

2018-19 96TH Annual Report

LEICHHARDT BOWLING AND
RECREATION CLUB LIMITED

ABN: 29 000 896 560



**the
bowlo**
LEICHHARDT

2018/19

LEICHHARDT BOWLING & RECREATION CLUB
LTD

NOTICE

96th ANNUAL GENERAL MEETING

Notice is hereby given that the 96th annual general meeting of the ordinary and life members of the Leichhardt Bowling and Recreation Club Limited will be held at the registered office being 88-92 Piper street Leichhardt NSW, on Sunday, 29th of March 2020 at 11:00 am.

Members requiring detailed information from the auditor are requested to put their questions in writing at least 10 days prior to the meeting and deliver their questions to the Secretary Manager.

AGENDA (article 57)

1. Apologies
2. To Confirm the Minutes of the 95th Annual General Meeting, held on Sunday 4th of November 2018.
3. To receive, consider and adopt the Directors Report;
4. To confirm that pursuant to section 41j of the Registered Clubs Act 1976 all of the assets of the club are “core assets” (except for shares held with IAG totaling \$2,430)
5. To adopt the 2020 Annual Report, Financial Report and Independent Auditor’s Report.
6. Declaration of ballot for the election of directors for the ensuing year.
7. To elect a patron or patrons.
8. Approval of benefits to members.
9. General business.

OFFICE HOLDERS & BEARERS 2018-19

Ex Chairperson

Kathleen Scott (resigned)

Ex Treasurer

David Arnott (resigned)

Acting Chairperson

Scott Bowers

Directors

David Smedley (resigned)

Rhonda McCartney (resigned)

Edward Burgess (resigned)

Gary Talbot

Alistair Scott

Gregory King

Secretary Manager

Sebastian Compton

Auditor

Martin Le Marchant

Bishop Collins

Membership as at 30th June 2019

Life and ordinary members ... 1328

CHAIRPERSONS REPORT

Dear Valued Members,

Welcome to the Leichhardt Bowling Club Annual Report for 2018/19. Although the past year has been challenging for us, as it has for many small bowling clubs, it has also been a year of positive change and important planning for the future.

Firstly, I would like to thank Sebastian Compton (Baz) our new Secretary Manager for his exceptional commitment and enthusiasm for the Club and our members. I would also like to thank the Board members for their dedication and ongoing commitment throughout the year.

The Club will soon celebrate its 100th birthday and the Board is working tirelessly towards future proofing for the next 100 years. It is to this end that the Board has engaged the services of Augusta Advisors to help in the development of a strategic vision for the Club.

Augusta Advisors is a leading provider of independent commercial advice for not-for-profit organisations. This includes identifying positive pathways to a sustainable future, highlighting diversified revenue streams and conducting feasibility analysis to enable us to provide the best possible outcome for our members. We believe this will be an exciting chapter for all of us.

To the bowlers, congratulations to those women and men who have triumphed in their competitions throughout the year and a huge thank you to the Ladies and Men's Bowling Committees for their input and dedication. We have had some very successful bowls tournaments this year and I look forward to many more.

Leichhardt Lions key achievements:

Grade 4 men's pennants made it through to zone playoffs then continued onto Port Macquarie for state playoffs and finished runners up in the state. Magnificent effort, well done to all. Grade 6 men's pennants made it through also to zone playoffs. Great effort.

Thank you to our Green Keeper Craig Stephens for keeping our two greens maintained to an exceptional competition standard.

Special thanks to Jan Priest our Bar Manager and all the bar staff who continue to make members old and new feel at home.

Special thanks also to Aziz and his team in Leos Kitchen who keep on preparing delicious meals for our patrons.

A very special thank you to our long term sponsors the MANNING family, PILCHER RESIDENTIAL, and JCM CONTRACTING for their continued support. The afore mentioned fantastic tournaments held throughout the year would not be possible without their generous support.

To all our members and guests, thank you for your continued support. Our commitment is to provide a Club for the surrounding community to enjoy; a place to meet, socialise and enjoy the sport of lawn bowls.

SCOTT BOWERS – ACTING CHAIRPERSON

SECRETARYS REPORT

Dear Members,

I would like to start by thanking all of you for your continued support and patronage of the Leichhardt Bowling and Recreation Club. A big thank you to our outgoing and ongoing Director's who have donated countless volunteer hours to this club and community.

Unfortunately, our 2018-19 AGM is taking place later than usual due to a number of factors, first and foremost being the Board's desire to provide our members with the most accurate set of reports regarding the Club's financial status.

