



SWAN YACHT CLUB

SPECIAL PURPOSE FINANCIAL REPORT

30 JUNE 2018 FULL YEAR

Special Purpose Financial Report

30 JUNE 2018 FULL YEAR

CONTENTS

CLUB DIRECTORY	3
GENERAL MANAGER REPORT.....	4
TREASURER REPORT	11
COMMODORES REPORT	14
AUDITOR'S INDEPENDENCE DECLARATION	15
FINANCIAL REPORT	16
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	16
STATEMENT OF FINANCIAL POSITION.....	17
STATEMENT OF CHANGES IN EQUITY	18
STATEMENT OF CASH FLOWS.....	19
NOTES TO THE FINANCIAL STATEMENTS.....	20
MANAGEMENT COMMITTEE'S DECLARATION	34
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS.....	35

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 K Jaques	
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 2018

GENERAL MANAGER REPORT

It is my pleasure to report on another year of strong returns for the club and to give an update on our strategy at this exciting time.

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

The focus for 2017/2018 was the completion of the club house improvements whilst ensuring events, membership, general attendances and developments that are integral to the club continued to evolve.

Whilst the club house official re-opening ceremony was carried out on Sunday 26th August 2018 the club managed to record some outstanding results whilst in the final stages of the clubhouse improvements were undertaken.

Highlights of 2018

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

Moving across into the administration wing after months in the demountable offices came as great relief in September 2017 as we settled in time for a busy Summer period.

Our membership activity for the year continued to show a positive trend. Overall membership at the end of the Financial Year was recorded at 2725. A growing membership is essential for the long-term sustainability of any club and I thank those members who actively encourage their family and friends to get on board and join our vibrant club community.

2017/2018 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 1200 persons on New Year's Day. 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, voted *Club Event of the Year*, continues to grow in popularity. The race that stops the nation attracted just fewer than 500 punters with members and guests, indulging in a range of fun activities and refreshments.

The club hosted Australia Day in style with over 300 members and guests enjoying the club offer. The kids enjoying the reptile show, swimming, cricket and BBQ in company with our growing community.

A new engagement opportunity was created with a 'Day with our Sports Stars'. This day was possible with the support of our very own members who have excelled on the sporting field. Cricket and AFL dominated the day with some of WA greats in attendance wowing the crowd with the longest kick competition. We also acknowledge the support of the East Fremantle Football Club on the day who provided posters, footballs and promotions which complimented a fun day overall.

Introduction of a Member's *Sundowner* was a popular addition to the calendar with members able to sample upcoming wines, seafood and entertainment on the deck. In 2018/2019 Full members are set to enjoy an added benefit of membership with their very own sundowner to be held on a quarterly basis.

A financially positive year as you will read in the Treasurer's report was an outstanding result for the club as the club navigated its way through the final stages of club house improvements.

General Manager Report

For the Year ended 30 June 2018

In June, the Club was voted **Club of the Year, Club Function Facility of the Year, Club Event of the Year – Melbourne Cup, Club Marketing of the Year** at the Clubs WA gala event. Clubs WA, being the governing body across our state and overseeing over 800 clubs.

In summary, 2017/2018 year was one to be proud of. We built on our offer and continue to grow. The commitment demonstrated by Committee and Staff who led the club through a period of immense change and growth was outstanding.

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:

- Club house improvements. Completed June 2018
- Firefighting upgrades - Completed February 2018
- Ramp remedial works. Completed March 2018

Attracting, Engaging People and the way forward

The incredible surge in activity continued firstly via word of mouth before the club welcomed Ryan Khong in October 2017 to the administration team with an aim to improve our digital marketing presence. Ryan is responsible for the execution of the plan to re-invigorate our marketing through various means. An area of the club that we identified as having huge potential for growth; Ryan was awarded Club Marketing of the Year at the recent Clubs WA Industry awards.

As a visual improvement recognising the club's history, members and guests entering the club are welcomed with a revitalised honour board drawing attention to the contribution of past Commodores, Life Members, Merit Award recipients and our current Committee.

