

**MINUTES OF THE ANNUAL GENERAL MEETING
OF THE MEMBERS AT
THE HILLS DISTRICT BOWLING CLUB
ON MONDAY 27TH AUGUST 2018**

1. **OPEN:** 19:05 Hours

2. **ATTENDANCE NUMBERS :**

As per attendance sheet

3. **ESTABLISH A QUORUM (40 required):**

Quorum established with full bowling members and social member's in attendance.

4. **APOLOGIES:** Sandra Barry, Graeme Drabsch, Robert Smart, Sue Smart.

5. **PRESIDENT'S WELCOME**

Good evening everyone and welcome to our 2018 AGM.

I stated in my written report that 2018/19 will be a year of change for the club. 2017/18 has been a most difficult year for the club and the Board and yet it was a year in which we achieved a lot.

It is now history that we had difficulties in the Boardroom that have thankfully passed us by. For 10 months the Board was hamstrung by internal disruptions but now thankfully we can move on.

I would like to start with a quote from a Clubs NSW representative after I asked the question "Are big clubs getting bigger, and small clubs getting smaller". He stated that yes, big clubs are getting bigger, but small clubs are closing. We don't want this happening to our club.

We now have a Board of Directors who are united and fully committed to making the club as best that we can in a very challenging industry.

As you will hear from our Treasurer, gaming revenues are down significantly causing a major impact on our bottom line. This is not just our club. ClubsNSW report that there are significant downturns in gaming revenues across the industry.

As we look around us we see many clubs such as ours struggling against all sorts of impacts from government regulations and social impacts affecting revenues. We are a multi-million dollar business with strict compliance requirements in the areas of gaming, liquor, health & safety, licensing, and corporate law. They require constant attention by Damien and his team.

In 2017/18 we made some major capital investments including air-conditioning, kitchen equipment and new chairs in the gaming area.

Earlier this year the Board agreed on a number of long term strategies to improve the operation of the club. This year we will see some of these strategies become realities. So what changes will we see?

Our current Constitution was published in 2012. The Board established a Constitution Review Committee that has gone through every section of the Constitution and has presented a series of recommendations to the Board. Over the next 6 months we will be holding member information sessions with the aim to present a new Constitution to a Special General Meeting in March 2019. The main change to the Constitution will be to simplify and rationalize the various types of membership. The current Constitution has a number of inconsistencies buried in the fine print

The Board had recognized the need to make significant improvements to the club. In reality this means a new clubhouse with modern facilities for all members, both bowling and social. Investigations have commenced on the best options for the future with the most important factors being the continued support for lawn bowls and the provision of a superior licensed venue in The Hills. We have held talks with many people including Clubs NSW, other nearby clubs, developers, planning consultants and last week we met with the Mayor and General Manager of The Hills Council to get their perspective. All agree that our 1.4 hectares in the centre of Baulkham Hills is of strategic importance to the community including our bowling community.

No major changes will happen without the approval of members. This is a very long-term project that will require significant expertise in all areas of planning and development.

Whilst talking about clubhouse improvements, I need to thank the many volunteers who helped rebuild the bowls office. We have also completed the extension to the smoking area near the TAB. The decking area is now smoke free and will become an alfresco dining area. This is what members have been wanting for some time.

We need to improve our marketing to tap into the growing population in our immediate area. Our Club will only succeed if we grow our revenue base by attracting new members and then providing the services and facilities to keep them coming back.

A major step in this direction has been the signing up of The Hills Rugby Club as their major sponsor. This new agreement will see the club hold their match day get-togethers here every Saturday as well as their regular social events during the year.

Barefoot bowls numbers will continue to grow in the future. We are receiving a lot of enquiries in the lead up to Christmas.

This year we ran a very successful Sports Lunch for the first time. This event has shown us that we can run large events and so in 2018/19 we will be doing more of these, starting with an Oktoberfest evening in late September featuring all things German from the food to the beer along with some fantastic entertainment.

Members, 2017/18 has been a pretty tough year for the Club, but we are excited about the future and we ask all members to get behind us to make us the best we can be.

I would like to finish by thanking everybody involved with running of the Club including the staff, management, volunteers, and Directors.

Ken Carroll
President

6. CONFIRMATION OF THE MINUTES OF THE 2017 ANNUAL GENERAL MEETING AS TABLED.

Carried

7. BUSINESS ARISING FROM THOSE MINUTES

Nil

8. RECIEVE AND CONSIDER THE STATEMENTS OF CASHFLOW, COMPREHENSIVE INCOME AND FINANCIAL POSITION AND THE REPORT OF THE AUDITOR.

