

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED
(ABN 51 951 016 993)

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

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The financial report was authorised for issue by the Directors on 31 May 2017. The Co-operative has the power to amend and re-issue the financial report.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2017.

1. The names of the Directors in office at the date of this report are:

Name	Occupation/ Qualifications	Position	Years service as a Director of the Co-operative
Leslie Carter	Retired Assistant Principal	Chairman	5
Alfred Smith	Retired	Vice Chairman	9
John Appleby	Retired Business Consultant	Director	4
Michelle McMichael-O'Brien	Company Director	Director	3
Alan Mitchell	Travel Agent	Director	13
Jason Dunn	Solicitor	Director	1

2. Activities

The principal activities of the Co-operative during the financial year were:

The running of the Club in accordance with its objectives, principally being the promotion of the game of bowls, for the benefit of its members.

3. Results

The net result of operations was a profit of \$88,264 (2016 profit \$13,225).

4. Review of Operations

The turnaround in profitability for the year reflects an increase in bar and poker machine revenues with these increases partially offset by a decrease in non trading items of income with the fair value of the Club's investment properties being \$35,000 compared to \$110,000 last year and insurance recoveries being \$21,000 compared to \$58,000 last year.

5. Significant Changes

There have been no significant changes in the activities conducted by the Club in the year under review.

6 Events Subsequent to Balance Date

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

7. Likely Developments and Expected Results

It is expected that the Club will increase income levels while maintaining a control over expenditure.

DIRECTORS' REPORT (Cont.)

8. Indemnifying Officer or Auditor

The Club has, not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Co-operative:

* indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs in successfully defending legal proceedings; or

* paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings;

with the exception of the following matters:

During the financial year, the Club has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity.

Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

9. Directors' Benefit

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

10. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2017 has been received and is set out on page 5 of the financial report.

The Co-operative may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Co-operative is important. Details of the amounts paid or payable to the auditor (DFK Crosbie) for audit and non-audit services are provided in Note 19 to the full financial report.

11. Dividends

The Co-operative is a non-profit organisation and is prevented from paying dividends by its constitution.

12. Environmental Regulations

The Club's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

DIRECTORS' REPORT (Cont.)

13. Meeting Attendances

The number of Board meetings held during the financial year ended 31 March 2017 was 13 being 12 normal monthly Board meetings and 1 special meeting. The details of each Directors attendances at those meetings is given below:

<u>Director</u>	<u>Monthly</u>	<u>Special</u>	<u>Eligible to Attend</u>
Alfred Smith	11	1	13
William Baldwin (not re-elected at AGM)	3	1	4
Graham Booth (resigned August 2016)	3	1	5
Leslie Carter	11	1	13
Edward Mullins (resigned August 2016)	3	1	5
Robert O'Dell (resigned December 2016)	7	1	9
Keith Tonks (resigned March 2017)	10	1	12
John Appleby	12	1	13
Michelle McMichael O'Brien	9	1	13
Alan Mitchell (appointed July 2016)	8	0	9
Jason Dunn (appointed January 2017)	3	0	3

14. Property Report

The Directors have determined that all property of the Club shall be classified as follows in accordance with section 41J of the Registered Clubs Acts 1976 :-

Non-Core Property: - The rental properties situated at 53-61 Beach Street, Harrington NSW 2427
- The rental property situated at 8 Latham Avenue, Harrington NSW 2427
- Vacant land Lot 4, 55 Maitland Road Hexham NSW 2322

Core Property: - Old Maitland Road, Hexham NSW 2322

Signed in accordance with a resolution of the Board of Directors



L. Carter - Director



J. Appleby - Director

Date: 31 May 2017



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Shaun Mahony - Partner

DFK Crosbie Partners
Chartered Accountants

Date: 31 May 2017
Warabrook, NSW

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A member firm of DFK International a worldwide association of independent accounting firms and business advisers

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dfk crosbie
LEADING ACCOUNTANTS AND BUSINESS ADVISERS
HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED
INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Hexham Bowling Co-operative Club Limited.

Report on the Concise Financial Report

Opinion

We have audited the concise financial report of Hexham Bowling Club Co-operative Limited, which comprises the Statement of Financial Position as at 31 March 2017, the Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows for the year then ended, and related notes, derived from the financial report of Hexham Bowling Club Co-operative Limited for the year ended 31 March 2017 and the discussion and analysis.

