAR ENDED 31 MAY 2016

We have compiled the accompanying financial report of Patton's Slipways Pty Ltd, which comprises the balance sheet as at 31 May 2016, 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.

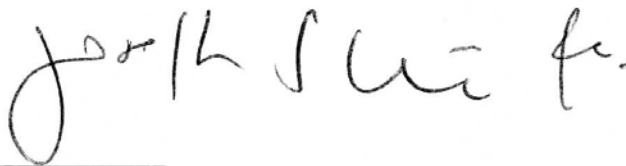
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Joseph Shamia & Co.
Chartered Accountants
Suite 1
307-317 Condamine Street
Manly Vale NSW 2093



31st day of August 2016

Registered Clubs Act Disclosures

Registered Clubs Regulations 1996 (the Regulations)

Provision of Information to Members

For the year ended 31 May 2016

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 \$26,463.
- (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 \$nil during the reporting period ended 31 May 2016.
- (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

