

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

ABN 51 951 016 993

Summary Financial Report
For the Year Ended
31 March 2022

CONTENTS

Directors' Report.....	1
Auditor's Independence Declaration.....	5
Independent Audit Report.....	6
Directors' Declaration.....	8
Summary Statement of Profit or Loss and Other Comprehensive Income.....	9
Summary Statement of Financial Position.....	10
Summary Statement of Changes in Equity.....	11
Summary Statement of Cash Flows.....	12
Notes to the Summary Financial Statements.....	13
Discussion and Analysis of the Summary Financial Statements.....	15

The financial statements and other specific disclosures have been derived from Hexham Bowling Club Co-Operative Limited's (the Club's) full financial statements for the financial year. Other information included in the Summary Financial Statements is consistent with the Club's full financial statements.

The Summary Financial Statements do not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Club as the full financial statements.

A copy of the Club's 2022 full financial statements, including the independent audit report, is available to all members and will be sent to members without charge upon request.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Directors' Report

31 March 2022

Your Directors present their report on Hexham Bowling Club Co-Operative Limited for the financial year ended 31 March 2022.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Name	Position	Occupation	Years Service
Leslie Carter	Chairman	Retired Assistant Principal	10
Alfred Smith	Vice Chairman	Retired	14
John Appleby	Director	Retired	9
Alan Mitchell	Director	Retired	18
Harry Lee	Director	Retired Market Director	4
Michael Cummings	Director	Truck Driver	3
Glen Hetherington	Director	Corrections Officer	1

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Club secretary

The following person held the position of Club secretary at the end of the financial year:

J. Crowe who is also the General Manager of the Club and has held the position of Club secretary for 4 years.

Principal activities

The principal activity of Hexham Bowling Club Co-Operative Limited during the financial year was the conduct of a Licensed Club.

No significant changes in the nature of the Club's activity occurred during the financial year.

Operating results

The Club reported an operating profit before depreciation of \$335,317 (2021: a profit of \$ 354,464).

The net result of operations after depreciation was a loss of \$345,184 (2021: a loss of \$ 367,374)

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Directors' Report

31 March 2022

Review of operations

Gross profit from bar trading amounted to \$449,636 and gross profit percentage of 59.6% was obtained from sales of \$753,912.

Net gaming revenue amounted to \$2,132,424 and compares with \$2,236,395 in 2021.

The following table outlines the Club's profit after the add back of depreciation and also shows the Club's EBITDA performance as a percentage of revenue.

	2022 \$	2021 \$
Reported operating profit / (loss) after tax	(345,184)	(367,374)
Add back: depreciation and amortisation	680,501	721,838
Operating profit / (loss) before depreciation	335,317	354,464
Add back: (profit) / loss on sale of non-current assets	1,721	17,918
Less: interest received	(8,545)	(7,084)
Add back: borrowing costs	6,618	6,851
Add back: revaluation of investment properties	(50,000)	-
EBITDA	285,111	372,149
Total Revenue	3,582,652	3,946,355
EBITDA % of Revenue	7.96%	9.43%

Meetings of Directors

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Leslie Carter	11	11
Alfred Smith	11	9
John Appleby	11	9
Alan Mitchell	11	11
Harry Lee	11	8
Michael Cummings	11	9
Glenn Hetherington (appointed 25/07/2021)	8	7
Michelle McMichael (resigned 25/07/2021)	3	2

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Club during the year apart from:

On 5 August 2021 as a response to the management of the COVID-19 pandemic, the Club was directed to close. The Club re-opened on 11 October 2021 subject to social distancing. Refer to Note 1(c) in the financial statements for further information regarding the impacts of the closure.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Directors' Report

31 March 2022

After balance date events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Club, the results of the operations or the state of affairs of the Club in the future financial years.

