

**ASQUITH BOWLING & RECREATION CLUB**  
**48<sup>th</sup> ANNUAL GENERAL MEETING**  
**Held on Sunday 29<sup>th</sup> November 2020 at the Club Auditorium,**  
**1 Lodge Street Hornsby NSW 2077**

**Meeting Opened :** 9:30am

**Members Present :** As per the attendance book

**Apologies :** nil

**Chairman:** Peter Reeve

**Hon Secretary :** Mon Khamis

**Welcome:** The Chairman welcomed all members present acknowledging Life members present and thanking members for their attendance

**Introduction of Guests:** The Chairman introduced Mr Ben McEwan (auditor) to the meeting

**Business of the Meeting:**

Minutes of the 48<sup>th</sup> AGM

Resolved : **That the Minutes of the 48<sup>th</sup> AGM be recorded as a true and accurate record of the Meeting**

<u>Proposed</u>	Damian Douglas (112)
<u>Seconded</u>	Les Cavander (62)

Chairman declared the motion carried without dissent

Business arising from the Minutes :

Richard Turner (1452)      Mentioned the death of Billy Herbert and Bill O'Donnell as recorded in the minutes of the last AGM.

Suggested that deceased life members should be remembered and asked what happened to the Brass Plaque as agreed to at the last AGM noting that the last year was a difficult but sort a guarantee that it will happen.

The Chairman              responded advising it had been a turbulent year and as such some things had been missed. That the Board does indeed want to recognise former and current Life Members. There are two plaques to be put up before the next AGM. One for life members and one for major financial donors

Balance Sheet, Profit and Loss Account, Auditor's Report

Balance Sheet, Profit and Loss Account

The meeting noted that the Balance sheet and Profit & Loss Statements had been printed and distributed to members in attendance.

The Chairman spoke to the financial reports noting that the Financial Report details JobKeeper payments received totalling \$126,000 and invited the Auditor to give the meeting a snapshot of the accounts

G Barton (150) Asked what other Government subsidies were received during the last Financial Year ?

- Ben McEwan Advised the meeting that the Last Financial Year PAYG of \$58,000. Not sure of this year but in the vicinity of \$20,000 to date. Only other Grant this year was a Small Business Grant for \$10,000
- G Barton (150) Questioned the spend on Capital Expenditure last year. Asserting that the asset base was deteriorating. What is the Capital Expenditure Budget for this Financial Year?
- Chairman Advised the meeting that the Club was is in “survival mode” at the moment and had received notification of a \$25,000 Grant from the State Government and that that was all that would be spent on Capital expenditure unless further grants were forthcoming.
- G Barton (150) Asserted that Capital Expenditure was “cut to the bone” over the last couple of years and things will start to break down and will be a problem.
- Chairman Advised the meeting that Capital Expenditure and Maintenance were two different things. Existing equipment will be maintained or replaced as required however Capital relates to purchases of new equipment/facilities.
- G Barton (150) Wanted to know what the revenue bottom line cash projections for December quarter, March quarter, and June quarter were for the current year?
- Chairman Advised the meeting that Financial reports presented to the AGM only relate to the previous financial year as such do not show current year figures. The Board will disclose current year figures when available.
- G Barton (150) Asked the Auditor if there was any change for projection that the Club would go in liquidation in 3 years? And in particular asked if anything changed in that period of time?
- Ben McEwan Advised the meeting that the short answer is YES a lot has changed in that time. Ben went on to say the original comment wasn’t in the context of liquidation. Meant absolute minimum of three years in response to a member suggestion that the Club had less than three years solvency. Ben advised that he has always been positive on the Club’s financial position. Covid-19 has been both a negative and a positive for the Club.
- G Barton (150) Asserted that the Club was running at 9% loss over the last three years on different machines and revenue bases and questioned if anything going to change this year?
- Ben McEwan Advised the meeting that things will change because of Covid, Change in the Board, change in employee structure will all combine for a significant change. Ben went on to say that he wasn’t fully aware of early figures but industry wide Clubs have taken a more positive outlook because of JobKeeper and Government Grants noting that Poker machine revenue has increased to record levels and PAYG tax relief has also helped

