



ESTABLISHED 1904

SWAN YACHT CLUB INC.

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Special Purpose Financial Report

For the year ended 30 JUNE 2017

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CLUB DIRECTORY

Management Committee

Mr K Bielby	Commodore
Mr P Nicholls	Vice Commodore
Mr I Harwood	Rear Commodore
Mr S Brown	Rear Commodore Power & Angling
Mr J Turnbull	Treasurer
Mr D Byfield	
Mr W Jones	
Mr G Dart	
Mr K Sorrell	
Mr B Piggott	
Mr J Cleary	

Executive Positions

Mr D Gaspar	General Manager
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Administration Office

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Auditors

BDO Audit (WA) Pty Ltd
38 Station Street

Subiaco, WA 6008

Web Site

www.swanyachtclub.com.au

General Manager Report

For the Year ended 30 June 2017

GENERAL MANAGER REPORT

The 2016/2017 financial year was a significant one, with a number of major events, record membership, general attendances and developments that will have a lasting impact on our Club and the community.

In a year dominated by building renovations where unexpected numbers on occasions severely hampered our ability to service members and guests in relation to catering facilities, the overall success of the new club left few in doubt that the Swan is fast becoming the most popular club on the river. The introduction of the new vastly improved alfresco, lawn and deck area has contributed to this popularity, and we expect it to grow further in the coming seasons.

I would like to thank the Committee, sub committees, members and particularly the small team of staff for their efforts throughout the year.

Highlights of 2017

The following is a summary of just some of the club achievements over the past 12 months.

The opening of stage 1 included the deck area, this drew large numbers of members and guests back to the club. In December the main hall was opened just in time for Christmas festivities offering outstanding views of the Swan.

The most significant membership activity for the year was the introduction of House Support Scheme for Social Members; at a club level, this development generated additional revenue. Whilst social members have fewer benefits and less access to the club than Ordinary Members, their growing participation around the club is essential for the long-term sustainability. Overall membership is 2513.

2016/2017 saw the Swan Yacht Club host a number of major or new events that again demonstrated the versatility of the club.

The Garden Party cultural event was an outstanding success, attracting a crowd of 800 persons. The festivities included an international line up of DJ's and demonstrated the club's ability to manage large community attractions.

November's Melbourne Cup event was just as popular with the race that stops the nation attracting 320 members and guests, indulging in a range of fun activities and refreshments.

The Commodores Cocktail Party took advantage of the new deck area, entertaining club dignitaries and guests in an idyllic location on a balmy evening which was proudly supported by Villa Kula and Gage Roads Brewery.

The club hosted Australia Day in style with over 280 members and guests enjoying the Triple JJJ hottest 100, swimming, cricket and BBQ in company with our growing community.

A record financially positive year as you will read in the Treasurer's report was an outstanding result for the club, taking into account the considerable interruptions as previously described.

In June, the Club was voted **Club of the Year** at the Clubs WA gala event. Clubs WA are the governing body across our state and oversee over 800 clubs.

In summary 2016/2017 year was one to be proud of. It offered us all an insight to the club's full potential. The commitment demonstrated by Committee and Staff who led the club through a period of immense change and growth was outstanding.

General Manager Report
For the Year ended 30 June 2017

Delivering our strategy

Looking forward we will continue to execute our strategy in three key areas:

Facilities and Infrastructure

A number of key capital expenditure initiatives were started and/or completed during the financial year they include:

- Building works. The second year of the club house refurbishment and extension project saw the completion of stage 1 and the commencement of stage 2.
- Slipway fencing installation completed in June 2017
- Jetty 5 remedial works. Seventy-five metres of decking was replaced, creating a much safer and user friendly amenity for members. Completed June 2017.

Attracting, Engaging People and the way forward

There was an incredible surge in activity once stage 1 of the building works was completed.

Members showed overwhelming support for the stage 1 opening via attendance which included functions, events and general weekend use of the new club facility.

With the pending completion of Stage 2 members and guests will appreciate the dramatically improved new facility for their next function and or event with the main hall able to provide comfortable seating for 250 whilst the overall club capacity has increased to 1000.

Stage 1 works included a significant increase to the lawn area. The club responded to an overwhelming number of members feedback when surveyed who indicated that they enjoyed the casual atmosphere that the lawn provided encouraging family activities.

The club food and beverage offer was assessed throughout the year and with the opening of the sorely needed new galley I am confident in the ability of Chef Noe and his team in providing members and guests with an improved experience with a revised menu in a beautifully well-lit dining area.

The weekends, particularly throughout the warmer months, indicated that the Swan Yacht Club is bringing life to the river with great numbers enjoying the club facility in company with family and friends.

Financial sustainability

On completion of the building works, focus will be directed to functions and events whilst acknowledging the need to recognise our traditional sources of income including the marina and membership.

As touched on, the most significant membership activity for the year was the introduction of House Support Scheme for Social Members; generating additional revenue. The introduction of the HSS was strategically introduced in line with the opening of the new facility. The club experienced an incredible uptake of membership coinciding with the stage 1 opening.

Our galley facility and equipment received a much needed upgrade throughout the last quarter of the financial year and it is expected that the club will realise a boost in sales due as a result of galley's increased capabilities to cater for multiple functions, events and members food and beverage requirements.

General Manager Report**For the Year ended 30 June 2017**

Pricing of new function packages to deliver the desired profit is under review.

In the short term the club continues to review all revenue and expenses.

During the year, the Club conducted competitive tenders for multiple supply contracts.

Safety and Environmental Initiatives

The safety of members and staff is paramount. An independent club wide risk assessment with the aim to identify hazards and where possible eliminate the hazard, or at the very least ensure there are procedures in place to minimise the risks was introduced.