Environmental issues

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

Disclosure of Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act 1976 and for the financial year ended 31 March 2022, the Directors have determined that the property of the Club shall be classified as follows:

Address	Current Usage	Classification
53-61 Beach Street, HARRINGTON NSW 2427	Rental properties	Non Core
8 Latham Avenue, HARRINGTON NSW 2427	Rental properties	Non Core
55 Maitland Road, HEXHAM NSW 2322	Vacant lot	Non Core
Old Maitland Road, HEXHAM NSW 2322	Club Building and Car Park	Core

Auditors independence declaration

The lead auditors independence declaration for the year ended 31 March 2022 has been received and can be found on page 5 of the financial report.

Mandatory Director Training

Under the Registered Clubs Amendment (Disclosures) Regulation 2019, the Club is required to disclose to its members certain information relating to mandatory training requirements undertaken by Directors. As the Club has annual gaming machine profits of more than \$1 million, the Regulation prescribes that all Directors must complete their mandatory training within 12 months of appointment unless otherwise exempt.

All Directors on the Board have completed the mandatory training requirements.

Indemnification and insurance of officers

The Club has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Club, other than conduct involving a wilful breach of duty in relation to the Club.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Directors' Report
31 March 2022

Proceedings on behalf of the Club

No Director has applied for leave of court to bring proceedings on behalf of the Club or intervene in any proceedings to which the Club is a party for the purpose of taking responsibility on behalf of the Club for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated 25 May 2022

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

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 2022, 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.

Cutcher & Neale Assurance Pty Ltd
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

18 May 2022

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Independent Audit Report to the members of Hexham Bowling Club Co-Operative Limited

Report on the Audit of the Financial Report

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 March 2022, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity, the summary statement of cash flows, discussion and analysis of the financial statement and the Directors Declaration for the year then ended, and related notes, are derived from the audited financial report of Hexham Bowling Club Co-Operative Limited for the year ended 31 March 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects with the audited financial statements, on the basis described in Note 1.

Emphasis of Matter

We draw attention to Note 1(c) in the financial statements, which discusses the impact of COVID-19 on the Club's operations and finances and acknowledges the closure of the Club on 5 August 2021 to 11 October 2021. Our opinion is not modified in respect of this matter.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by Australian Accounting Standards – Reduced Disclosure Requirements. Reading of the summary financial statements and the auditor's report thereon, therefore, is not a substituted for reading the audited financial statements and auditor's report thereon.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 25 May 2022.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements on the basis described in Note 1.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

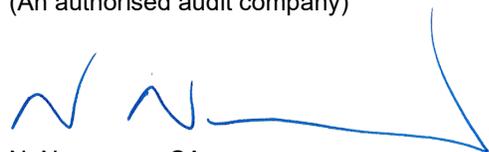
Independent Audit Report to the members of Hexham Bowling Club Co-Operative Limited

Report on the Audit of the Financial Report

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial report based on our procedures, which are conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Cutcher & Neale Assurance Pty Ltd
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

25 May 2022

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Directors' Declaration

The Directors of Hexham Bowling Club Co-Operative Limited declare that the summary financial statements of Hexham Bowling Club Co-Operative Limited for the financial year ended 31 March 2022, as set out in pages 9 to 16:

- a. comply with Australian Accounting Standards as described in Note 1; and
- b. have been derived from and are consistent with the full financial statements of Hexham Bowling Club Co-Operative Limited.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

Dated 25 May 2022

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Summary Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 March 2022