Resolved: **That this meeting adopt the Financial Reports as a true and accurate record for the financial year 2019-2020**

Proposed Jenny Woolley (7032)

Seconded Damian Douglas (112)

Chairman declared the motion carried without dissent

### **AUDIT REPORT**

Ben McEwan spoke to his report which was printed and available for members present alerting members to the following:  
 Finance results significantly affected by Covid with the Club reporting a Total loss of \$189,000.  
 Noting that this result was a \$67,000 improvement on the previous financial year.  
 Revenue decreased \$701,000.

Expenses decreased \$767,000. Primary reasons for large declines were Kitchen trading and Covid.

Covid forced Club to close between 21 March and 1 June 2020

Government assistance contributed \$184,000.

Bar trading decreased \$181,000

Goods sold decreased \$64,000, Gross percentage 59%, a decline of 1% on previous financial year was within acceptable industry standards

Wages to bar sales ratio 26%, a rise of 7%. A direct result of Covid compliance difficulties and JobKeeper rules. Had to pay staff more than what they worked

Bar trading was down to \$239,000, a decline of \$136,000

Poker machine net clearance decreased by \$234,000 down to \$800,000. Result severely affected by Covid restrictions. Club reasonably placed to contribute a positive trend when restrictions ease, at least in the short term

Profit from poker machine trading decreased by \$194,000 mainly due to Covid closures and Government restrictions. The Club should have the benefit of residential growth in the local area

Kitchen trading was not as successful as forecast. Contractors have taken over so the future should be more profitable. Decline in revenue of \$393,000. Decline in expenses of \$453,000. Improvement in profitability of \$60,000

Amalgamation costs of \$38,000 include legal fees, consultant fees, postage

Costs of Goods sold down \$218,000 due to Kitchen change

Depreciation increased by \$6,000. Unaffected by Covid.

Wage and employee benefits decreased by \$306,000. Kitchen trading contributed \$253,000 to the decline.

Also due in part to restructure of employees including the former General Manager

All other expenses decreased by \$294,000. Noting that there were many reasons, mostly relating to reduced trading capacity due to Covid.

The Balance Sheet is in a reasonable financial position considering recent circumstances. The Club has \$1.03 in cash to meet \$1.00 in liabilities. Noting that last financial year it was \$1.07 to \$1.00.

Highlighting Cash decreased \$97,000. Receivables increased \$47,000 mainly due to JobKeeper

Property, plant, and equipment decreased \$247,000, resulting from asset additions, asset disposals, and depreciation costs

Payables decreased by \$79,000, mainly due to less trade creditors being incurred and reduction in BAS

Interest bearing liabilities decreased \$86,000 due to reclaiming of leasing arrangements

Cash Flow statement reflects where cash came from, where it went to, and how much is left. There was a decrease of \$96,000 after receipts of \$2.95 million and payments of \$2.57 million

Ben advised the meeting that the Club does not have any immediate liquidity problem, however a return to positive cash flow by improved profitability in the short term will be essential to ensure that it remains the case.

Ben McEwan concluded his report noting that over all it had been a difficult year for the Club because of unprecedented circumstances. McEwan advised that the Club now has to focus on what it can control and strategies need to be developed to adapt to trading under the new norm, whatever that is. He then thanked the Club staff, especially Samantha, who's done a tremendous job in a difficult year. Noting that this had been the first time haven't been able to come on site to conduct the Audit, but the audit went very smoothly.

In Conclusion Ben McEwan advised the meeting "As your auditor I conclude that the Club's financial statements do disclose a true and fair view of the Club's financial activities and as such an unqualified audit opinion has been issued"

Chairman Thanked the Auditor for his work and asked the members if they had any questions regarding the report.

A member asked if the Club could keep going if the Acting Honorary Secretary was sick and if the Club could afford to pay wages for a replacement?