Treasurers report

2017-2018

Managing the finances of this club each year is a challenge and this past year has been no exception. Presenting to the Members of the Hills Club the annual accounts for the year ending 31 May 2018 becomes even more challenging when one needs to report that the year just past has been a tough one. It has been without doubt a very trying one for me personally, especially following the sad and sorry events that this club has had to endure over the last 12 months.

However, we move on.

At the end of 2016-2017, the Club's asset were revalued which saw an increase of around \$4 million to the building and land. As a result of the revaluation, the club reviewed all its assets held and determined that many should have been written off a long time ago. The consequence of removing assets that should have been cleared much sooner in part has seen a drop in the total equity.

It is a disappointment to me, and no doubt everyone, that I am reporting to the Membership that the Club suffered a net loss of \$365,545 for the year. The result is attributed to the downturn in revenue of \$304,959 and increases in expenses of \$160,828.

The Club's Cash and Cash Equivalents has dropped by \$461,854 as a result of capital expenditure totalling \$301,204 being for, amongst other things, furnishings, air conditioner replacement, gaming machine updates and lighting on green number 1. The clubs borrowings have also been reduced by \$224,986. Funding of \$52,560 was required to meet obligations to back pay staff over a period of 6 years. This was due to system legacy issues uncovered towards the end of our 2016-2017 fiscal year. All current and former staff have been paid and controls are now in place to prevent a similar event from occurring in the future.

With respect to various cost centres, results are as follows:

Bar

Sales were down on the previous year by \$89,055 (6.9%). When considering net revenue after cost of goods the gross profit for the Bar was down by less than 1%. However, there was still a healthy trading profit of \$281,375.

Catering / Restaurant

Results from the Catering / Restaurant have again been excellent with an increase in earnings over last year of \$20,254 (6.1%). Expenses rose marginally by 1.2%, however, the trading profit for the restaurant increased by 29.8%.

Poker Machines

The club relies heavily on poker machine earnings and this year's revenue of \$2,315,903 was down by \$277,128 (10.7%) on last year. This was the major contributing factor that significantly affected the final result.

Members Amenities, Keno and TAB

The overall outlay in these areas increased by \$62,098 (15.5%). During the year, it was decided to bring the raffles in-house and dispense with a third party running the event. A Rewards program was also introduced and the Australian Poker league were also allowed to host their event on 2 days rather than one.

Bowls and Greens

Operating costs in these categories were up by \$44,187 (15.7%). This was mainly due to having a bowls co-ordinator for a full year.

Administration

Overall costs were up on last year by \$191,422 (15.5%). Contributing factors to this were increased costs to electricity, donations, external security, legal expenses, provision for long service leave and printing and stationery. Wages and security costs alone were up by \$38,107.

Summary

Trading for the first quarter of the year was satisfactory. The subsequent months saw a dramatic decrease in takings, particularly in gaming. There were satisfactory results in the Bar and good results in the Restaurant. When you remove depreciation from the net profit one will see that the Club continues to trade profitably. After the capital outlay in 2017-2018, the Club has a strong cash balance and a strong balance sheet.

For the second year running, the Restaurant revenue, when earnings from functions are added, topped \$1M. Congratulations are in order to all the restaurant staff for their respective roles in achieving this milestone yet again.

The disappointing result in gaming is not only being reflected in our club but other clubs as well. Clubs NSW has reported that state wide gaming revenue in clubs has dropped. The smaller clubs feel the pinch a lot more than the larger ones. Having overcome an extremely difficult 12 month period the Board is now better placed to concentrate on the important things that will grow our club financially.

In closing, I'd like to thank all the Staff and fellow Directors who, particularly during the last eight months, have had the resilience to work through a very difficult period to ensure that the Club continued to do reasonably well.

Just as importantly, I need to thank all the Members of The Hills Club for your continued patronage, as without your support our club would not be here.

Uwe Bendt

Treasurer

Auditors Report

I declare that, to the best of my knowledge and belief, during the year ended 31 May 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

Carried

Business arising:

Questions from Don Brain #142

- a) In the current profit and loss statement, are there any amounts /debts that relate to financial years prior to the current 2017 – 2018year? If so, how much are they, what do they represent, and how were they treated?

Treasurers response: The bank borrowings and hire purchase agreements in place during the prior year continued to be repaid in the current year, as evidenced by a significant reduction in the borrowings line items on the balance sheet and the net repayment of such borrowings in the cash flow statement. The interest/finance component associated with such liabilities of \$26k has been disclosed in the current year P&L.