On the completion of Stage 2 and with members and guests taking full advantage of the riverside location the club came to the conclusion that we were unable to manage and maintain the lawn to the level required and as a result artificial turf was introduced. On occasions the lawn area resembled a lunar landscape with craters and humps detracting from the overall riverside club façade. Artificial turf was introduced days out from ANZAC Day and offers members and guests a safer and more attractive option.

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.

The most significant membership activity for the year has been the introduction of the Corporate Membership Category which aims to offer our corporate fraternity the added benefit of increased exposure and hospitality options at the Swan. The introduction of Corporate Membership was strategically introduced in line with the opening of the new club house facility and is an extension of the increasingly popular Corporate Challenge which was supported by 37 members and supplier's business interests.

General Manager Report**For the Year ended 30 June 2018**

Our galley facility, after receiving a much needed upgrade, is expected to show a boost in sales to the galley's increased capabilities to cater for multiple functions, events and members food and beverage requirements.

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

- Slipway signage - was re-established 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.
- Membership application - Terms and conditions were added to the membership application process.
- Car park flow - Directional arrows have been introduced to assist in the flow of traffic within the club parking areas.
- Boat ramp – Visible signage has been introduced warning of the dangers of moving vehicles, trailers and boats exiting and entering via the Swan River.
- Fire and Safety – An upgraded fire and safety system install is now complete.
- Artificial turf- The lawn area was replaced with artificial turf in April 2018 after it became obvious lawn could not cope with the increased numbers of members and guests enjoying the area. With pot holes and general unevenness appearing artificial turf was introduced aimed at limiting the risk of injury.

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.

Mooring Committee

The Mooring Committee has been highly active over the past 12 months. The Mooring Committee includes the following members; Ian Harwood, Kevin Jaques, Graham Dart, Greg Roach, Kim Sorrell and Mark West. The Mooring Committee also acknowledges Rod Sherburn and Don Byfield who departed the Committee this year following significant periods of service.

General Manager Report**For the Year ended 30 June 2018**

The following are some of the key activities the Committee are responsible for and undertaken in 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.

Maintenance Plan

The Mooring Committee has worked to identify regular and future maintenance activities for the club and have assembled a 10 year plan so that the activities can be budgeted for on a regular basis. This is the first time that the club has had such a plan and hopes to see that the areas of the marina that have been neglected in previous years have money allocated so that we can bring the facility back to a high-class standard.

Electrical Services on the Jetties

The humps on all of the jetties have been removed as part of a plan to standardise the amenity for members across the marina. Those with boats adjacent the former humps will no longer be awoken at 5am with trolleys passing over the humps. This is a significant improvement to the marina which took over 6 months to plan and progressively execute.

Governance for Pen Roping

The Mooring Committee has worked to upgrade the appendices rules for roping boats into pens. This has been done in response to a number of queries for members wishing to know how they should best rope their boat. The rules have been written to encompass all boats in the marina and to eliminate the need for "special cases" which are difficult to manage.

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.

Boat Ramp

The concrete planks that make up the boat ramp have slowly moved over a number of years. We have had these professionally realigned and supported. A centre runner was installed to help keep the concrete planks aligned.

House Committee

The 2018/2018 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 was ANZAC Day, New Year's Eve event, Australia Day, Day with our Sports Stars, Melbourne Cup Event, Open Day and Christmas Day luncheon.

The Commodores Ball took on a more traditional look when returning to the fully renovated main hall and proved to be a success show casing the club's outstanding facility to dignitaries, members and guests.

Revised events during the year included the Habitat Garden Party cultural event where the Club played host to 1200 patrons enjoying the musical talents of assorted international DJ's.

General Manager Report

For the Year ended 30 June 2018

Separately, members were treated throughout the year with offers which included significantly discounted beverages, wine tasting evenings, Open Mic Night, Mother's Day, Father's Day festivities, AFL Grand Final and lunch time specials offering affordable food and beverage offers throughout the completion of the club house improvement works.

The Club's Major Raffle was again successful. Special thanks to Melville Holden and Suzuki for their continued support along with Riley's Electrical, McFarland Plumbing, KAS Helicopters, Aaron Sandilands and Shaun McManus.