The following is an over view of the safety initiatives introduced over the past 12 months.

CCTV - The introduction of further internal and external club CCTV has contributed to the successful identification of offenders and continues to act as a deterrent.

Slipways – Fencing has been installed to address the obvious risk of access by the public and members, their guests and children. Access is now restricted to members and their guests only.

Boat ramp – Visible signage has been introduced warning of the dangers of moving vehicles, trailers and boats exiting and entering via the Swan River.

Swan River in front of premises and facilities signage - At the edge of the alfresco area, before stepping onto the public access walkway and onto the beach area are signs, clearly visible and appropriately placed bringing to the attention important points to members and their guests.

Jetty 5 – Resurfacing of jetty 5 to promote a safer and more users friendly facility for members and their guests was completed in June.

Fire and Safety – An upgraded fire and safety system installation is underway and due to be completed in the first quarter of the financial year.

Environmental initiatives

The club continued its commitment to environmental sustainability incorporating all the environmentally sustainable features that we can afford.

We are already seeing significantly reduced environmental impact on our operations through the replacement of existing lighting systems with low energy lighting technologies, implementing changes to heating and ventilation systems, removal of outdated septic systems with deep sewerage connection, introduction of an Environmental Management Plan, Landscape Management Plan, Stormwater Management Plan, Recycling initiatives and an asbestos register.

The club can now represent itself as a responsible ambassador and promoter of sustainable design.

General Manager Report

For the Year ended 30 June 2017

Mooring Committee

The Mooring Committee has been tireless in its efforts over the past 12 months.

Governance in relation to Pens and Pen Compliance

The committee will continue to enforce all rules and regulations relating to the policing of the marina. The Points List, Pen Compliance and Pen Licence Agreements are annually audited in an effort to ensure members meet the standard obligations.

The Pen allocations

The Mooring Committee is responsible for the allocation of pens to members. The pen wait list is the committee's number 1 tool when allocating pens at the Mooring Committee monthly meeting. Members must ensure information provided is accurate and current at all times.

Compliant remedial works

All of the works carried out by the club over the past 12 months have been approved by the Department of Park and Gardens (formerly the Swan River Trust). They include Jetty 5 replacement works, replacement of broken mooring piles within the marina and remedial works for damaged jetty 3 finger jetties.

Jetty 5 deck replacement project

Jetty 5 deck replacement works were completed in June 2017. The upgrade is a significant improvement to the marina facility with the project coming in under budget.

Mooring Committee member Chris Pinfold announced earlier in the year that he would be stepping down from his Mooring Committee role. Chris has made an outstanding consistent contribution to the Mooring Committee throughout his tenure responsible for the establishment of the South Fremantle High School Marine Program I wish him all the best for his future endeavours.

House Committee

The 2016/2017 year saw the club host a number of major new function and events that again demonstrated the versatility of the Swan.

Functions and Events

Among them were ANZAC Day ceremony, revised New Year's Eve event, Australia Day, Melbourne Cup Event, Open Day and Christmas Day luncheon.

The Commodores Ball took on a different dimension with the club hosting the event cocktail style on the newly appointed deck. This event proved to be a success and show cased the club's outstanding outlook and stage 1 facility to visiting Club dignitaries.

New events during the year included the Habitat Garden Party cultural event where the Club played host to 800 patrons enjoying the musical talents of assorted international DJ's.

Separately, members were treated throughout the year with offers which included Matilda Bay Herd of Yaks significantly discounted beverages, Pig on the spit, wine tasting evenings, Green v Mundine fight night, kids movie night, Crooners Open Mike Night, Mother's Day (including high tea), Father's Day festivities, AFL Grand Final and lunch time specials offering affordable food and beverage offers throughout the continuation of building works.

General Manager Report

For the Year ended 30 June 2017

The Clubs Major Raffle was again successful. Special thanks to Melville Holden and Suzuki for their continued support along with Riley's Electrical and McFarland Plumbing.

Community partners and suppliers

To Paul Davies and his team at Melville Holden and Suzuki we value your role and of your key staff in making the partnership so effective. Earlier in the year the partnership passed its 4th year milestone.

ThinkinIT continue to offer support behind the scenes keeping the club operating throughout consistent renovation related business interruptions.

Corporate Challenge advertising initiative saw 22 members and or suppliers businesses commit to the event aimed at promoting members and suppliers businesses from within.

Chivers Marine were the winning team taking home an advertising package valued at \$20,000.

A huge thankyou goes out to all who participated. They include CVAC, Jetty and Marine Construction, John Davies Marine and Boat Trimming, Yard Property, WA Profiling, Matt Crawford Architects, Rain Projects, Paul Nicholls Boat Sales, Trident Marine Insurance, Pleisure Marine Maintenance, Prestige Marine and General Engineering, Portable Water Makers WA, Capital Legal, Shoreline Marine, Riley's Electrical Services, Sweeny Marine Services, McFarland Plumbing, Indianic, Beyond Marine Engineering, Print SYNC, Aqualuma and Brown Brothers Furniture.

I encourage all members to have a go and support our growing community.

Our Club affiliates include:

Stand Up Paddle WA
Fremantle Outriggers Canoe Club
Fremantle Swan Dragon Boat Club
Training Ship Perth – Navy Cadets

In company with Club affiliates our Angling Section is the Clubs key sub – section.

I would like to congratulate Angling Captain, James Aps and his able team on a successful Angling season which culminated in an outstanding Intra Club tournament where some fine catches were recorded on the day.

The Swan continues to promote the Act, Belong - Commit message. A comprehensive health promotion campaign that encourages individuals to take action to protect and promote their own mental wellbeing and encourages organisations that provides mentally healthy activities to promote participation in those activities.