Ben McEwan Advised that the Board would have to plan for the future and he would like to know those plans before making specific comments

Resolved: **That this meeting adopt the Auditor's Report for 2019/20 Financial year**

Proposed Jan Kachel (7080)

Seconded Wal Hamilton (257)

Chairman declared the motion carried without dissent

Chairman asked Ben McEwan if he was happy to serve as Auditor for the next 12 months.

Ben McEwan advised the meeting that he was happy to accept.

Resolved: **That this meeting appoint Mr Ben McEwan as the Club Auditor for 2020-2021**

Proposed Ann Hedger (7172)

Seconded Jan Kachel (7080)

Chairman declared the motion carried without dissent

### **DIRECTOR'S REPORT**

The Chairman spoke to the Directors report on behalf of the Board and presented a detailed visual report on screen. The Chairman drew members attention to the downward trend of bank balance from January 2018 to "rock bottom just prior to reopening the doors". The chairman pointed to the upward climb since the lowest level of just over \$28,000 in the bank. Noting the trend to a higher bank balance was steep to start with because of Government assistance of approximately. \$250,000. The Chairman asserted that the Increase in bank balance shows that the Club is "heading in the right direction" and the Board is focused on the bottom line because it could fall as easily as it rose. Pointing out the current bank balance is in a "good position" and will be a good launching pad for the future. The Chairman thanked the Directors and all members who gave free time and effort over the last 12 months.

### **SECRETARY'S REPORT**

The Honorary Secretary, Mr Mon Khamis, spoke to his report noting that it should answer many of the questions that Ben McEwan and members had raised. The Secretary went on to Highlight the following:

Current financial position showing a very important consolidation.

Strategic planning for the future will be required and the Board will act as necessary

Looking to extend the poker machine area and to upgrade poker machines

Multiple options for redevelopment include centre based child care, aged care, and even a cemetery

Dell Phillipson had thoroughly investigated the option of a long day care centre on the site of the greenkeeper's shed and rear carpark. It would involve demolition of the greenkeeper's shed and re-location of the greenkeeper.

The State Government have approved a grant of \$25,000 to cover renovation costs for the greenkeeper's shed

The suggested number of children at the long day care centre would result in an annual income of approximately \$450,000

The Board is "very mindful of where we are and where we have to go"

Asked members to consider volunteering and offering professional expertise to the Club when needed

Wal Hamilton (257) Asked if there were any preliminary costing done for a child care centre?

Dell Phillipson Advised the meeting that the cost of the whole development would be approximately \$700,000-\$800,000 and there is available a loan facility via the Federal Government's Covid-19 Scheme. Has to be applied for before June 2021.

Revenue from the centre would provide a minimum profit of \$11,000 a year for each child. The centre should readily cater for 55 children on a conservative basis

Any loan could be paid in full over two years with a small profit to the Club, or can take up to three years to repay

- Wal Hamilton (257) Asked who's going to run the centre and how can we service the loan?
- Dell Phillipson Advised the meeting that she had taken all possible expenses into consideration in the completed analysis and was happy to provide it to members on request  
Explained general concept of what facilities might be required and how that would affect the existing greenkeeper's shed and rear parking area
- Wal Hamilton (257) Asked how will members cope without the rear carpark?
- Dell Phillipson Advised the meeting six spaces will be retained for members in the rear carpark under the trees
- Wal Hamilton (257) Asked how many parking spaces should there be for 3,000 members? And asserted the Council requires a minimum number.
- Dell Phillipson Advised the meeting that Council has taken all requirements into consideration in their initial assessment
- Wal Hamilton (257) Commented that he was happy with the general concept but a lot has to be considered before any building action or financial commitment. Just concerned that everything has to be properly investigated
- Carol Huttary (7028) Sought clarification as to the "whole lot" be done for \$700,000?
- Dell Phillipson Advised the meeting it would cost between \$700,000-\$800,000
- Carol Huttary (7028) Commented that she don't want to be negative but there might be many unforeseen problems with Council and finance
- Jan Kachel (7080) Commented that Child care is only mid-week so additional parking should be available for weekend bowlers
- Dell Phillipson Advised the meeting that the playground will cover all but six of the car spaces in the rear car park.
- Chairman Advised the meeting that this is only one of the strategies that the Board is considering. He gave an assurance that members would have to approve any recommendation to proceed with any future development of the Club. This stage the childcare centre doesn't have a detailed business case and it's probably a bit early to submit for member consideration. However, the Board wants to be open and honest with members. Currently looking at many options to increase Club revenue
- Member A member asked the Hon Secretary how many poker machines will be upgraded and how will that be funded?
- Hon Secretary Advised the meeting that with Covid problems were not sure. Noting that we have turned off 18 machines to comply with the distance rules. So it depends on any square metre space possible. Noting that second hand machines were an option to upgrade our oldest machines Decisions will rely on advice from NSW Poker Machines.
- Chairman Advised the meeting that some existing poker machine loans are about to be paid out so there may be more funds available to purchase new machines in the future at better prices  
The Board is constantly reviewing the poker machine situation