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 5th year milestone.

Corporate Challenge sponsorship increased from 22 to 37 businesses with the event aimed at promoting members and supplier's businesses from within. Indianic, the winning team taking home an advertising package valued at \$20,000.

A huge thankyou goes out to all who participated. They include; Shoreline Marine, TI Systems, Capital Legal, Riley's Electrical Services, Aqua Luma, Paul Nicholls Boat Sales, Prestige Marine and General Engineering, Trident Marine Insurance, CVAC Air-conditioning Services, Sweeny Marine, Matt Crawford Architects, Rain Projects, Pleasure Marine, Yard Property, McFarland Plumbing, Brown Brothers Furniture, Beyond Marine, Chivers Marine, Print SYNC, Odyssey Expeditions, Swansea Marine, Xtreme Protective Coatings Pty Ltd, Global Civil and Mining, Engineering Supplies, Perna Group, Institute of Building Technology WA, Wright Marine Management, Boatfix, Ocean Shipwrights and Marine Sales, Gecko Contracting Turf and Landscape Maintenance, East Fremantle Pool Maintenance, Fairway Panel and Paint, Hammer and Brush, North Port Marine, Broadway Marine Construction and Caporn Young Estate Agents Fremantle Stephanie Dobro.

I encourage all members to get on board and support our growing community with the full list of Swan Yacht Club listed business displayed on our website.

Our Club affiliates include:

Stand Up Paddle WA
Fremantle Swan Dragon Boat Club

Fremantle Outriggers Canoe Club
Training Ship Perth – Navy Cadets

Separately, the Fremantle Rowing Club has come on board. Members can now enjoy the added benefit of discounted use of the Rowing Club gym membership whilst enjoying the social amenities of the Swan.

In company with Club affiliates our Angling Section is the Club's 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.

Our Social Events Group led by Marian Byfield were again busy responsible for a successful Cancer Council, Biggest Morning Tea, Commodores Ball and Ladies Lunches.

Separately the club supported many worthy causes through the year including Richmond Primary School and WA Police for their worthy causes.

General Manager Report**For the Year ended 30 June 2018**

The Swan YC 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.

Inclusiveness is the 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.

Building Committee

The Building Committee has committed an incredible amount of volunteer hours over the past years. Led by Commodore Kevin Bielby, the Building Committee has been able to deliver on the club's planned improvements which culminated in the recent official re-opening ceremony.

Now that the club house improvements are in principal complete. The Building Committee, who created to manage the historical project, will cease to continue.

Further remedial works and the likes will be the responsibility of the House Committee.

The Building Committee consisted of the following members- Kevin Bielby, Con Tripi, Wayne Jones, John Cleary, Ian Harwood and Stephen Browne.

The accompanying Club improvements booklet provides further information related to this overall project.

Five Year Plan, Policy and Procedure

The Management Committee continue to ensure clear direction and financial security of the Club. The club has now finalised the 2018-2022 Five Year Strategic Plan after months of planning. This plan and the accompanying strategies will ensure the club has sufficient financial reserves in place to fund future capital and maintenance programs.

The clubs Social Media Policy and Points Policy were introduced and circulated in November 2017.

The budget for the year ending 2019 is completed with services assessed alongside income.

The year that we had would not have been possible without the support of a team.

To our frontline staff bar and galley you play an integral role ensuring we continue to offer members a level of service and I thank you for your efforts throughout the year.

Well done to Bosuns Greg, Trevor, Kim and the boys for the early starts maintaining the club and assisting with anything and everything I've thrown at you over the year.

To the administration team Dave, Kayla, Natalie, Tanya, Ryan and Cindy thank you for your commitment to the club's mission and all the planning of strategies behind the scenes.

To our volunteers and members. Well done to you all. By being member's you have contributed to our overall success of the Swan Yacht Club.

In closing, I thank Commodore Kevin Bielby for his efforts, not only as Commodore but for his overall commitment over the past 7 years on Committee and wish him all the best as he steps aside to make way for Paul Nicholls.

