

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

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

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The concise financial report was authorised for issue by the Directors on 29 May 2019. The Co-operative has the power to amend and re-issue the concise financial report.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2019.

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

Name	Occupation/ Qualifications	Position	Special Responsibilities	Years service as a Director of the Co-operative
Leslie Carter	Retired Assistant Principal	Chairman		7
Alfred Smith	Retired	Vice Chairman		11
John Appleby	Retired	Director	Audit Risk Committee	6
Michelle McMichael-O'Brien	Company Director	Director	Audit Risk Committee	5
Alan Mitchell	Retired	Director		15
Jason Dunn	Solicitor	Director	Audit Risk Committee	3
Harry Lee	Retired Market Director	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 loss of \$331,327 (2018 profit \$292,036).

4. Review of Operations

Expenses increased 16% to \$5,039,680 resulting in decreased profitability for the year which is mainly attributable to significant increases in repairs and maintenance for work undertaken in the Club during the year as well as an increase in promotions. Operating revenue increased 2% to \$4,708,353 with increases noted in bar sales, poker machine net revenue and dining room income. There was also a decrease in the fair value of the Club's investment properties being \$45,000 whereas in the prior year there was an increase of \$60,000.

5. Significant Changes

There have been no significant changes in the activities conducted by the Co-operative 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 Co-operative, the results of those operations, or the state of affairs of the Co-operative in subsequent financial years.

7. Likely Developments and Expected Results

The Co-operative is expecting to utilise the function rooms for weddings in the year ahead. No other new developments are anticipated in the operations of the Co-operative. The expected results for future years are of growth in revenue whilst the Co-operative will control costs wherever possible.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

DIRECTORS' REPORT (Cont.)

8. Indemnifying Officer or Auditor

The Co-operative 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 Co-operative 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 Co-operative) by reason of a contract made by the Co-operative or by a related corporation with the Director or with a firm of which they are a member, or with a Co-operative in which they have a substantial financial interest.

10. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 March 2019 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 2019 was 15 being 12 normal monthly Board meetings and 3 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>
Leslie Carter	12	3	15
John Appleby	12	3	15
Michelle McMichael O'Brien	9	3	15
Alfred Smith	12	3	15
Alan Mitchell	11	3	15
Jason Dunn	9	2	15
Harry Lee (Appointed 8/7/18)	8	1	10

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



A. Smith - Director

Date: 29 May 2019



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 2019 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: 29 May 2019
Warabrook, NSW

Newcastle

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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 (Co-operative), which comprises the Statement of Financial Position as at 31 March 2019, 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 2019 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 Co-operative 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 29 May 2019.

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.

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 (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 the Co-Operative for the year ended 31 March 2019 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: 29 May 2019

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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 2019 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



A. Smith - Director

Date: 29 May 2019

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 2019 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 2019 is a loss of \$331,327 compared to a profit of \$292,032 for the previous financial year. The decline in operating profit reflects increases in Clubhouse expenses, Members Amenities and Administration expenses partially offset by increases in bar sales, poker machine net revenue and dining room income. The increases in expenses are attributable to significant increases in repairs and maintenance being undertaken during the year as well as an increase in promotions. There was also a decrease in non trading items of income with the fair value of the Club's investment properties decreasing by \$45,000 compared to an increase of \$60,000 last year.

Bar sales for the year were \$1,068,770 compared to \$983,844 in the previous year, with a gross profit margin achieved of 65.5% compared to 63.4% last year. Bar wages decreased to \$302,599 or 28% of Sales. The net profit from bar for the year was \$381,467 compared to \$290,885 last year.

Net revenue from poker machines was \$2,926,197 compared to \$2,830,331 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 \$1,759,551 compared to \$1,693,621 last year.

Commission received from TAB and Keno totalled to \$98,663 compared to \$96,269 for the previous year. Other income totalled \$348,939 compared to \$405,579 for the previous year with decreases noted in bingo income and room hire, which are partially offset by an increase noted in raffle income. The prior year includes \$34,960 profit realised on the disposal of non current assets whereas a loss of \$23,036 was noted in the current year. Harrington rental income was \$91,375 compared to \$105,392 for the prior financial year.

Operating expenses not allocated to trading areas totalled \$2,862,329 compared to \$2,317,778 last year, with the main drivers being repairs and maintenance undertaken in the Club during the year as well as promotion costs for its members. In addition to these, increases were noted in wages, depreciation, entertainment, professional fees and donations.

