

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

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

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The financial report was authorised for issue by the Directors on 7 June 2016. The Co-operative has the power to amend and re-issue the financial report.

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 31 March 2016.

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	4
William Baldwin	Retired Tree Lopper	Treasurer	19
Edward Mullins	Retired	Vice Chairman	24
Alfred Smith	Retired	Vice Chairman	8
Robert O'Dell	Retired	Director	4
Keith Tonks	Retired	Director	4
Graham Booth	Retired Freight Contractor	Director	3
John Appleby	Retired Business Consultant	Director	2
Michelle McMichael-O'Brien	Company Director	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 \$13,225 (2015 loss \$159,309).

4. Review of Operations

The turnaround in profitability for the year reflects an increase in poker machine revenue and an increase in non trading items of income including the fair value of the Club's investment properties which was \$110,000 compared to \$45,000 last year and insurance recoveries of \$58,000. These increases have been partially offset by a decrease in bar sales.

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: 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 2016 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 2016 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	12	2	14
William Baldwin	9	2	14
Graham Booth	8	2	14
Leslie Carter	12	2	14
Edward Mullins	12	2	14
Robert O'Dell	11	2	14
Keith Tonks	11	0	14
John Appleby	12	2	14
Michelle McMichael O'Brien	11	2	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



W. Baldwin - Director

Date: 7 June 2016



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 2016 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'.

Shaun Mahony - Partner

A handwritten signature in black ink, appearing to read 'DFK Crosbie Partners'.

DFK Crosbie Partners
Chartered Accountants

Date: 7 June 2016
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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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 Financial Report

We have audited the accompanying concise financial report of Hexham Bowling Club Co-operative Limited, comprising the statement of financial position as at 31 March 2016, 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 which was derived from the full financial report of Hexham Bowling Club Co-operative Limited for the year ended 31 March 2016. We expressed an unmodified auditor's opinion on that financial report in our audit report dated 7 June 2016.

The Financial Report and Directors Responsibility

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).

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures, which were conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements.

Our procedures in respect of the audit of the concise financial report include testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Australian Accounting Standards AASB 1039: Concise Financial Reports.

Independence


In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Hexham Bowling Club Co-operative Limited has the same date as this auditor's report.

Matters relating to the electronic presentation of the audited financial report

The auditor's report refers to the financial report of Hexham Bowling Club Co-Operative Limited (the Co-Operative) for the year ended 31 March 2016 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.

Audit Opinion

In our opinion, the information reported in the concise financial report of Hexham Bowling Club Co-operative Limited for the year ended 31 March 2016 is consistent, in all material respects, with the financial report from which it was derived and complies with Australian Accounting Standard AASB 1039: Concise Financial Reports. For a better understanding of the scope of our audit, this auditor's report should be read in conjunction with our audit report on the financial report.


Shaun Mahony - Partner
DFK Crosbie Partners
DFK Crosbie Partners
Chartered Accountants

Dated, at Warabrook: 7 June 2016

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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 2016 as set out on pages 8 to 12:

- (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



W. Baldwin - Director

Date: 7 June 2016

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 2016 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 2016 is a profit of \$13,225 compared to a loss of \$159,309 for the previous financial year. The improvement in operating profit reflects an increase in poker machine revenue and an increase in the fair value of the Club's investment properties of \$110,000 compared to \$45,000 in the previous financial year.

Bar sales for the year were \$858,818 compared to \$895,771 in the previous year, with a gross profit margin achieved of 61.7% compared to 62.2% last year. Bar wages increased slightly to be \$216,278 or 25.18% of bar sales compared to 23.28% last year. The net profit from bar for the year was \$294,373 compared to \$320,755 last year.

Net revenue from poker machines was \$2,520,769 compared to \$2,420,591 last year. In relation to direct costs increases were noted in duty tax and wages, whilst depreciation decreased. The net profit from poker machines was \$1,359,929 compared to \$1,295,045 last year.

Commission received from TAB and Keno totalled to \$78,608 compared to \$70,049 for the previous year. Other income totalled \$321,998 compared to \$298,047 for the previous year with decreases in commissions and raffle income offset by increases in insurance recoveries. Harrington rental income was \$82,893 compared to \$79,499 for the prior financial year.

Operating expenses not allocated to trading areas totalled \$2,144,472 compared to \$2,174,519 last year, with the main decreases being electricity, consultancy fees and depreciation. Increases were noted in advertising, promotions, repairs and maintenance and administration wages.

Statement of Financial Position

The statement of financial position set outs the assets and liabilities of the Club as at 31 March 2016, disclosing current assets of \$1,042,272 compared to current liabilities of \$562,571.

