

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

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

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The financial report was authorised for issue by the Directors on 30 May 2018. 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 2018.

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	6
Alfred Smith	Retired	Vice Chairman	10
John Appleby	Retired Business Consultant	Director	5
Michelle McMichael-O'Brien	Company Director	Director	4
Alan Mitchell	Travel Agent	Director	14
Jason Dunn	Solicitor	Director	2

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 \$292,036 (2017 profit \$88,264).

4. Review of Operations

The increased profitability for the year reflects an increase in poker machine revenues and rental income as well as increases in non trading items of income with the fair value of the Club's investment properties being \$60,000 compared to \$35,000 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.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

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.

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 2018 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 18 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.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

DIRECTORS' REPORT (Cont.)

13. Meeting Attendances

The number of Board meetings held during the financial year ended 31 March 2018 was 14 being 12 normal monthly Board meetings and 2 special meetings. 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	2	14
Leslie Carter	12	2	14
John Appleby	12	2	14
Michelle McMichael O'Brien	6	2	14
Alan Mitchell	8	2	14
Jason Dunn	11	1	14

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 :-

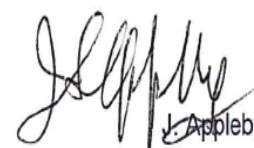
Non-Core Property: - The rental properties situated at 53-61 Beach Street, Harrington NSW 2427
 - The rental property situated at 8 Latham Avenue, Harrington NSW 2427
 - Vacant land Lot 4, 55 Maitland Road Hexham NSW 2322

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: 30 May 2018



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 2018 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.

A handwritten signature in black ink, appearing to read 'Shaun Mahony', with a long horizontal flourish extending to the right.

Shaun Mahony - Partner

A handwritten signature in black ink that reads 'DFK Crosbie Partners' in a cursive style.

DFK Crosbie Partners
Chartered Accountants

Date: 30 May 2018
Warabrook, NSW

Liability limited by a scheme approved under the Professional Standards Legislation

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

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HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED
INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Hexham Bowling Club Co-operative 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 2018, 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 2018 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 30 May 2018.

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 2018 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.

A handwritten signature in black ink, appearing to read 'Shaun Mahony', with a long horizontal flourish extending to the right.

Shaun Mahony - Partner

A handwritten signature in black ink that reads 'DFK Crosbie Partners' in a cursive style.

DFK Crosbie Partners
Chartered Accountants

Dated, at Warabrook: 30 May 2018

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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 2018 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: 30 May 2018

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 2018 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 2018 is a profit of \$292,036 compared to a profit of \$88,264 for the previous financial year. The improvement in operating profit reflects an increase in poker machine revenues and rental income as well as increases in non trading items of income with the fair value of the Club's investment properties being \$60,000 compared to \$35,000 last year.

Bar sales for the year were \$983,844 compared to \$994,348 in the previous year, with a gross profit margin achieved of 63.4% compared to 63.9% last year. Bar wages increased to \$309,639 or 31% of Sales. The net profit from bar for the year was \$290,885 compared to \$360,981 last year.

Net revenue from poker machines was \$2,830,331 compared to \$2,630,645 last year. In relation to direct costs an increase was noted in duty tax and depreciation, whilst promotional costs and wages decreased. The net profit from poker machines was \$1,693,621 compared to \$1,493,331 last year.

Commission received from TAB and Keno totalled to \$96,269 compared to \$88,199 for the previous year. Other income totalled \$380,322 compared to \$393,741 for the previous year with increases noted in dining room, raffle income, room hire income and commissions. The current year includes \$34,960 profit realised on the disposal of non current assets compared to \$55,265 in the prior financial year. Harrington rental income was \$105,392 compared to \$82,037 for the prior financial year.

Operating expenses not allocated to trading areas totalled \$2,292,521 compared to \$2,293,720 last year, with the main increases being wages, depreciation, entertainment and club promotions. Decreases were noted in advertising, donations and consultancy fees 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 2018, disclosing current assets of \$1,257,591 compared to current liabilities of \$655,326.

Statement of Cashflows

The statement of cashflows discloses that the Club has generated \$774,936 in cash from operating activities compared to \$469,616 in the prior year. These funds have been used to primarily purchase plant and equipment to the extent of \$808,701 during the year, with a decrease in cash of \$6,077.