In our opinion, the accompanying concise financial report, including the discussion and analysis of Hexham Bowling Club Co-operative Limited, complies with Accounting Standard AASB 1039: Concise Financial Reports.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the 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 concise 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.

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon. The concise financial report and the financial report do not reflect the effects of events that occurred subsequent to the date of our report on the financial report.

The Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the financial report in our report dated 31 May 2017.

Responsibilities of the Directors for the Concise Financial Report

The Directors are responsible for preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports and the Co-Operatives National Law 2014 (NSW) and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

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HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED
INDEPENDENT AUDIT REPORT TO MEMBERS (cont.)

Auditor's Responsibilities for the Audit of the Concise Financial Report

Our responsibility is to express an opinion on whether the concise financial report, in all material respects, complies with AASB 1039 Concise Financial Reports and whether the discussion and analysis complies with AASB 1039 Concise Financial Reports based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements.

Matters relating to the electronic presentation of the audited financial report

The auditor's report refers to the concise financial report of Hexham Bowling Club Co-Operative Limited (the Co-Operative) for the year ended 31 March 2017 included on Hexham Bowling Club Co-Operative Limited's web site. The Co-Operative's Directors are responsible for the integrity of the web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Shaun Mahony - Partner

DFK Crosbie Partners
Chartered Accountants

Dated, at Warabrook: 31 May 2017

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HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

DIRECTORS' DECLARATION

The Directors of the Co-operative declare that the concise financial report of Hexham Bowling Club Co-operative Limited for the financial year ended 31 March 2017 as set out on pages 9 to 13:

- (a) complies with Australian Accounting Standard AASB 1039 Concise Financial Reports; and
- (b) has been derived from and is consistent with the full financial report of Hexham Bowling Club Co-operative Limited.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Directors by:



L. Carter - Director



J. Appleby - Director

Date: 31 May 2017

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

DISCUSSION AND ANALYSIS OF THE FINANCIAL REPORT

Information on Hexham Bowling Club Co-operative Limited Financial Report

The concise financial report has been prepared in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports and the Co-Operatives National Law (NSW) and is an extract from the full financial report.

The financial statements, specific disclosures and other information included in the concise financial report is derived from and are consistent with the full 2017 financial report of Hexham Bowling Club Co-operative Limited. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the Co-operative as the full financial report. The accounting policies have been consistently applied by the Co-operative and are consistent with the previous financial year.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The following discussion has been included to assist members in understanding the concise financial report.

Statement of Profit or Loss and Other Comprehensive Income

The result for the year ended 31 March 2017 is a profit of \$88,264 compared to a profit of \$13,225 for the previous financial year. The improvement in operating profit reflects an increase in bar and poker machine revenues with these increases partially offset by a decrease in non trading items of income with the fair value of the Club's investment properties being \$35,000 compared to \$110,000 last year and insurance recoveries being \$21,000 compared to \$58,000 last year.

Bar sales for the year were \$994,348 compared to \$858,818 in the previous year, with a gross profit margin achieved of 63.9% compared to 61.7% last year. Bar wages increased to \$250,411 or 25.18% of Bar Revenues which was the same ratio shown last year. The net profit from bar for the year was \$360,981 compared to \$294,373 last year.

Net revenue from poker machines was \$2,630,645 compared to \$2,520,769 last year. In relation to direct costs an increase was noted in duty tax, whilst depreciation and promotional costs decreased. The net profit from poker machines was \$1,493,331 compared to \$1,359,929 last year.

Commission received from TAB and Keno totalled to \$88,199 compared to \$78,608 for the previous year. Other income totalled \$393,741 compared to \$321,998 for the previous year with increases noted in dining room, raffle and room hire income whilst the current year includes \$55,265 profit realised on the disposal of non current assets with no profit shown for the previous year. Decreases were noted in insurance recoveries and commissions. Harrington rental income was \$82,037 compared to \$82,893 for the prior financial year.

Operating expenses not allocated to trading areas totalled \$2,293,720 compared to \$2,144,472 last year, with the main increases being administration wages, consultancy fees and club promotions. Decreases were noted in advertising and electricity costs as well as repairs and maintenance.

Statement of Financial Position

The statement of financial position set outs the assets and liabilities of the Club as at 31 March 2017, disclosing current assets of \$1,216,455 compared to current liabilities of \$599,421.