Statement of Cashflows

The statement of cashflows discloses that the Club has generated \$540,927 in cash from operating activities compared to \$425,823 in the prior year. These funds generated together with borrowings of \$137,895 have been used to purchase plant and equipment to the extent of \$208,824 and repay borrowings of \$238,613 during the year, with an increase in cash of \$256,326.

Statement of Changes in Equity

The statement of changes in equity for the year ended 31 March 2016 reflects the profit for that year.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	2016 \$	2015 \$
CURRENT ASSETS		
Cash and Cash Equivalents	632,434	376,108
Trade & Other Receivables	6,004	7,075
Inventories	32,624	38,551
Investments	305,669	330,610
Other Assets	65,541	56,874
TOTAL CURRENT ASSETS	1,042,272	809,218
NON-CURRENT ASSETS		
Property, Plant and Equipment	4,282,947	4,706,986
Investment Properties	2,035,000	1,925,000
Intangible Assets	71,495	71,495
TOTAL NON-CURRENT ASSETS	6,389,442	6,703,481
TOTAL ASSETS	7,431,714	7,512,699
CURRENT LIABILITIES		
Trade and Other Payables	191,609	199,125
Borrowings	84,345	185,063
Provisions	258,347	246,452
Other Liabilities	28,270	52,073
TOTAL CURRENT LIABILITIES	562,571	682,713
NON-CURRENT LIABILITIES		
Provisions	30,005	22,309
Other Liabilities	18,236	-
TOTAL NON-CURRENT LIABILITIES	48,241	22,309
TOTAL LIABILITIES	610,812	705,022
NET ASSETS	6,820,902	6,807,677
MEMBERS' FUNDS		
Reserves	273,723	273,723
Accumulated Profits	6,547,179	6,533,954
TOTAL MEMBERS' FUNDS	6,820,902	6,807,677

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	2016 \$	2015 \$
Bar Sales	858,818	895,771
Cost of Goods Sold	328,909	338,847
Bar Gross Profit (\$)	529,909	556,924
Poker Machine Net Revenue	2,520,769	2,420,591
Dining Room Income	26,963	38,736
Harrington Rental Income	82,893	79,499
Paper Gaming Income	78,608	70,049
Interest Received	10,395	12,842
Rent Received	39,130	39,161
Other Income	321,998	298,047
Fair Value Adjustment Investment Properties	110,000	45,000
Total Income	3,720,665	3,560,849
Expenses		
Bar Direct Expenses	235,536	236,169
Poker Machine Direct Expenses	1,160,840	1,125,546
Dining Room Direct Expenses	20,171	33,078
Investment Properties Expenses	53,979	58,472
Paper Gaming Direct Expenses	92,442	92,374
Members Amenities	477,116	463,328
Bowling Activities & Greens	116,620	121,457
Clubhouse Expenses	1,059,439	1,087,756
Administration Expenses	484,651	492,308
Borrowing Costs	6,646	9,670
Total Expenses	3,707,440	3,720,158
Net Profit/(Loss) Before Income Tax	13,225	(159,309)
Income Tax	-	-
Net Profit/(Loss) After Income Tax	13,225	(159,309)
Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	13,225	(159,309)

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 \$	2015 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	4,141,806	4,012,282
Payments to Suppliers and Employees	(3,605,341)	(3,589,778)
Interest Received	11,108	12,989
Interest Paid	(6,646)	(9,670)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>540,927</u>	<u>425,823</u>
Cash Flows from Investing Activities		
Proceeds from Plant and Equipment	-	10,000
Payments for Plant and Equipment	-	(64,772)
Payments for Intangibles	(208,824)	(71,495)
Transfer from/(to) Investments	24,941	(11,535)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(183,883)</u>	<u>(137,802)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	137,895	88,940
Repayments of Borrowings	(238,613)	(445,223)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>(100,718)</u>	<u>(356,283)</u>
Net Increase/(Decrease) in Cash Held	256,326	(68,262)
Cash Equivalents at the Beginning of the Financial Year	<u>376,108</u>	<u>444,370</u>
Cash Equivalents at the End of the Financial Year	<u>632,434</u>	<u>376,108</u>

HEXHAM BOWLING CLUB CO-OPERATIVE LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2015

	Reserves	Accumulated	Total
	\$	Profits	\$
		\$	\$
Balances as at 1 April 2014	<u>273,723</u>	<u>6,693,263</u>	<u>6,966,986</u>
Net Profit/(Loss)	-	(159,309)	(159,309)
Balances as at 31 March 2015	273,723	6,533,954	6,807,677
Net Profit/(Loss)	-	13,225	13,225
Balances as at 31 March 2016	<u><u>273,723</u></u>	<u><u>6,547,179</u></u>	<u><u>6,820,902</u></u>