The club continued to support the community through a variety of initiatives large and small, in association with many of our partners. The highest profile of these initiatives centred around, 'Row for Steve', 24hr rowing event aimed at raising awareness and funds for Brain Cancer.

Separately the club supported Princess Margaret Hospital, Richmond Primary School, TS Perth and WA Police throughout the year for their worthy causes. Whilst the Ladies Committee were again busy responsible for a successful Cancer Council, Biggest Morning Tea, Ladies Lunches and Bollywood Ladies Night.

Inclusiveness is a strength of the club. The House Committee will again be working on initiatives to offer a greater variety of functions and events in the coming year while keeping the environment relaxed and inviting.

General Manager Report**For the Year ended 30 June 2017**

Building Committee

The Building Committee has worked tirelessly to ensure the club renovations will ultimately provide the uplift to the member's experience that is expected. It has taken a lot of hard work and commitment by the Building Committee to deliver on the club's planned improvements to date.

In order to honour the financial commitment made by the Fremantle Club back in 2014 and grow our overall revenues, the club commenced its redevelopment in February 2016. As I reflect on the old club house facility, though we were still operating, the club's physical condition had fallen behind our competitors in terms of what we should in fact be offering our members and guests.

This project undertaken by the Building Committee gives our current revenue streams; food and beverage membership, function and events the best chance to improve by providing modern facilities that cater to a wider market maximising the potential for other groups to use club's facility 365 days of the year.

We will have a capacity to cater for the needs of a growing membership now and into the future with a membership wanting to participate in the active aspects of the club from the Angling section to the club's affiliate pursuits with an aim to able to serve the club for the next 40 – 50 years.

As a result of the initial commitment by the Fremantle Club the Swan Yacht Club has a first class facility. It is an accomplishment everyone involved with the club should be proud of.

The Building Committee has considered an exhaustive list of factors throughout the planning and redevelopment stage some of which include;

- Ensuring the design incorporates modern offices to accommodate the club's growing need for administrative services.
- Promoting the facility as a friendly place for members of all ages including their families to use and enjoy with the facility offering accessibility for all in accordance with the Disability Discrimination Act.
- A design to ensure the clubhouse is a local feature capable of standing up to the rigours associated with its location.
- Materials used are of the best quality and leading edge in terms of their capabilities in the areas of sustainability and durability.
- Reduction in environmental impacts. The build has included as many practical and affordable environmentally sustainable initiatives as possible, including passive, active and other energy and waste minimisation measures in the design, construction and operation of the facility.
- The club can now represent itself as a responsible ambassador and promoter of sustainable design to the wider community through its clubhouse. An example of its commitment was the removal of all septic and grease trap tanks systems to the upgraded deep sewerage system and recycling as appropriate.

All established and new sustainability measures have been considered and then actioned by the Building Committee during the process.

The completion of the building works look set to dominate the first half of the new financial year.

General Manager Report

For the Year ended 30 June 2017

Five Year Plan

The Management Committee continue to ensure clear direction and financial security of the Club. The club is now in the 5th year of the Clubs 5 Year Strategic Plan and we will shortly commence the process of planning for the next 5 years. This plan and the accompanying strategies will ensure the club has sufficient financial reserves in place to fund future capital and maintenance programs.

Another budget for the year ending 2018 is underway with services assessed alongside income.

In closing, I am grateful for the support that I have received as General Manager throughout the year. There are too many people to acknowledge however to all staff and committee I have appreciated your support.

To our volunteers and members, thank you for your support of the club and its operations over this time.

Fresh off the back of being voted *Club of the Year* I look forward to working with Kevin and the team for another year as the club continues with its mission of 'Bringing life to the river'!

Damien Gaspar



General Manager
17th August 2017

Treasurer's Report

For the Year ended 30 June 2017

TREASURER'S REPORT***Financial Performance***

Given the opening of stage one of the renovations, combined with the commencement of stage two and the unknown anticipation on how the newly refurbished area would be accepted by members, the 2017 financial year posed many questions and opportunities. We are very pleased to finish the year with an underlying cash profit of \$505k before non-cash and non-recurring items (which includes a revenue accrual from Fremantle Club (FC) memberships of \$388k and interest earned on term deposits of \$65k). Total reported profit for the year to 30 June 2016 was \$958k, compared to \$510k for the prior year.

Marina and membership income remained stable, reflecting strong demand for pens and the club's increased membership base. Bar and galley operations continued to produce stronger than expected results and were able to remain profitable during closure for the renovations at different times during the year. The results generating \$520k in gross profit, compared to \$163k in the prior year. Functions and events income increased in sales by 48% and continue to show strong signs of continuing to increase well into the new year and beyond. In this period of uncertain revenue and main area closures and disruptions, administrative costs were tightly managed and were only slightly up on the prior year.

With the majority of the renovation being completed this financial year, the primary focus of the year has been to ensure the current capital expenditure program and associated club cash flows were managed efficiently to provide maximum value for members. As we progress through the last stages of the major renovation process next year, the focus will shift to generating a return from this investment through increased patronage at the club.

Marina & Memberships

Marina income has stabilised this year and is a sign that existing members are happy with their pens and therefore results in a decline in pen movement and corresponding pen ingoings. Membership numbers were the highest in some time and results in membership income increased by 13%.

In 2016, marina income had seen an increase in revenue of nearly 53% since 2012 and the club has always been mindful that this increase was unsustainable. Although marina revenue has not increased pen revenue continues to be managed and the pen waitlist continues to remain in demand. This year saw some major capital works funds allocated to the ongoing maintenance of the jetties and this will continue to ensure members will have access to safe, functional jetties whilst at the same time the club works hard at keeping the repairs and maintenance costs to a minimum. Marina repairs and maintenance expenses included an additional \$38k spend on last year to ensure the upkeep of the jetties for members and well as a complete safety audit to ensure the safety of all members and guests whilst moving around the club.