	2022	2021
Note	\$	\$
Bar sales	753,912	692,024
Less: Bar cost of goods sold	(304,276)	(266,162)
	449,636	425,862
Catering sales	108,164	92,598
Less: Catering cost of goods sold	(56,490)	(56,694)
	51,674	35,904
Gross profit	501,310	461,766
Gaming machine net clearances	2,132,424	2,236,395
Tab and keno commissions	70,580	56,581
Raffles and bingo income	134,573	128,534
Bowls income	8,368	14,252
Wedding income	13,786	33,884
Other revenue from contracts with customers	2 28,536	28,231
Other revenue from ordinary activities	2 199,655	197,106
Other revenue from non-ordinary activities	2 182,654	466,750
Bar trading expenses	(252,314)	(274,673)
Catering trading expenses	(95,895)	(81,040)
Raffle and bingo expenses	(139,953)	(150,419)
Gaming machines expenses	(606,280)	(671,520)
Tab and keno expenses	(46,073)	(40,082)
Occupancy expenses	(495,236)	(646,570)
Bowls expenses	(80,701)	(95,980)
Club promotion and entertainment expenses	(251,789)	(344,697)
Depreciation and amortisation expenses	(680,501)	(721,838)
Administrative expenses	(884,062)	(870,059)
Rental property expenses	(65,930)	(54,469)
Loss on disposal of assets	(1,721)	(17,918)
Interest paid	(6,618)	(6,851)
Wedding expenses	(9,997)	(14,757)
Profit / (loss) before income tax	(345,184)	(367,374)
Income tax expense	-	-
Profit / (loss) after income tax	(345,184)	(367,374)
Other comprehensive income	-	-
Total other comprehensive income	-	-
Total comprehensive income / (loss)	(345,184)	(367,374)

The accompanying notes form part of these financial statements.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Summary Statement of Financial Position

As at 31 March 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,434,576	1,259,184
Trade and other receivables	5,959	5,887
Inventories	35,925	28,664
Other current assets	74,440	79,034
TOTAL CURRENT ASSETS	<u>1,550,900</u>	<u>1,372,769</u>
NON-CURRENT ASSETS		
Property, plant and equipment	2,727,727	3,183,309
Investment property	2,185,000	2,135,000
Intangible assets	71,495	71,495
Right of use asset	25,122	34,847
TOTAL NON-CURRENT ASSETS	<u>5,009,344</u>	<u>5,424,651</u>
TOTAL ASSETS	<u><u>6,560,244</u></u>	<u><u>6,797,420</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	483,864	441,071
Short-term borrowings	40,120	37,926
Short-term provisions	170,354	144,422
Lease liabilities	9,864	9,501
TOTAL CURRENT LIABILITIES	<u>704,202</u>	<u>632,920</u>
NON-CURRENT LIABILITIES		
Trade and other payables	14,972	11,646
Long-term provisions	23,211	13,820
Lease liabilities	16,393	26,257
TOTAL NON-CURRENT LIABILITIES	<u>54,576</u>	<u>51,723</u>
TOTAL LIABILITIES	<u>758,778</u>	<u>684,643</u>
NET ASSETS	<u><u>5,801,466</u></u>	<u><u>6,112,777</u></u>
EQUITY		
Retained earnings	<u>5,801,466</u>	6,112,777
TOTAL EQUITY	<u><u>5,801,466</u></u>	<u><u>6,112,777</u></u>

The accompanying notes form part of these financial statements.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Summary Statement of Changes in Equity For the Year Ended 31 March 2022

2022

	Retained Earnings	Total
Note	\$	\$
Balance at 1 April 2021	6,112,777	6,112,777
Profit / (loss) attributable to members	(345,184)	(345,184)
Subsidiary Club Bank Account Balance at 31 March 2021	1(b) 33,873	33,873
Balance at 31 March 2022	<u>5,801,466</u>	<u>5,801,466</u>

2021

	Retained Earnings	Total
	\$	\$
Balance at 1 April 2020	6,480,151	6,480,151
Profit / (loss) attributable to members	(367,374)	(367,374)
Balance at 31 March 2021	<u>6,112,777</u>	<u>6,112,777</u>

The accompanying notes form part of these financial statements.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Summary Statement of Cash Flows For the Year Ended 31 March 2022