Updating our accounting and operating procedures and processes

My commencement at the Club in May 2019 coincided with the implementation of the accounting software Xero across the whole of the Club, the engagement of accounting firm Dexterous to assist in bookkeeping, and a complete overhaul of our back-of-house operating processes. Not surprisingly, the transition from legacy systems to modern accounting methods has been a long and challenging experience, which led to an unfortunate, but necessary, delay in finalising our 2018-19 financial statements.

As the auditor notes in its Report, we still have a way to go before we reach accounting best-practice, however for the first time in many years Directors and management now have the tools we need to more effectively and efficiently operate this business. These changes are already helping us to better manage the day-to-day operations of the Club, and provide a more comprehensive overview of our budget requirements and financial outlook. They also mean we have greater control to make informed decisions as we move forward.

Another challenging financial year

The 2018-19 financial year was another challenging year for the club, with financial trends from the previous five years continuing. Despite an increase in bar revenue we also experienced, once again, a decline in gaming revenue. Furthermore, our aging clubhouse's maintenance costs continue to rise alongside key operating costs – particularly insurance, council rates and utilities. Despite our efforts to revitalise our gaming room within our limited budget – with two new gaming machines, four machine conversions and nine note head upgrades – unfortunately we are still a long way behind our neighbouring licensed venues in terms of product, smoking facilities and gaming technology and equipment, which is contributing to our significant gaming decline.

As the Board has noted in previous years, registered clubs State-wide are experiencing gaming revenue declines, and there is little data to suggest the trend will abate, as indicated in a report published by Liquor and Gaming NSW as recently as September 2019.

The report found that in 2006, three in ten (31%) NSW adults played Electronic Gaming Machines which dropped to 27% in 2011, and had almost halved to 16% in 2019¹.

Furthermore, the Independent Pricing and Regulatory Tribunal NSW Review of the Registered Clubs Industry² found that 'there is no other business line that can feasibly replace gaming in a club's business model' meaning all clubs, and particularly smaller clubs like ours, needed go back to the drawing board and restructure our operations to ensure our future.

Increasing activities and reducing costs

The Club has made inroads into this necessary restructure post the 2018-19 financial year with a strong focus on cost reduction, live music entertainment and functions.

Cost reduction measures have included the:

- renegotiation of a number of key supply contracts
- the overhaul of back-of-house procedures to increase management efficiencies
- cancelling a number of services which were non-essential for the Club's operation
- adjusting our operating hours, raffle and badge draw.

We have also restructured our member's discount which has allowed us to keep our beverage offerings at an accessible price for our members, while increasing revenue from non-members. (Due to the fact these changes were implemented in the current financial year, the majority of these savings are not evident in the 2018-19 financial reports.)

Unfortunately however, despite these cost saving measures, we are still trading unsustainably which will be further detailed in the Treasurer's Report. Considering the new direction the club must take, the Board has had a strong focus on our marketing and entertainment with a big push to getting the Bowlo back on the proverbial map. We have updated our branding, reactivated our social media and completely revamped our website, which has also allowed us to access profitable online bookings. We are also making inroads into community engagement with our participation in the Norton Street Fair, representation at Inner West Council meetings, and holding regular meetings with Mayor Darcy Byrne. The reintroduction of consistent live music entertainment has had some excellent results, including a record bar week in September 2019. In February 2020, we hosted six live music performances alone, which, besides increasing bar revenues, are also helping to bring new patrons to the Club.

Canvassing our longer-term options

Over the past 18 months, the Board has spoken at length with multiple developers, business operators and other industry bodies regarding how we can utilise our land assets to future proof our Club. However, the Board believes none of the options proposed at this point genuinely reflect its own expectations for the Club's future, nor the expectations of the Club's members.

¹ NSW Gambling Survey 2019, Liquor and Gaming NSW, September 2019.

² Independent Pricing and Regulatory Tribunal NSW Review of the NSW Registered Clubs Industry, June 2008.

However, the Board realises that we are at a crucial point in the Club's history and it must continue to investigate short and long-term options to ensure the Club's future. In that respect, the Club has engaged Augusta Advisors to help us understand the options available to best utilise our land asset, and how we can effectively leverage our assets for the maximum benefit of our members and the future of our Club, as opposed to being forced into a position where quick decisions must be made.

While we are currently in a precarious position financially, as we approach our 100th birthday in 2023 the Board and I believe that there is a fundamental need for a sport and social community club in the local area and that we are in a unique position to fulfil that need for the next 100 years.