This year saw the introduction of the House Support Scheme to its social members, which had only been charged to ordinary members in previous years. This scheme requires members to commit to a minimum spend each quarter at the bar and/or galley with unspent funds being used by the club for the betterment of members. This scheme proved to be beneficial to the club by encouraging members to frequent the club all year round rather than simply during the summer months. This directive from the Committee has allowed the club to record sales figures on a more consistent basis rather than just strong sales trends in the summer months as in previous years.

Going forward we will be looking to continue to increase social membership numbers (as well as Bar/Galley/Function revenue as discussed in the next section) as a preferable means to grow the club's revenues than future fee increases.

Treasurer's Report

For the Year ended 30 June 2017

Bar/Galley/Functions

Bar/Galley/Functions sales showed a substantial increase of \$962k to \$2,561,000 due to the completion of key stages of the renovations. The opening of the newly renovated function areas has played a vital role in the positive turnaround in sales figures. Interest in function room facilities remains positive and as such this will be a growing revenue stream the club will be focussing on over the next few financial years. During the year the club participated in several function facility expos and this resulted in positive feedback and has led to several months already being fully booked out for the next financial year. The renovations resulted in the bar area being closed, or heavily constrained, for three months of the financial year. However, the member's support of these areas once it was re-opened has allowed sales to return strongly and record a profit of \$336,547 in 2017.

This summer saw record member attendance, bar and galley sales and new memberships. The club promoted and managed numerous recurring events and several new events and all were well received and supported. The club will continue to be proactive in offering the best in events in its stunning new building and allow us as a club to continue to "bring life to the river".

Administration

A detailed breakdown of administration costs is outlined in note 4(a) of the financial statements. Costs associated with administration have collectively remained relatively stable with management focused on keeping costs down.

The main increase in administration expenses was in the area of club advertising and marketing, which showed an increase in spending of \$41,576. This amount is comprised of numerous marketing campaigns in newspaper editorials both local and state wide, several radio promotions and many other marketing and advertising campaigns used to promote the club both internally and externally. Insurance expenses increased due the increase in fee structures required to obtain insurance. Members should note that the best rates are obtained from a licensed insurance broker annually and these charges are an area the club is very mindful of its spending. Cleaning charges were lower than previous years due to the changing areas of the renovation works. Legal costs were higher than normal due to a long running claim over debt collection with a member. This case was finalised during the year and outstanding amounts were paid in full. In addition to this claim the club has sort legal direction on various issues this year ranging from our leasing structure, a risk assessment of the club and its related safety requirements as well as many issues concerning the renovation. The decreased spending in areas of administration are mainly in direct relation to the building renovations however all staff remain vigilant on administration spending.

Non-cash and Non-recurring Items

\$388k in other income relates to an accrual of revenue for the FC membership transaction. The club received \$3.5m as a result of the FC merger and in exchange provided lifetime memberships to FC members. In accordance with the matching principle of accounting, a liability is recognised which represents the club's obligation to provide the benefit of lifetime membership over several years, and each year a component of revenue is recognised which reduces the liability balance. Accordingly, both the FC Amalgamation Funds liability and the \$388k in other income are accrual accounting items and do not directly impact the club's cash position.

A condition of the FC membership transaction was that the \$3.4m in funds is to be used for the refurbishment of the club building. Accordingly, these funds are accounted for separately from the club's other cash holdings. As at the end of the financial year the clubs term deposits set aside for the remaining of the renovation works totalled \$1.2m.

Treasurer's Report**For the Year ended 30 June 2017**

Interest revenue continued to be earned on term deposits associated with the FC membership agreement funds. This level of interest income is not expected to continue in the coming year as all FC funds will be appropriated to the building project.

Capital Expenditures

The club invested \$3.7m in capital expenditure during the year. The majority of the expenditure was for the completion of Stage One renovation works and the majority of the Stage Two renovation works.

Financial Position

As the renovation continues, the club has been required to apply some of its cash reserves against costs incurred during both stages of the renovation. As at 30 June the cash balance was \$929k, plus \$1.2m in FC related funds, which provides adequate headroom to facilitate our expected medium term capital expenditures and maintenance program. Going forward the focus will be on managing the renovation spend to allow the club to meet the final completion amount whilst also ensuring a reasonable cash balance buffer after the renovations are complete.

Outlook & Forward Looking Initiatives

To continue to improve the financial contribution of the Bar & Galley, we will endeavour to provide enhanced services and new exciting products to provide membership value. We expect this should improve margins and financial performance for much needed funding for future maintenance programs.

Previously we had hoped to have implemented Stage 2 of the Micropower system by the end of this year, however with staff changes and management focused on the renovations, this project has been moved into the coming financial year and will focus on online member services.

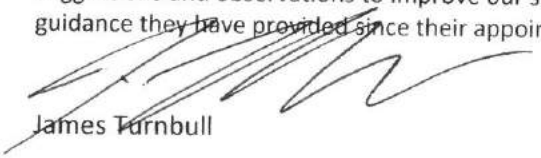
Treasury & Funding

A budget for the year ending 30 June 2018 is underway and once complete will provide clarity on expected operating income/expense and capital expenditure. Next year's budget will recognise the anticipated increase in revenues from new social memberships and ongoing functions and events, whilst also controlling the final capital spend amounts as we approach the end of the renovation.

Audit and Internal Controls

Specific internal control processes and procedures continued to be implemented during the year and will continue to be monitored. The production of automated management reports through Micropower gives us access to valuable information quicker, to ensure management and the committee have a clear understanding of the club's performance on a timely basis.