Kevin, in company with the Management Committee has provided the management team and the wider crew with the confidence to fulfil their roles whilst offering outstanding support behind the scenes.

General Manager Report

For the Year ended 30 June 2018

The Management Committee and Sub Committees have contributed an incredible amount of volunteer hours over the past 12 months. It has been a pleasure to share in some of the challenges and ultimately the successes as a team throughout the year.

The Swan Yacht Club has a proud history and an exciting future. Encourage your friends and family to get on board. After being judged *Club of the Year* for a second year in a row I look forward to working with incoming Commodore Paul Nicholls and the team for another year as the club continues with its mission of 'Bringing life to the river'!

Damien Gaspar



General Manager
23rd August 2018

TREASURER'S REPORT

Financial Performance

With the club renovation being completed this year, the 2018 financial year was always going to be an interesting one. The club experienced record membership numbers, growing numbers of functions and events and a variety of sold out club events 2018 was everything we could have hoped for. Total reported profit for the year to 30 June 2018 was \$667k, compared to \$958k for the prior year.

Marina and membership income were higher than anticipated, reflecting strong demand for pens and the club's increased membership base. Bar and galley sales continued to produce stronger than expected results allowing the bar to remain profitable throughout the year. The results generating \$530k in gross profit, compared to \$520k in the prior year. Functions and events income increased in sales by 43.5% and continue to show strong signs of continuing to increase well into the new year and beyond. In this period of unexpected additional renovation expenses and main area disruptions, administrative costs were tightly managed and remained under budget.

With the reopening of the kitchen at the end of August and the major renovation works coming to an end, 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. The focus this coming year is one of consolidation and building up reserves to allow for pending jetty maintenance by using the return of this investment through increased patronage at the club.

Marina & Memberships

Marina income exceeded expectation this year with larger than anticipated pen movements. Membership numbers continue to be higher than last year and results in membership income increased by 13%.

In 2018, Marina income was up 11% on the previous year. The marina revenue had an interesting year with the club experiencing a larger than normal amount of pen movement. During the year there were very few pens that remained empty for longer than a couple of weeks and during that time they were used as temporary pens. Marina repairs and maintenance expenses totalled \$115,000 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 a social nomination charged to its new social members or those social members where memberships had been allowed to lapse, which had only been charged to Full members in previous years. The purpose of the nomination fee is to encourage members to renew their membership and use it all year around rather than letting it lapse and renewing at the beginning of the summer months.

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 therefore limiting future fee increases.

Bar/Galley/Functions

Bar/Galley/Functions sales showed a substantial increase of \$1.14m to \$3,704,699 due to the completion of key stages of the renovations. Member's and their guests welcomed the changes and patronage exceeded all expectations. Interest in function room facilities grew and ensures it will continue to be a positive revenue stream for the club. The member's support of these areas has allowed these areas to record a gross profit of \$552,000.

Treasurer Report

For the Year ended 30 June 2018

The addition of the new lift has allowed increase patronage access to the upstairs function rooms. The addition of new furniture throughout the club has been well received and well used.

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 employees salaries, which showed an increase of \$44,724. This amount is largely due to the creation of an additional administration position to provide assistance during the summer months. Advertising expenses were reduced during the year which can be largely attributed to the new position of Digital Marketing Manager. The creation of this position has allowed us to increase our advertising and marketing using various forms of social media for minimal cost. The increase in payroll tax is due to the increased salaries and wages to meet the member's needs. Cleaning costs have also increased due to the additional cleaning of the table cloths now being used in the restaurant area, these forms of expenses have looked to be reduced in the coming financial year. All Administration staff remain vigilant on spending.

Non-cash and Non-recurring Items

\$252k 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 \$252k in other income are accrual accounting items and do not directly impact the club's cash position.

Capital Expenditures

The club has invested \$1.24m in capital expenditure during the year. The majority of the expenditure was for the completion of the renovation works. The work in progress account has been finalised as at 30 June and is now represented as assets in the balance sheet.