- b) The 2018 "Entertainment and promotional expenses" has now grown to \$588,651, or over 11.5% of our total revenue, without any explanation as to the component parts. At the 2015 AGM, we sought and received assurances that we would get a breakup in the future detailing the particular cost heading and amounts for the top 5 items, or any items exceeding \$50,000. Could you please supply this detail?

Treasurers response:

Australian Poker \$37,250

Sky Channel \$36,798

Members Amenities - includes birthday wheel, 2nd chance draw, badge draw, \$1k Sunday, prizes for trivia and poker. \$85,594

DMS Poker Machine Fee \$40,568

Meal Deal \$77,525

Turbo Vouchers \$31,651

Raffles (note: raffle income \$65,270. Net effect -\$28,203. \$93,473

Bingo \$67,578

TAB \$23,275

Poker Machine Promotion \$43,395

Entertainment \$7,967

Functions \$43,577

Questions from Darren Freeman #485

- a) There was a liability showing in the 2017 accounts that is now 0. Has this been paid out? If not, where is the corresponding entry to the accounts pointed? Just noticed I didn't mention the liability was to the women's bowling club that was \$35k now \$0

Treasurers response: A liability to the Women's Bowling Club has historically been recognised in the club's financial accounts despite the fact that the Women's Bowling Club is not a separate legal entity. In the current year, this historical liability balance has been written back to the P&L via other income.

- b) Other expenses is a broad category and is a material amount, albeit down on last years figures, can we have a more detailed break down on this account please? I realise that you cannot have a general ledger code for every different category but surely we could categorise some of these expenses into other accounts?

Treasurers response:

Legal \$17,153

Computer Expenses \$20,691

Donations \$28,916

Telephone \$15,862

Club NSW Subscription \$8,435

Staff Uniforms \$13,900

Staff training \$9,556

Liquor Licence \$5,604

Sundry Expenses \$16,530

Consumables \$8,270.00

Stocktaker \$6,960.00
Bowls Expense \$5,632.00
Bowls Affiliation Fees \$12,125.00

9. TO APPROVE

To approve Honoraria, Directors expenses and reserved parking spaces,

a) Director's Honoraria

Moved Richard Café #137 seconded Ron Balfour #480 that Director's Honoraria to the value of \$23,100 be approved for the period until the next Annual General Meeting.

Carried, Danny Phillips against

b) Selector's Honoraria

Moved Bill Norris #112 seconded Don Hazeltine #185 that Selector's Honoraria to the value of \$4,000 be approved for the period until the next Annual General Meeting.

Carried,

c) Director's expenses, conferences, seminars and meetings.

Moved Arthur Johnson #167 seconded Terry Barnett #271 that Director's expenses incurred in performing duties as a Director, to the value of \$7,000 be approved for the period until the next Annual General Meeting.

Carried

d) Moved Terry Barnett #271, seconded Dominic Panutti #267 that honoraria to the value of \$500 be approved to the Chairman of umpires.

Carried

e) Moved Vince Ardill #154 seconded John O'Grady # 400 that a sum not exceeding \$8,000 be approved for the professional development and education of Directors.

Carried

f) Reserved parking spaces

- Directors, Management, Bowls Coordinator, Madame President

Moved Dennis Zalunardo #26 seconded Kevin Furness #402 that reserved parking spaces be approved for the period until the next Annual General Meeting

Carried Joe Logue Against

10. ENDORSEMENT OF CLUB PATRONS

Moved Ken Carroll #153 seconded Terry Barnett #271 that Mr Alex Hawke, Mr Roger Shield and Mr David Elliott be endorsed as club patrons.

Carried

11. APPEALS COMMITTEE

Ken Carroll #153 Seconded by Kevin Foulstone #238 nominated Clive McClellan #103, Bill Weller #123, Roger Shield #108, Terry Hawthorne #1045, Gordon Lark #125 to the appeals committee.

Carried,

Danny Phillips #159 objected after motion was carried, he would like to be considered for appeals committee. Chairman sought motion to repeal the appointment of appeals committee. Moved Danny Phillips #159 that appeals committee be rescinded and new nominations taken, motion not seconded, meeting continued.

12. GENERAL BUSINESS

Clive McClelland # 103 challenged the scheduling of the Major and Minor Singles competition, he was informed that this was a bowls committee issue and not an issue for the AGM.

Brad Campbell #2262 Asked if the positioning of the projector screen could be considered, Secretary Manager replied that this was under consideration already.

13. CLOSE MEETING

There being no further general business the chairman closed the meeting at 19:55 hours

Ken Carroll
President

Damien Phelps
Secretary