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,851,639	3,836,645
Payments to suppliers and employees	(3,586,605)	(3,892,391)
Interest received	8,545	7,084
Borrowing costs	(6,618)	(6,851)
Federal Government - JobKeeper	-	366,750
Federal Government - Cashflow Boost	-	100,000
State Government - JobSaver	132,654	-
Net cash provided by / (used in) operating activities	<u>399,615</u>	<u>411,237</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	12,272
Purchase of property, plant and equipment	(216,916)	(219,692)
Net cash provided by / (used in) investing activities	<u>(216,916)</u>	<u>(207,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	100,300	94,815
Repayment of borrowings	(98,106)	(92,001)
Repayment of lease liabilities	(9,501)	(9,153)
Net cash provided by / (used in) financing activities	<u>(7,307)</u>	<u>(6,339)</u>
Net increase (decrease) in cash and cash equivalents held	175,392	197,478
Cash and cash equivalents at beginning of year	<u>1,259,184</u>	<u>1,061,706</u>
Cash and cash equivalents at end of financial year	<u>1,434,576</u>	<u>1,259,184</u>

The accompanying notes form part of these financial statements.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Notes to the Summary Financial Statements For the Year Ended 31 March 2022

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The summary financial statements have been prepared from the audited financial statements of Hexham Bowling Club Co-Operative Limited for the year ended 31 March 2022. The audited report for the year ended 31 March 2022 is available at request from Hexham Bowling Club Co-Operative Limited.

The financial statements, specific disclosures and the other information included in the summary financial statements are derived from and are consistent with the full financial statements of Hexham Bowling Club Co-Operative Limited. The summary financial statements cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Hexham Bowling Club Co-Operative Limited as the full financial statements.

The accounting policies have been consistently applied to Hexham Bowling Club Co-Operative Limited and are consistent with those of the financial year in the entirety.

The presentation currency used in the financial statements is Australian dollars.

There have been no changes to the accounting policies of the Club from last year.

(b) Subsidiary Clubs

In accordance with the Hexham Bowling Club Co-Operative Limited by-law the Board may form, terminate, control and regulate the Club's subsidiary Clubs. The Subsidiary Clubs bank account balances have been recognised as at 1 April 2021 for the amount of \$33,873 through opening retained earnings.

(c) Significant changes in the current report period

Impact of COVID-19 on Club Operations

Since the World Health Organisation ("WHO") declared COVID-19 as a pandemic in March 2020, the Club has experienced periods of closure and restricted trade due to directives from government and health authorities.

From 5pm on 5 August 2021, the Club was forced to close by the NSW Government due to the escalating transmission of COVID-19 within NSW regional areas. The closure was imposed in a state wide lockdown to restrict the spread of the virus. The Club was not able to trade during this closure period. The Club re-opened on 11 October 2021 (closure period was 66 days). The Club has complied with COVID-19 safely and social distancing measures outlined by authorities since re-opening.

To minimise the impacts on cashflows during this closure period, management of the Club have adopted various short-term measures including:

- Accessing available NSW and Federal Government stimulus measures to assist the Club's cashflow.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 March 2022

- All permanent and part time staff could choose to access their annual leave and long service leave entitlements whilst the Club was closed. Most casual staff were stood down.
- Finance staff were retained and other staff were retained to perform other duties including cleaning and painting.
- Employed Government initiatives, in particular with respect to ensuring that our employees can remain employed at the Club via JobSaver payments.
- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure and stalling of discretionary major projects at the time. Management suspended and / or reduced contracts and supplier payments where possible.

Adherence with social distancing rules, including implementing a COVID-19 safety plan, rostering of hygiene marshals, restricting the number of patrons in the Club, wearing of face masks and utilising Service NSW electronic check-in for patrons are now considered the normal course of business.

The Club continues to monitor and adhere to NSW Government guidelines and review cashflows during the latest Omicron variant spread from mid December 2021.