The new year's budget allows capital works funds to be set aside to allow the club to remain on track with its marina maintenance scheduled.

Financial Position

Now the renovation is completed the club has decided that the next twelve months will be one of consolidation and rebuilding our reserves to allow us to achieve our future projects in the required time lines. As at 30 June the cash balance was \$1.23m, which represents a strong balance with adequate headroom to facilitate our future maintenance program.

Outlook & Forward Looking Initiatives

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

Treasury & Funding

A budget for the year ending 30 June 2018 is finalised and shows the club to take on a position of consolidation whereby we will stop and take hold of the changes to date, look to build the reserves and then embark in renovations to the downstairs bar and marina maintenance.

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 2018

Commodores Report

For the Year ended 30 June 2018

COMMODORES REPORT

Two years have now passed since my appointment as Commodore and how time flies. The building construction has taken up a fair slice of that time and full credit goes to the Building Committee members whose professional skills and input have been invaluable for a cost effective and positive outcome to finish within budget. We now have Certificate of Construction Compliance BA17 and the Occupancy Permit BA10 for the building.

The Swan Yacht Club is now in a very unique position able to attract all walks of life whether it be families, sporting or social groups from the community to have the opportunity to share the excellent facilities as members "Bring Life to the River" and embrace our inclusiveness.

In support of our achievements, the Swan Yacht Club has been the recipient of a host of awards over the past 2 years at the Clubs WA Industry Awards of Excellence.

In 2018 the club was awarded:

- Club of the Year (large) for the second year in a row
- Club Manager of the Year for a second year in a row
- Club Function Facility of the Year
- Members Event of the Year (Melbourne Cup)
- Club Marketing of the Year to Ryan Khong
- And we were also finalists in five other categories.

We are fortunate to host affiliate clubs: Fremantle Dragon Boat Club, Navy Cadets TS Perth, Stand up Paddlers and Outriggers. We now have signed a Memorandum of Understanding with the Fremantle Rowing Club to join forces to create great added value opportunity for member's. Not to forget our Sub Sections, with the hugely successful Angling Section and the quiet achievers the Ladies Social Group.

With the introduction of the Corporate Challenge three years ago the sponsors have increased from 15 to 37 participating businesses and it is pleasing to see this network grow. Indianic Group Pty Ltd were the winners this year and we thank all other businesses for entering. Please look at the club web site and consider our Corporate sponsors when next considering a trade or service.

In closing, I would like to thank all of the support I have received from Damien, staff, members and the Management Committee to achieve this great success brought to the club by their combined efforts.

Please support incoming Commodore Paul Nicholls and the Management Committee to ensure the club retains its high standard into the future.



Kevin Bielby
Commodore

23rd August 2018

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE MEMBERS OF SWAN YACHT CLUB INC

As lead auditor of Swan Yacht Club Inc for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian professional accounting bodies in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Neil Smith

Partner

BDO Audit (WA) Pty Ltd

Perth, 23 August 2018

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 A\$	2017 A\$
Income from continuing operations			
Bar		1,899,763	1,367,705
Galley		1,705,226	1,124,139
Marina		896,157	807,970
Membership		789,543	699,556
Functions and Events		99,710	69,495
		<u>5,390,399</u>	<u>4,068,865</u>
Other income			
Interest revenue		10,730	65,311
FC Memberships	20	252,065	388,549
Other revenue		36,691	18,912
		<u>299,486</u>	<u>472,772</u>
Total Income		<u>5,689,885</u>	<u>4,541,637</u>
Expenses			
Cost of sales - Bar	3(a)	1,326,390	1,031,158
Cost of sales - Galley	3(b)	1,747,724	940,322
Cost of sales – Functions and Events		78,451	53,543
		<u>3,152,565</u>	<u>2,025,023</u>
Other expenses from normal activities			
Administration	4(a)	1,409,158	1,187,741
Marina	4(b)	273,498	202,658
Depreciation and Amortisation	9	186,874	167,641
		<u>1,869,530</u>	<u>1,558,040</u>
Surplus before income tax		<u>667,790</u>	<u>958,574</u>
Surplus attributable to the Club		<u>667,790</u>	<u>958,574</u>
Total Comprehensive Income attributable to the club		<u>667,790</u>	<u>958,574</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 2018