The continuation of BDO as the club's auditors resulted in a thorough audit and we again welcome their suggestions and observations to improve our systems and processes. The club thanks BDO for the help and guidance they have provided since their appointment.


James Turnbull

TREASURER

23rd August 2017

COMMODORES REPORT

One year has passed since my appointment as Commodore and where did it go? Most days spent at the Club with meetings, mainly building and site inspections for continual progress of the renovations. Full credit goes to the Building Committee whose professional skills and input has been invaluable for a cost effective and positive outcome.

Thanks to the Fremantle Club for their major contribution in 2014 which enabled the club to proceed with the building renovations including a lift installation and connection to the sewerage.

Other major capital works carried out over the past 18 months included the jetty 2 rebuild, replacing the decking on jetty 5 and the installation of security fence around the slips.

With the building works nearing completion members will be greeted by the spectacular facade which includes historical images of the club. The façade will be illuminated with programmable coloured LED floodlighting throughout the evenings creating an incredible feature.

The Club will be complimented by the new galley and menu which is already proving popular servicing the members in the dining room and function areas. Members can be proud of the fact that the Swan Yacht Club will have the best facility on the river to support our vibrant membership at the completion of the works.

The Swan Yacht Club was awarded Best Large Club of the Year at the recent Clubs W.A. Awards Gala and with this Damien was awarded Club Manager of the Year; Chef Noe was a finalist in the Best Club Chef category, the Club was also finalist for Club Function Facility (large) and Members Choice Club of the Year, whilst Marian Byfield, last year was our first finalist for Volunteer of the Year.

Our affiliate bodies, the hugely successful Fremantle Swan Dragon Boat Club and TS Perth Navy Cadets are always ready to give support where needed, not to forget the Stand Up Paddle Board Association and the Out Riggers.

The Angling Section is going from strength to strength with increased membership from seniors to juniors. It is self-funded by raffles and sponsors for its 13 angling days a year, social events and charities. The quiet achievers of the club are the Ladies Committee with their innovative ideas and always the willingness to help and support club events.

The Corporate Challenge, won by Chivers Marine, this year has once again proven successful for business exposure and I would like to thank those member's businesses who participated in the event. In addition, our major sponsors Melville Holden and Melville Suzuki and ThinkinIt have provided great support raising the club profile in the community and ability to operate throughout the renovations.

The Swan Yacht Club Management Committee's knowledge, collective skills and experience are key factors in the clubs sustainability. Most of our goals for our 5 year plan were achieved. In addition governance policies were upgraded and introduced to ensure our culture remains friendly and community minded.

Thanks to Damien, administration staff, bar, galley and bosons who have done an excellent job through the disruptions of the renovations in the past year.

Commodore's Report

For the Year ended 30 June 2017

Finally, my thanks to Committee and members who have experienced immense change and growth over the past 12 months demonstrating outstanding club support.

I look forward to the next 12 months confident in our direction and mission of '*Bringing life to the river*'.



Regards

Kevin Bielby

COMMODORE

23rd August 2017

Auditor's Independence Declaration

30 June 2017

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Note	2017 A\$	2016 A\$
Income from continuing operations			
Bar		1,367,705	754,231
Galley		1,124,139	797,397
Marina		807,970	901,945
Membership		699,556	619,144
Functions and Events		69,495	46,713
		<u>4,068,865</u>	<u>3,119,430</u>
Other income			
Interest revenue		65,311	143,765
FC Memberships	20	388,549	249,275
Other revenue		18,912	16,679
		<u>472,772</u>	<u>409,719</u>
Total Income		<u>4,541,637</u>	<u>3,529,149</u>
Expenses			
Cost of sales - Bar	3(a)	1,031,158	641,102
Cost of sales - Galley	3(b)	940,322	747,312
Cost of sales – Functions and Events		53,543	27,043
		<u>2,025,023</u>	<u>1,415,457</u>
Other expenses from normal activities			
Administration	4(a)	1,187,741	1,145,489
Marina	4(b)	202,658	170,387
Depreciation and Amortisation	9	167,641	287,640
		<u>1,558,040</u>	<u>1,603,516</u>
Surplus before income tax		<u>958,574</u>	<u>510,176</u>
Income tax expense	1(d)	-	-
Surplus attributable to the Club		<u>958,574</u>	<u>510,176</u>
Total Comprehensive Income attributable to the club		<u>958,574</u>	<u>510,176</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

As at 30 June 2017

	Note	2017 A\$	2016 A\$
ASSETS			
Current assets			
Cash and cash equivalents	5	897,496	1,187,301
Trade and other receivables	6	848,020	703,646
Inventory & spares	7	43,165	34,162
Total current assets		1,788,681	1,925,109
Non-current assets			
Restricted cash and cash equivalents	8	1,273,920	3,473,920
Property, plant and equipment	9	6,441,674	2,865,676
Total non-current assets		7,715,594	6,339,596
Total assets		9,504,275	8,264,705
LIABILITIES			
Current liabilities			
Trade and other payables	10	819,492	205,638
Unearned membership income invoiced in advance	11	1,158,979	1,113,230
Provision for employee entitlements	12	36,977	32,635
Fremantle Club Amalgamation Funds	13	238,147	249,275
Total current liabilities		2,253,595	1,600,778
Non-current liabilities			
Members deposits		62,600	57,000
Fremantle Club Amalgamation Funds	13	2,241,746	2,619,167
Total non-current liabilities		2,304,346	2,676,167
Total liabilities		4,557,941	4,276,945
Net assets		4,946,334	3,987,760
EQUITY			
Retained earnings		3,987,760	3,477,583
Current year earnings		958,574	510,177
Total equity		4,946,334	3,987,760

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity
For the Year ended 30 June 2017