Statement of Cashflows

The statement of cashflows discloses that the Club has generated \$469,616 in cash from operating activities compared to \$540,927 in the prior year. These funds have been used to purchase plant and equipment to the extent of \$337,934 and repay borrowings of \$84,345 during the year, with an increase in cash of \$103,601.

Statement of Changes in Equity

The statement of changes in equity for the year ended 31 March 2017 reflects the profit for that year.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	2017 \$	2016 \$
CURRENT ASSETS		
Cash and Cash Equivalents	736,035	632,434
Trade & Other Receivables	60,791	6,004
Inventories	40,338	32,624
Investments	313,760	305,669
Other Assets	65,531	65,541
TOTAL CURRENT ASSETS	<u>1,216,455</u>	<u>1,042,272</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	4,181,395	4,282,947
Investment Properties	2,070,000	2,035,000
Intangible Assets	71,495	71,495
TOTAL NON-CURRENT ASSETS	<u>6,322,890</u>	<u>6,389,442</u>
TOTAL ASSETS	<u>7,539,345</u>	<u>7,431,714</u>
CURRENT LIABILITIES		
Trade and Other Payables	432,644	191,609
Borrowings	-	84,345
Provisions	144,324	258,347
Other Liabilities	22,453	28,270
TOTAL CURRENT LIABILITIES	<u>599,421</u>	<u>562,571</u>
NON-CURRENT LIABILITIES		
Provisions	12,664	30,005
Other Liabilities	18,094	18,236
TOTAL NON-CURRENT LIABILITIES	<u>30,758</u>	<u>48,241</u>
TOTAL LIABILITIES	<u>630,179</u>	<u>610,812</u>
NET ASSETS	<u>6,909,166</u>	<u>6,820,902</u>
MEMBERS' FUNDS		
Reserves	273,723	273,723
Accumulated Profits	6,635,443	6,547,179
TOTAL MEMBERS' FUNDS	6,909,166	6,820,902

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2017

	2017 \$	2016 \$
Bar Sales	994,348	858,818
Poker Machine Net Revenue	2,630,645	2,520,769
Dining Room Income	41,929	26,963
Harrington Rental Income	82,037	82,893
Paper Gaming Income	88,199	78,608
Interest Received	11,494	10,395
Rent Received	36,120	39,130
Other Income	393,741	321,998
Fair Value Adjustment Investment Properties	35,000	110,000
Total Income	4,313,513	4,049,574
Expenses		
Cost of Goods Sold	358,649	328,909
Bar Direct Expenses	274,718	235,536
Poker Machine Direct Expenses	1,137,314	1,160,840
Dining Room Direct Expenses	32,460	20,171
Investment Properties Expenses	46,292	53,979
Paper Gaming Direct Expenses	82,096	92,442
Members Amenities	562,150	477,116
Bowling Activities & Greens	131,260	116,620
Clubhouse Expenses	926,252	1,059,439
Administration Expenses	672,475	484,651
Borrowing Costs	1,583	6,646
Total Expenses	4,225,249	4,036,349
Net Profit/(Loss) Before Income Tax	88,264	13,225
Income Tax	-	-
Net Profit/(Loss) After Income Tax	88,264	13,225
Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	88,264	13,225

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 \$	2016 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	4,542,607	4,141,806
Payments to Suppliers and Employees	(4,083,194)	(3,605,341)
Interest Received	11,786	11,108
Interest Paid	(1,583)	(6,646)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>469,616</u>	<u>540,927</u>
Cash Flows from Investing Activities		
Proceeds from Plant and Equipment	64,355	-
Payments for Plant and Equipment	(337,934)	(208,824)
Transfer from/(to) Investments	(8,091)	24,941
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(281,670)</u>	<u>(183,883)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	-	137,895
Repayments of Borrowings	(84,345)	(238,613)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>(84,345)</u>	<u>(100,718)</u>
<i>Net Increase/(Decrease) in Cash Held</i>	103,601	256,326
Cash Equivalents at the Beginning of the Financial Year	<u>632,434</u>	<u>376,108</u>
Cash Equivalents at the End of the Financial Year	<u>736,035</u>	<u>632,434</u>

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2017

	Reserves	Accumulated	Total
	\$	Profits	\$
	\$	\$	\$
Balances as at 1 April 2015	273,723	6,533,954	6,807,677
Net Profit/(Loss)	-	13,225	13,225
Balances as at 31 March 2016	273,723	6,547,179	6,820,902
Net Profit/(Loss)	-	88,264	88,264
Balances as at 31 March 2017	273,723	6,635,443	6,909,166