	Note	2018 A\$	2017 A\$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,153,539	897,496
Trade and other receivables	6	1,197,461	848,020
Inventory & spares	7	51,726	43,165
Total current assets		2,402,726	1,788,681
Non-current assets			
Restricted cash and cash equivalents	8	73,920	1,273,920
Property, plant and equipment	9	7,492,450	6,441,674
Total non-current assets		7,566,370	7,715,594
Total assets		9,969,096	9,504,275
LIABILITIES			
Current liabilities			
Trade and other payables	10	834,583	819,492
Unearned membership income invoiced in advance	11	1,199,666	1,158,979
Provision for employee entitlements	12	40,007	36,977
Fremantle Club Amalgamation Funds	13	238,147	238,147
Total current liabilities		2,312,403	2,253,595
Non-current liabilities			
Members deposits		52,798	62,600
Fremantle Club Amalgamation Funds	13	1,989,771	2,241,746
Total non-current liabilities		2,042,569	2,304,346
Total liabilities		4,354,972	4,557,941
Net assets		5,614,124	4,946,334
EQUITY			
Retained earnings		4,946,334	3,987,760
Current year earnings		667,790	958,574
Total equity		5,614,124	4,946,334

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 2018

	Retained Earnings	Total Equity
	A\$	A\$
Balance at 1 July 2017	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
Surplus for the period	667,790	667,790
Total comprehensive income for the period	667,790	667,790
Balance at 30 June 2018	5,614,124	5,614,124

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 2018

	Notes	2018 A\$	2017 A\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		5,100,061	4,363,170
Payments to suppliers and employees		(4,817,100)	(2,826,272)
Interest received		10,730	65,311
Net cash inflow from operating activities	19	293,691	1,602,209
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	9	(1,237,648)	(3,714,593)
Net cash outflow from investing activities		(1,237,648)	(3,714,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer in restricted cash		1,200,000	1,822,579
Net cash inflow from financing activities		1,200,000	1,822,579
Net increase/(decrease) in cash and cash equivalents		256,043	(289,805)
Cash and cash equivalents at beginning of reporting period		897,496	1,187,301
Cash and cash equivalents at end of reporting period	5	1,153,539	897,496

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

Notes to the Financial Statements
For the Year ended 30 June 2018

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.

Notes to the Financial Statements
For the Year ended 30 June 2018

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.

Notes to the Financial Statements
For the Year ended 30 June 2018

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.

Notes to the Financial Statements

For the Year ended 30 June 2018

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.

Notes to the Financial Statements
For the Year ended 30 June 2018

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.

Notes to the Financial Statements

For the Year ended 30 June 2018

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.

iii. Transfer of Capital Work in Progress to Property, Plant and Equipment

During the period, the Club completed the renovations on their building, resulting in a transfer of assets from capital work in progress to property, plant and equipment. Management have determined that the building was 'available for use' under AASB 116 from 30 June 2018, that is, the date that the building was certified by the Building Commissioner. Depreciation on these assets has therefore commenced as at 1 July 2019.

Notes to the Financial Statements
For the Year ended 30 June 2018

3 Cost of sales for the period

	2018	2017
	A\$	A\$
(a) Bar expenses		
Value of inventory used	687,134	470,227
Employee benefits expense	604,628	516,006
Licenses	1,215	3,417
Minor consumables	5,569	-
Music & entertainment	4,995	19,861
Repairs & maintenance	8,633	13,840
Other	14,216	7,807
Total bar expenses	<u>1,326,390</u>	<u>1,031,158</u>
 (b) Galley expenses		
Value of inventory used	803,253	538,000
Employee benefits expense	850,291	377,702
Cleaning	65,516	1,520
Minor consumables	16,061	12,323
Repairs & maintenance	7,898	1,996
Other	4,705	8,781
Total galley expenses	<u>1,747,724</u>	<u>940,322</u>