	Retained Earnings A\$	Total Equity A\$
Balance at 1 July 2015	3,477,583	3,477,583
Profit for the period	510,176	510,176
Total comprehensive income for the period	510,176	510,176
Balance at 30 June 2016	3,987,760	3,987,760
Profit for the period	958,574	958,574
Total comprehensive income for the period	958,574	958,574
Balance at 30 June 2017	4,946,334	4,946,334

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows
For the Year ended 30 June 2017

	Notes	2017 A\$	2016 A\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		4,363,170	3,499,869
Payments to suppliers and employees		(2,826,272)	(3,199,228)
Interest received		65,311	143,765
Net cash inflow from operating activities	19	1,602,209	444,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	9	(3,714,593)	(1,468,638)
Sale of assets		-	-
Proceeds/(Investment) on long-term deposit		-	-
Net cash inflow/(outflow) from investing activities		(3,714,593)	(1,468,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in restricted cash		1,854,999	-
Net cash inflow/(outflow) from financing activities		1,854,999	-
Net increase/(decrease) in cash and cash equivalents		(257,385)	(1,024,232)
Cash and cash equivalents at beginning of reporting period		1,187,301	2,211,533
Cash and cash equivalents at end of reporting period	5	929,916	1,187,301

The above statement of cash flows should be read in conjunction with the accompanying notes

Independent auditor's report to the members

For the Year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS**1 Summary of Significant Accounting Policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements represent the accounts of the Swan Yacht Club.

The accounting policies adopted are consistent with those of the previous financial year.

(a) New, revised or amended Accounting Standards and Interpretations adopted

The Club has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the Club from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Club.

(b) Basis of preparation

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Club's members. The Managing Committee has determined that the Club is not a reporting entity.

The report has been prepared in accordance with the requirements of the Management Committee and the following Australian Accounting Standards:

AASB 101	<i>Presentation of Financial Statements</i>
AASB 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AASB 107	<i>Statement of Cash Flows</i>
AASB 110	<i>Events after the End of the Reporting Period</i>
AASB 116	<i>Property, Plant & Equipment</i>
AASB 1048	<i>Interpretation and Application of Standards</i>

No other Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Club's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The concept of accruals accounting has been adopted in preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Independent auditor's report to the members**For the Year ended 30 June 2017**

1 Summary of significant accounting policies (continued)

(c) Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable, in the period in which it is earned.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Income tax

The Club is exempt from income tax by virtue of section 50-45 of the Income Tax Assessment Act 1997 (as amended).

(e) Leases

Leases of property, plant and equipment where the Club, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Club as lessee are classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Independent auditor's report to the members

For the Year ended 30 June 2017

1 Summary of significant accounting policies (continued)**(h) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Club will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit and loss.

(i) Investments and other financial assets***Classification***

The Club classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting period.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in the statement of financial position (note 6).

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Club's management has the positive intention and ability to hold to maturity. If the Club were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Classification

The Club classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting period.

Independent auditor's report to the members

For the Year ended 30 June 2017

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Club commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Club measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment

The Club assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired.

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(j) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.

Independent auditor's report to the members

For the Year ended 30 June 2017

1 Summary of significant accounting policies (continued)**(i) Property, plant and equipment (continued)**

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Land	not depreciated
- Buildings	15 to 40 years
- Administration assets	3 to 20 years
- Bar & Galley assets	3 to 30 years
- Marina assets	3 to 40 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Club policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Club prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless a payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Club has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(l) Employee benefits*i. Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee entitlements. All other short-term employee benefit obligations are presented as payables.

ii. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Club recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Independent auditor's report to the members

For the Year ended 30 June 2017

1 Summary of significant accounting policies (continued)**(o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(p) Rounding of amounts

The Club is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Club makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment

The Club tests annually whether any assets have suffered any impairment, in accordance with the accounting policy stated in note 1(j). Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

ii. Deferred revenue

The club has recognised a liability in relation to the funds received in advance for contribution toward the 'Lifetime Memberships' provided to the Fremantle Club members in the 2014 financial year. In recognising revenue related to the Lifetime Memberships, the club uses estimates and assumptions to calculate the current year's membership fees incurred / "earned". The estimates are based upon historical data of the FC Memberships and are updated each year based on actual movement in membership numbers. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Independent auditor's report to the members

For the Year ended 30 June 2017

3 Cost of sales for the period

	2017	2016
	A\$	A\$
(a) Bar expenses		
Value of inventory used	470,227	293,999
Employee benefits expense	516,006	303,499
Cleaning	-	-
Functions	-	5,118
Licenses	3,417	2,864
Minor consumables	-	3,760
Music & entertainment	19,861	23,995
Repairs & maintenance	13,840	2,137
Utilities	-	-
Other	7,807	5,730
Total bar expenses	1,031,158	641,102
(b) Galley expenses		
Value of inventory used	538,000	386,362
Employee benefits expense	377,702	340,409
Cleaning	1,520	1,419
Licenses	-	578
Minor consumables	12,323	9,603
Repairs & maintenance	1,996	3,067
Utilities	-	-
Other	8,781	5,874
Total galley expenses	940,322	747,312

Independent auditor's report to the members

For the Year ended 30 June 2017

4 Other expenses from normal activities

	2017	2016
	A\$	A\$
(a) Administration		
Advertising expenses	46,061	4,485
Bank charges	21,989	12,898
Cleaning	74,526	80,076
Committee expenses	10,703	11,242
Communication costs	15,888	19,275
Consultant & Contractor	-	1,007
Doubtful debts expense	511	-
Employee benefits expense	484,195	462,853
Fremantle Club Amalgamation expenses	-	1,162
Insurance	68,542	53,706
IT expense	14,873	19,102
Lease expense	-	5,475
Legal costs	12,794	7,486
Members amenities	23,264	20,129
Payroll tax	36,950	22,663
Printing, postage & stationery	40,545	34,820
Rent & Rates	129,045	132,821
Repairs & maintenance	18,861	16,741
Security	12,421	18,334
Staff amenities	14,697	13,872
Staff Training	3,014	7,637
Subscriptions	48,358	40,946
Utilities	86,606	105,940
Other	23,898	52,819
Total corporate and administration expenses	1,187,741	1,145,489