Statement of Financial Position

The statement of financial position set outs the assets and liabilities of the Club as at 31 March 2019, disclosing current assets of \$1,094,363 compared to current liabilities of \$481,032.

Statement of Cashflows

The statement of cashflows discloses that the Club has generated \$608,628 in cash from operating activities compared to \$774,936 in the prior year. These funds have been used to primarily purchase plant and equipment to the extent of \$737,373 during the year, with a decrease in cash of \$136,128.

Statement of Changes in Equity

The statement of changes in equity for the year ended 31 March 2019 reflects the profit/loss for that year.

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	2019	2018
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	593,830	729,958
Trade Receivables	13,529	13,434
Inventories	42,970	55,070
Financial Assets at Amortised Cost	380,125	373,037
Other Assets	63,909	86,092
TOTAL CURRENT ASSETS	<u>1,094,363</u>	<u>1,257,591</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	4,128,462	4,417,457
Investment Properties	2,085,000	2,130,000
Intangible Assets	71,495	71,495
TOTAL NON-CURRENT ASSETS	<u>6,284,957</u>	<u>6,618,952</u>
TOTAL ASSETS	<u>7,379,320</u>	<u>7,876,543</u>
CURRENT LIABILITIES		
Trade and Other Payables	366,823	550,311
Provisions	80,321	84,118
Other Liabilities	33,888	20,897
TOTAL CURRENT LIABILITIES	<u>481,032</u>	<u>655,326</u>
NON-CURRENT LIABILITIES		
Provisions	17,554	10,222
Other Liabilities	10,859	9,793
TOTAL NON-CURRENT LIABILITIES	<u>28,413</u>	<u>20,015</u>
TOTAL LIABILITIES	<u>509,445</u>	<u>675,341</u>
NET ASSETS	<u>6,869,875</u>	<u>7,201,202</u>
MEMBERS' FUNDS		
Reserves	273,723	273,723
Accumulated Profits	6,596,152	6,927,479
TOTAL MEMBERS' FUNDS	<u>6,869,875</u>	<u>7,201,202</u>

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 \$	2018 \$
Bar Sales	1,068,770	983,844
Poker Machine Net Revenue	2,926,197	2,830,331
Dining Room Income	124,121	101,139
Harrington Rental Income	91,375	105,392
Paper Gaming Income	98,663	96,269
Interest Received	10,606	13,146
Rent Received	39,682	39,130
Other Income	348,939	405,579
Fair Value Adjustment Investment Properties	-	60,000
Total Income	4,708,353	4,634,830
Expenses		
Cost of Goods Sold	369,226	360,253
Bar Direct Expenses	318,077	332,706
Poker Machine Direct Expenses	1,166,646	1,136,710
Dining Room Direct Expenses	160,430	96,561
Investment Properties Expenses	39,628	40,805
Paper Gaming Direct Expenses	78,344	57,981
Members Amenities	801,897	616,412
Bowling Activities & Greens	110,725	133,035
Clubhouse Expenses	1,217,372	1,000,605
Administration Expenses	729,467	567,726
Borrowing Costs	2,868	-
Fair Value Adjustment Investment Properties	45,000	-
Total Expenses	5,039,680	4,342,794
Net Profit/(Loss) Before Income Tax	(331,327)	292,036
Income Tax	-	-
Net Profit/(Loss) After Income Tax	(331,327)	292,036
Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	(331,327)	292,036

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 \$	2018 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	5,136,428	4,898,108
Payments to Suppliers and Employees	(4,535,538)	(4,136,318)
Interest Received	10,606	13,146
Interest Paid	(2,868)	-
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>608,628</u>	<u>774,936</u>
Cash Flows from Investing Activities		
Proceeds from Plant and Equipment	-	34,960
Payments for Plant and Equipment	(737,373)	(808,701)
Transfer from/(to) Investments	(7,383)	(7,272)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(744,756)</u>	<u>(781,013)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	-	-
Repayments of Borrowings	-	-
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash Held	(136,128)	(6,077)
Cash Equivalents at the Beginning of the Financial Year	729,958	736,035
Cash Equivalents at the End of the Financial Year	<u>593,830</u>	<u>729,958</u>

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2019

	Reserves	Accumulated	Total
	\$	Profits	\$
		\$	\$
Balances as at 1 April 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
Net Profit/(Loss)	-	(331,327)	(331,327)
Balances as at 31 March 2019	273,723	6,596,152	6,869,875