Notes to the Financial Statements

For the Year ended 30 June 2018

4 Other expenses from normal activities

	2018	2017
	A\$	A\$
(a) Administration		
Advertising expenses	41,506	46,061
Bank charges	31,010	21,989
Cleaning	80,677	74,526
Committee expenses	14,360	10,703
Communication costs	18,049	15,888
Doubtful debts expense	-	511
Employee benefits expense	528,919	484,195
Fremantle Club Amalgamation expenses	-	-
Insurance	74,789	68,542
IT expense	12,700	14,873
Lease expense	-	-
Legal costs	8,419	12,794
Members amenities	17,742	23,264
Payroll tax	77,248	36,950
Printing, postage & stationery	41,471	40,545
Rent & Rates	142,085	129,045
Repairs & maintenance	13,362	18,861
Security	14,428	12,421
Staff amenities	32,474	14,697
Staff Training	8,504	3,014
Subscriptions	57,399	48,358
Utilities	107,222	86,606
Other	86,792	23,898
Total corporate and administration expenses	1,409,156	1,187,741

Notes to the Financial Statements
For the Year ended 30 June 2018

	2018	2017
	A\$	A\$
(b) Marina		
Consultant & Contractor	-	300
Employee benefits expense	117,890	61,232
Repairs & maintenance	114,993	101,790
Riverbed & jetty lease	38,975	39,336
Other	1,640	-
Total marina expenses	273,498	202,658

5 Current assets – Cash and cash equivalents

	2018	2017
	A\$	A\$
Cash at bank and in hand	1,140,049	883,406
Cash floats, petty cash & ATM	13,490	14,090
	1,153,539	897,496

6 Current assets – Trade and other receivables

	2018	2017
	A\$	A\$
Trade receivables ¹	1,212,820	863,408
Less provision for impairment	(17,556)	(17,556)
	1,195,264	845,852
Prepaid expenses	-	5,783
Other receivables	2,196	(3,615)
	1,197,460	848,020

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

¹Trade receivables as at 30 June 2018 include membership fees for the next financial year, ending 30 June 2019

7 Inventories & spares

	2018	2017
	A\$	A\$
Bar	30,530	31,348
Galley	13,021	3,642
Marine spares	8,174	8,175
	51,725	43,165

Notes to the Financial Statements

For the Year ended 30 June 2018

8 Restricted cash and cash equivalents

	2018 A\$	2017 A\$
Fremantle Club Amalgamation Fund ¹	-	1,200,000
Bankwest Bond Held	32,420	32,420
Swan River Trust Bond	41,500	41,500
	73,920	1,273,920

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 \$993,211 in the current year on various construction costs relating to the new building plans) and \$262,402 on purchase of plant and equipments. 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 2017						
Opening book amount	1,023,422	89,009	221,463	103,769	1,428,013	2,865,676
Adjustments/Write	-	(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

Year ended 30 June 2018

Opening book amount	4,627,789	42,543	257,225	137,802	1,376,315	6,441,674
Adjustments/Write downs			(17,963)			(17,963)
Additions	993,211	63,789	-	130,262	68,351	1,255,613
Transfer from WIP to PPE	(5,621,000)	7,320	5,243,231	370,449	-	-
Depreciation charge	-	(37,132)	(20,914)	(40,739)	(88,089)	(186,874)
Closing net book amount	-	76,520	5,461,578	597,774	1,356,578	7,492,450

As at 30 June 2018

Cost	-	400,469	6,277,791	1,131,976	3,453,363	11,263,599
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Notes to the Financial Statements

For the Year ended 30 June 2018

Accumulated depreciation	-	(323,949)	(816,213)	(534,202)	(2,096,785)	(3,771,149)
Net book amount	-	76,520	5,461,577	597,774	1,356,579	7,492,450

10 Current liabilities – Trade and other payables

	2018	2017
	A\$	A\$
Trade payables	148,542	110,458
Accrued expenses	39,349	466,091
Function/Event Deposits	440,333	127,965
Goods & services tax payable	206,359	114,978
	834,583	819,492

11 Current liabilities – Unearned membership income invoiced in advance

	2018	2017
	A\$	A\$
Security fees	28,653	18,051
Ramp fees	17,282	19,271
Pen fees	633,212	615,943
Subs fees	516,306	491,908
Rate recovery fees	4,213	4,545
SSR fees	-	9,261
	1,199,666	1,158,979

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

12 Current liabilities – Provisions

	2018	2017
	A\$	A\$
Provision for annual leave	31,042	36,977
Provision for long service leave	8,965	-
	40,007	36,977

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.