2 Revenue

	2022	2021
	\$	\$
Operating activities		
- Revenue - trading	<u>3,221,807</u>	<u>3,254,268</u>
Other Revenue from contracts with customers		
- Membership Subscriptions	<u>28,536</u>	28,231
Total revenue from contract with customers	<u>3,250,343</u>	<u>3,282,499</u>
Other Revenue from Ordinary Activities		
- Interest Received	8,545	7,084
- Rebate for GST on gaming machine duty	17,180	17,180
- Room and equipment hire	13,172	18,066
- Other income	25,063	33,504
- Rent Received	<u>135,695</u>	<u>121,272</u>
Total other revenue from ordinary activities	<u>199,655</u>	<u>197,106</u>
Other revenue from non-ordinary activities		
- Federal Government JobKeeper Income	-	366,750
- Federal Government Cashflow Boost	-	100,000
- State Government JobSaver Income	132,654	-
- Revaluation of Investment Properties	<u>50,000</u>	-
Total other revenue from non-ordinary activities	<u>182,654</u>	<u>466,750</u>
Total Revenue	<u>3,632,652</u>	<u>3,946,355</u>

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 March 2022

Information on Hexham Bowling Club Co-Operative Limited Summary Financial Statements

The financial statements, disclosures and discussion and analysis in the summary financial statements have been derived from the 31 March 2022 financial statements of Hexham Bowling Club Co-Operative Limited.

A copy of the full financial statements and auditors report will be sent to any member, free of charge, upon request. The summary financial statements cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Club as the full financial statements.

The discussion and analysis is provided to assist members in understanding the summary financial statements.

Summary Statement of Profit or Loss and Other Comprehensive Income

The loss from ordinary activities attributable to members for the year was \$345,184. The result has improved by \$22,190 compared to a loss of \$367,374 in 2021.

The Club was impacted by COVID-19 over the course of the year with the Club closing the doors on 5 August 2021. The Club re-opened 11 October 2021.

Revenue

Total revenue has decreased by \$313,703 or 7.85% compared to 2021. Both periods have been impacted by COVID-19.

The current year result includes \$132,654 for the State Government JobSaver.

Expenditure

Total expenditure has decreased \$335,893 or 8% compared to 2021. The most notable comparison relates to occupancy expenses decreasing \$151,334, due to significant repairs carried out in the prior. All other expense categories are consistent or down on the prior year.

An important key performance indicator for Clubs is EBITDA as a percentage of revenue. This year the Club has reported a percentage of 7.85% compared to 9.43% in 2021.

Hexham Bowling Club Co-Operative Limited

ABN 51 951 016 993

Discussion and Analysis of the Summary Financial Statements For the Year Ended 31 March 2022

Summary Statement of Financial Position

The main changes in assets and liabilities include:

Assets

Total assets decreased by \$237,176 to \$6,560,244 representing a decrease of 3.49%. This decrease is mainly attributable to the decrease in the written down value of property, plant and equipment with additions of \$216,916 and increase in fair value of investment properties of \$50,000, offset by depreciation of \$670,777.

The cash position of the Club also increased \$175,392 in 2022.

All other assets have remained relatively comparable to the previous year balances.

Liabilities

Total liabilities increased by \$74,135 to \$758,778 representing an increase of 10.83%.

Employee benefits have increased \$25,932 with a reduction in annual leave taken throughout the year due to COVID-19.

All other liabilities have remained relatively comparable to the previous year balances.

Summary Statement of Changes in Equity

The equity of the Club has decreased by the reported loss result for the year. Offset by the Subsidiary Clubs bank accounts taken onto the balance sheet as at 1 April 2021.

Summary Statement of Cash flows

The Club's cash position has increased during the year by \$175,392. The main changes in cash flows include:

- Operating cash inflows have decreased slightly compared with the prior year.
- Investing cash outflows relate to capital expenditure in 2022 and is comparable with the prior year.
- Financing cash outflows in 2022 consist of finance and repayment of insurance liabilities and lease liabilities.