Independent auditor's report to the members

For the Year ended 30 June 2017

	2017	2016
	A\$	A\$
(b) Marina		
Cleaning	-	8,278
Consultant & Contractor	300	400
Employee benefits expense	61,232	58,088
Repairs & maintenance	101,790	63,744
Riverbed & jetty lease	39,336	39,336
Other	-	541
Total marina expenses	202,658	170,387

5 Current assets – Cash and cash equivalents

	2017	2016
	A\$	A\$
Cash at bank and in hand	883,406	1,167,361
Cash floats, petty cash & ATM	14,090	19,940
	897,496	1,187,301

6 Current assets – Trade and other receivables

	2017	2016
	A\$	A\$
Trade receivables ¹	863,408	679,611
Less provision for impairment	(17,556)	(17,556)
	845,852	662,005
Prepaid expenses	5,783	18,734
Other receivables	(3,615)	22,857
	848,020	703,646

The Club does not hold any collateral in relation to these receivables.

¹Trade receivables as at 30 June 2017 include membership fees for the next financial year, ending 30 June 2018

Independent auditor's report to the members

For the Year ended 30 June 2017

7 Inventories & spares

	2017	2016
	A\$	A\$
Bar	31,348	23,017
Galley	3,642	6,220
Marine spares	8,175	4,924
	<u>43,165</u>	<u>34,161</u>

8 Restricted cash and cash equivalents

	2017	2016
	A\$	A\$
Fremantle Club Amalgamation Fund ¹	1,200,000	3,400,000
Bankwest Bond Held	32,420	32,420
Swan River Trust Bond	41,500	41,500
	<u>1,273,920</u>	<u>3,473,920</u>

¹During FY15 the Club received \$3,507,772 from the Fremantle Club Inc. (FC) as contribution for the amalgamation with the SYC. Under the terms of the agreement, the funds received from FC are to be applied by SYC towards refurbishment of the SYC premises. The funds are held over 3 term deposits with a maturity of 12 months. The club spent approximately \$3,604,367 in the current year on various construction costs relating to the club building, of which \$2,200,000 was used from the Fremantle Club Amalgamation Fund (\$111,515 spent in 2016 on consulting and architectural fees). Refer to note 13 for further details of the agreement.

9 Non-current assets – Property, plant and equipment

	WIP A\$	Office Equipment A\$	Land & Buildings A\$	Bar & Galley A\$	Marina A\$	Total A\$
Year ended 30 June 2016						
Opening book amount	-	128,584	245,040	122,869	1,188,184	1,684,677
Adjustments/Write	-	-	-	-	-	-
Additions	1,023,422	8,430	25,549	-	411,237	1,468,638
Disposals	-	-	-	-	-	-
Depreciation charge	-	(48,005)	(49,126)	(19,100)	(171,408)	(287,639)
Closing net book amount	<u>1,023,422</u>	<u>89,009</u>	<u>221,463</u>	<u>103,769</u>	<u>1,428,013</u>	<u>2,865,676</u>
As at 30 June 2016						
Cost	1,023,422	350,072	1,052,594	578,089	3,349,856	6,354,033
Accumulated depreciation	-	(261,063)	(831,131)	(474,320)	(1,921,843)	(3,488,357)
Net book amount	<u>1,023,422</u>	<u>89,009</u>	<u>221,463</u>	<u>103,769</u>	<u>1,428,013</u>	<u>2,865,676</u>

Independent auditor's report to the members

For the Year ended 30 June 2017

Year ended 30 June 2017	WIP A\$	Office Equipment A\$	Land & Buildings A\$	Bar & Galley A\$	Marina A\$	Total A\$
Opening book amount	1,023,422	89,009	221,463	103,769	1,428,013	2,865,676
Adjustments/Write downs	-	(27,445)	56,491	-	-	29,046
Additions	3,604,367	21,964	-	53,174	35,088	3,714,593
Disposals	-	-	-	-	-	-
Depreciation charge	-	(40,985)	(20,729)	(19,141)	(86,786)	(167,641)
Closing net book amount	4,627,789	42,543	257,225	137,802	1,376,315	6,441,674

As at 30 June 2017						
Cost	4,627,789	329,360	1,052,524	631,265	3,385,012	10,025,949
Accumulated depreciation	-	(286,817)	(795,299)	(493,463)	(2,008,696)	(3,584,275)
Net book amount	4,627,789	42,543	257,225	137,802	1,376,315	6,441,674

10 Current liabilities – Trade and other payables

	2017 A\$	2016 A\$
Trade payables	110,458	71,513
Accrued expenses	466,091	38,730
Function/Event Deposits	127,965	8,816
Goods & services tax payable	114,978	86,579
	819,492	205,638

11 Current liabilities – Unearned membership income invoiced in advance

	2017 A\$	2016 A\$
Security fees	18,051	29,644
Ramp fees	19,271	20,276
Pen fees	615,943	615,137
Subs fees	491,908	443,573
Rate recovery fees	4,545	4,727
SSR fees	9,261	(127)
	1,158,979	1,113,230

Membership income is recognised in the profit and loss on a proportional basis over the period fees are earned.