Notes to the Financial Statements

For the Year ended 30 June 2018

13 Fremantle Club Amalgamation

	2018	2017
	A\$	A\$
FC Lifetime Memberships Deferred revenue:		
Current Liability	238,147	238,147
Non-Current Liability	1,989,771	2,241,746
	<u>2,227,918</u>	<u>2,479,893</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 2018 the club has recognised a total liability of \$2,227,918 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

	2018	2017
	A\$	A\$
Accumulated members' funds at the beginning of the of the financial year	4,946,334	3,987,760
Surplus/ (Loss) attributable to the club	<u>667,787</u>	<u>958,574</u>
Accumulated members' funds at the end of the financial year	<u>5,614,121</u>	<u>4,846,334</u>

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:

	2018	2017
	A\$	A\$
(a) Audit and other assurance services		
BDO Audit (WA) Pty Ltd		
Audit of financial statements	16,433	18,000
Total remuneration for audit and other assurance services	<u>16,433</u>	<u>18,000</u>
(b) Non audit and other assurance services		
Professional Services	-	-
Total remuneration for non-audit and other assurance services	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the Year ended 30 June 2018

16 Contingent liabilities

Other than bank guarantee in place at 30 June 2018 totalling \$73,920 relating to lease, the club had no contingent liabilities as at 30 June 2018.

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:

	2018 A\$	2017 A\$
Within one year	92,312	91,521
Later than one year but not later than five years	369,248	366,084
	<u>460,560</u>	<u>457,605</u>

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 and one from Melville Suzuki as part of a major sponsorship proposal where the Club will in turn provide Melville Holden and Melville Suzuki with various advertising, brand exposure, and social benefits.

The Club holds two Bank Guarantee liabilities that will need to be paid. Bankwest Bank Guarantee of \$32,420 will expire on the 03/10/2018 and a St Georges Bank Guarantee of \$41,500 that expires on the 30/06/2019.

Due to the rate rise in the lease we are required to arrange another bank guarantee in the amount of \$10,980.00. The Club have arranged for a new Bank Guarantee of \$42,500 when the Bankwest Bank Guarantee expires.

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.

Notes to the Financial Statements
For the Year ended 30 June 2018

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

	2018	2017
	A\$	A\$
Gain/(Loss) for the period	667,787	958,574
Amortisation and depreciation	186,874	167,641
Decrease/(increase) in trade and other receivables	(349,441)	184,550
Decrease/(increase) in inventory	(8,561)	(9,002)
Decrease/(increase) in prepayments	-	-
Increase/(decrease) in member deposits	(9,800)	5,600
Increase/(decrease) in income in advance	40,686	45,749
Increase/(decrease) in trade and other payables	15,091	613,854
Increase/(decrease) in employee provisions	3,030	4,343
Increase/(decrease) in FC funds	(251,975)	-
Net cash inflow used in operating activities	293,692	1,602,209

20 Individually significant items

		2018	2017
		A\$	A\$
Revenue			
FC Memberships	(i)	252,065	388,549

- (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 2018 of \$252,065 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.

Independent auditor's report to the members

For the Year ended 30 June 2018

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 2018 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 Kevin Bielby
Commodore
23rd August 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Swan Yacht Club Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Swan Yacht Club Inc. (the Entity), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Committee's assertion statement.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Entity in accordance with ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the requirements of the constitution. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Committee for the Financial Report

The Committee is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the constitution and for such internal control as the Committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Committee is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Committee are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Neil Smith', with the BDO logo above it.

Neil Smith

Partner

Perth, 23 August 2018