Yours faithfully,

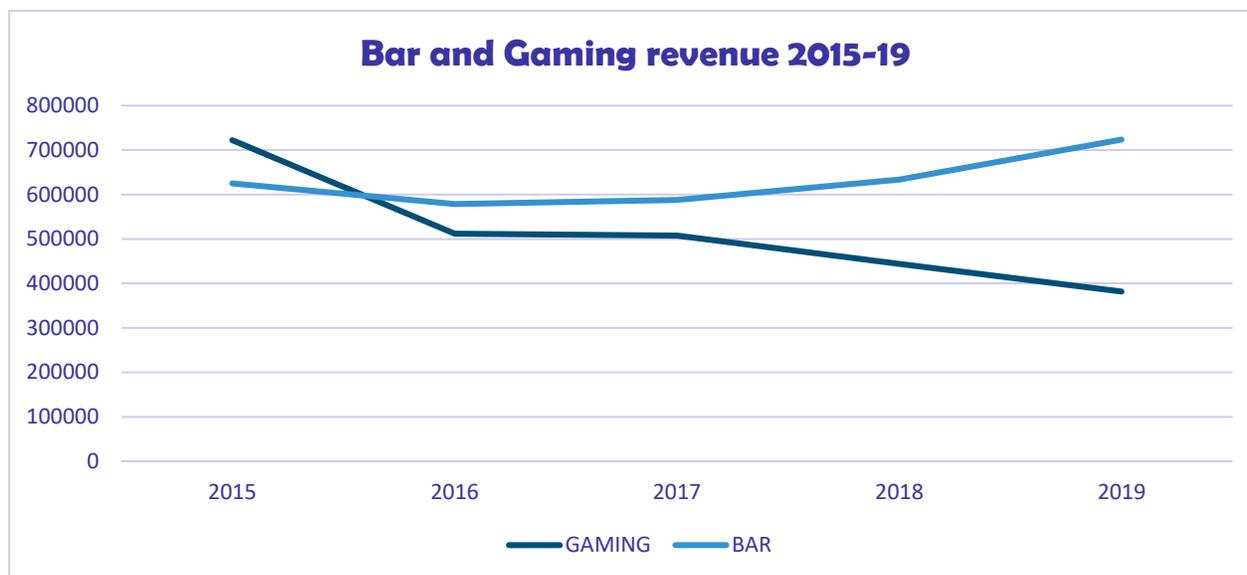
BAZ COMPTON – SECRETARY MANAGER

TREASURERS REPORT

Dear members,

The 2018-19 financial year was another challenging year for the club financially, with trends from the previous five years continuing.

While bar revenue rose year-on-year by 13%, gaming revenue was down 15% compared to the previous financial year. As addressed in the Secretary's Report, looking at historical data over the past five years (refer to graph 1, below) the trend in terms of a decline in gaming revenue is clear.



As also noted in the Secretary's report, we also have ongoing maintenance costs forecast for our aging clubhouse, and with our finances so stretched after years of loses we have little ability to make much needed revenue raising upgrades to our club as evident in our gaming room and club facilities.

The past 12 months has seen a decrease in the Club's deficit, with a major factor being the outsourcing of our kitchen which has seen a large reduction in wages and cost of goods sold. However, costs related to updating our accounts system, required bookkeeping, insurance premiums, council rates and clubhouse maintenance have increased.

It is also important to note that despite strong bar growth, our bar margins are slim compared to gaming revenue margins when you take into account the cost of the goods we sell over the bar and wages which reduce profits from bar revenue significantly.

While we are forecasting a further reduction in overheads in the 2019-20 financial year, our current trends in bar and gaming revenues are expected to continue. As a result, unless fundamental changes are made to our business model we will, at some stage, run out of money.

The Board is constantly given much valued advice from our members for increasing revenue and reducing costs. While this advice and member participation is the lifeblood of all registered clubs, it has become clear that some of our members do not completely grasp our financial situation so I would like to provide a very brief recap of our financial position and deficits in the last few years, as per below:

- 2016 deficit \$133,674
- 2017 deficit \$153,101
- 2018 deficit \$242,692
- 2019 deficit \$70,929

These year-on-year losses are simply unsustainable and, as the Auditor notes in its Report, there are serious concerns around the Club's ability to continue to trade in this format unless fundamental changes are made to our business model.

Yours faithfully,

GARY TALBOT - DIRECTOR