Statement of Changes in Equity

The statement of changes in equity for the year ended 31 March 2018 reflects the profit for that year.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	2018	2017
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	729,958	736,035
Trade & Other Receivables	65,439	60,791
Inventories	55,070	40,338
Investments	321,032	313,760
Other Assets	86,092	65,531
TOTAL CURRENT ASSETS	<u>1,257,591</u>	<u>1,216,455</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	4,417,457	4,181,395
Investment Properties	2,130,000	2,070,000
Intangible Assets	71,495	71,495
TOTAL NON-CURRENT ASSETS	<u>6,618,952</u>	<u>6,322,890</u>
TOTAL ASSETS	<u>7,876,543</u>	<u>7,539,345</u>
CURRENT LIABILITIES		
Trade and Other Payables	550,311	432,644
Provisions	84,118	144,324
Other Liabilities	20,897	22,453
TOTAL CURRENT LIABILITIES	<u>655,326</u>	<u>599,421</u>
NON-CURRENT LIABILITIES		
Provisions	10,222	12,664
Other Liabilities	9,793	18,094
TOTAL NON-CURRENT LIABILITIES	<u>20,015</u>	<u>30,758</u>
TOTAL LIABILITIES	<u>675,341</u>	<u>630,179</u>
NET ASSETS	<u>7,201,202</u>	<u>6,909,166</u>
MEMBERS' FUNDS		
Reserves	273,723	273,723
Accumulated Profits	6,927,479	6,635,443
TOTAL MEMBERS' FUNDS	<u>7,201,202</u>	<u>6,909,166</u>

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	\$	\$
Bar Sales	983,844	994,348
Poker Machine Net Revenue	2,830,331	2,630,645
Dining Room Income	101,139	41,929
Harrington Rental Income	105,392	82,037
Paper Gaming Income	96,269	88,199
Interest Received	13,146	11,494
Rent Received	39,130	36,120
Other Income	380,322	393,741
Fair Value Adjustment Investment Properties	<u>60,000</u>	<u>35,000</u>
Total Income	4,609,573	4,313,513
Expenses		
Cost of Goods Sold	360,253	358,649
Bar Direct Expenses	332,706	274,718
Poker Machine Direct Expenses	1,136,710	1,137,314
Dining Room Direct Expenses	96,561	32,460
Investment Properties Expenses	40,805	46,292
Paper Gaming Direct Expenses	57,981	82,096
Members Amenities	591,155	562,150
Bowling Activities & Greens	133,035	131,260
Clubhouse Expenses	1,000,605	926,252
Administration Expenses	567,726	672,475
Borrowing Costs	<u>-</u>	<u>1,583</u>
Total Expenses	<u>4,317,537</u>	<u>4,225,249</u>
Net Profit/(Loss) Before Income Tax	292,036	88,264
Income Tax	-	-
Net Profit/(Loss) After Income Tax	<u>292,036</u>	<u>88,264</u>
Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	<u>292,036</u>	<u>88,264</u>

Extract from Full Financial Report

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	\$	\$
Cash Flows from Operating Activities		
Receipts from Members and Guests	4,898,108	4,542,607
Payments to Suppliers and Employees	(4,136,318)	(4,083,194)
Interest Received	13,146	11,786
Interest Paid	-	(1,583)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>774,936</u>	<u>469,616</u>
Cash Flows from Investing Activities		
Proceeds from Plant and Equipment	34,960	64,355
Payments for Plant and Equipment	(808,701)	(337,934)
Transfer from/(to) Investments	(7,272)	(8,091)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(781,013)</u>	<u>(281,670)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	-	-
Repayments of Borrowings	-	(84,345)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>-</u>	<u>(84,345)</u>
Net Increase/(Decrease) in Cash Held	(6,077)	103,601
Cash Equivalents at the Beginning of the Financial Year	736,035	632,434
Cash Equivalents at the End of the Financial Year	<u>729,958</u>	<u>736,035</u>

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2018

	Reserves	Accumulated	Total
	\$	Profits	\$
		\$	\$
Balances as at 1 April 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
Net Profit/(Loss)	-	292,036	292,036
Balances as at 31 March 2018	273,723	6,927,479	7,201,202