Independent auditor's report to the members

For the Year ended 30 June 2017

12 Current liabilities – Provisions

	2017	2016
	A\$	A\$
Accrued annual leave	36,977	32,635

Annual leave accrued is presented as current, since the Club does not have an unconditional right to defer settlement. However, based on past experience, the Club does not expect all employees to take the full amount of accrued leave within the next 12 months.

13 Fremantle Club Amalgamation

	2017	2016
	A\$	A\$
FC Lifetime Memberships Deferred revenue:		
Current Liability	238,147	249,275
Non-Current Liability	2,241,746	2,619,167
	<u>2,479,893</u>	<u>2,868,442</u>

During FY15 the club entered into a Heads of Agreement to amalgamate with the Fremantle Club Inc (FC). The FC, upon voluntary winding up, transferred its surplus assets of \$3,507,272 (amalgamation funds) to SYC. The final sum was transferred on 9 May 2015. In consideration for the amalgamation funds received, all members of the FC were given a 'Members for Life' membership with SYC, in which FC members are not required to pay levies and are entitled to use SYC boating facilities. As per the agreement, the amalgamation funds are to be applied by SYC towards funding the cost of refurbishing the SYC premises within 2 years from date of transfer.

At year end 30 June 2017 the club has recognised a total liability of \$2,479,893 relating to unearned membership fees based on the fair value attributed to the "Members for Life" memberships given to FC members as consideration upon amalgamation.

14 Accumulated Funds

	2017	2016
	A\$	A\$
Accumulated members' funds at the beginning of the of the financial year	3,987,760	3,477,584
Surplus/ (Loss) attributable to the club	958,574	510,176
Accumulated members' funds at the end of the financial year	<u>4,946,334</u>	<u>3,987,760</u>

Independent auditor's report to the members

For the Year ended 30 June 2017

15 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor(s) of the Club, its related practices and non-related audit firms:

	2017	2016
	A\$	A\$
(a) Audit services		
BDO Audit (WA) Pty Ltd		
Audit of financial statements	18,000	17,000
Total remuneration for audit services	18,000	17,000
(b) Non audit and other assurance services		
Professional Services	-	-
Total remuneration for non-audit and other assurance services	-	-

16 Contingent liabilities

Consistent with the prior year, Management has disclosed a contingent liability for possible PAYG tax and GST shortfalls from prior years. Investigative work was completed during the prior year however, as at the date of this report a reliable estimate of the amount of liability cannot be made as the amount is contingent on determination from the ATO. The club has sought specialist taxation advice and have been advised that the club may not be liable for fines and penalties from the ATO as a result of voluntary disclosure. From discussion with the tax specialist it was noted the club may be liable to pay an estimated \$20,000 to the ATO for PAYG tax and GST shortfalls from prior years should a determination be received

The Club had no contingent assets at either 30 June 2016 or 30 June 2015.

17 Commitments**Leasing commitments**

The Club leases its club house and river bed rights under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	2017	2016
	A\$	A\$
Within one year	91,521	91,385
Later than one year but not later than five years	366,084	365,540
	457,605	456,925

The Club leases office equipment under cancellable operating leases. The Club is required to give three months' notice for termination of these leases.

The Club is provided with two vehicles from Melville Holden as part of a major sponsorship proposal where the Club will in turn provide Melville Holden with various advertising, brand exposure, and social benefits.

Independent auditor's report to the members

For the Year ended 30 June 2017

Capital works commitments

The Club is currently in the process of completing major capital works to its facilities. There is an estimated remaining commitment of \$1,300,000 that is expected to be incurred during the twelve month period from 30 June 2017 in relation to these capital works.

18 Events occurring after the reporting date

No matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operation of the Club, the results of those operations or the state of affairs of the Club in subsequent financial years.

19 Reconciliation of (loss)/profit after income tax to net cash outflow from operating activities

	2017	2016
	A\$	A\$
Gain/(Loss) for the period	958,574	510,176
Amortisation and depreciation	167,641	287,639
Decrease/(increase) in trade and other receivables	184,550	(216,920)
Decrease/(increase) in inventory	(9,002)	2,796
Decrease/(increase) in prepayments	-	-
Increase/(decrease) in member deposits	5,600	10,800
Increase/(decrease) in income in advance	45,749	36,115
Increase/(decrease) in trade and other payables	613,854	(156,909)
Increase/(decrease) in employee provisions	4,343	(29,292)
Net cash inflow used in operating activities	1,602,209	444,406

20 Individually significant items

	2017	2016
	A\$	A\$
Revenue		
FC Memberships	(i) 388,549	249,275

- (i) FC Membership income relates to the deferred revenue liability of \$3,502,272 received in FY15 as contribution for the Lifetime Memberships given to the Fremantle Club members upon amalgamation with SYC. The revenue recognised at 30 June 2017 of \$388,549 relates to the revenue derived from Lifetime Memberships provided during the current year and has been calculated based on the number of memberships given and the average number of years attributed to each membership. Refer to Note 13 for further details.

Independent auditor's report to the members

For the Year ended 30 June 2017

MANAGING COMMITTEE'S DECLARATION

The Managing Committee of the Club declare that:

1. The Club is not a reporting entity because there is no user's dependant on general purpose financial statements. Accordingly, as described in note 1 to the financial statements.
2. The attached financial statements and notes thereto comply with the Accounting Standards as described in note 1 to the financial statements, and other mandatory professional reporting requirements.
3. The attached financial statements and notes thereto give a true and fair view of the Club's financial position as at 30 June 2017 and its performance for the financial period ended on that date.
4. In the Managing Committees' opinion, there are reasonable grounds to believe that the Club 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 Managing Committee and is signed for and on behalf of the Managing Committee members by:



Mr K Bielby
Commodore
23rd August 2017