Steve Belcastro (11) Asked how much would a new poker machine cost?

Hon Secretary Advised the meeting that he wasn't exactly sure, but expected that they could cost up to \$80,000 each

Chairman Advised the meeting that the cost depends on the supplier and what deals are being offered at the time of purchase. Aristocrat and IGT are offering good deals because of the current financial situation. Noting that the Club has 22 poker machines running at the present moment but there will be no additional machines based on the current legislated spacing. He further advised the Hon Secretary is in communication with both major suppliers and may be able to organise a Board excursion to their premises to view choices and that before any purchases a cost/benefit analysis would be undertaken.

John Corneo (1000) Advised the meeting that new poker machines currently cost between \$20,000-\$30,000 because of the current industry deals and discounts and that there were "Thousands and thousands" of second hand machines are on the market at the moment, probably about 30% John noted that there was no use of upgrading a machine if they're not switched on and advised the meeting that the Board is "spot on" with their current strategy on poker machines

Carol Huttary (7028) Advised the meeting that the Club needs to take advantage of all the new high rise housing development in the area and get people into the Club. Virtually none of the new residents in the area visit the Club

Chairman Advised that the Board agrees and has already considered that problem, but the Covid has limited the capacity to develop any plan. Once Covid restrictions are lifted there will be a better opportunity to entice people into the Club with special targeted events.

Member A member asked If cash deteriorates is "amalgamation still on the cards"?

Richard Pilgrim (7) Reminded the members present that members previously rejected the amalgamation and questioned why is the option being raised again? He further asserted that Club members voted to remain independent and that decision should be accepted. No member has sought to have that decision changed since.

Chairman Responded, after the Spontaneous **loud applause** subsided, that given the sound current financial situation there is no need to even contemplate any kind of amalgamation  
Advised the meeting that many of the clubs who have amalgamated in the year prior to COVID are now closed. Further asserting that the Board will do whatever it needs to do in order to ensure survival of the Club. Noting that there were other options available "if things go pear shaped", e.g. sub-dividing part of the Club's property in a worst case scenario without losing control of the Club  
Amalgamation that was sought in 2019 is not the "panacea" suggested as members would loose control of their club

Bob Wilson (110) Asked if a levy could be placed on members to help subsidise the financial Club's situation

Chairman Responded advising the meeting that the Club is in its best financial position for two years so there should be no need for a members levy. The current bank balance is \$500,000 and that only includes approximately \$280,000 from Government Grants. Decisions and actions by the Board have contributed significantly to the Club's profitability. Asserting that all members of the Board should be congratulated for their efforts in helping to get the Club through troubled times.

After spontaneous **loud applause**

Peter Guest (429) Questioned the land value in the Balance Sheet as \$4 million and asked why is that so low suggesting it should be closer to \$10 million

Chairman Advised the meeting that the last valuation late last year was around \$9 million. No financial imperative to amend the value as insurance covers the true value of the property. The Board is focused on building up the financial assets to cater for any negative problems from Covid in Europe

Resolved : **That this meeting adopt the Director's and Honorary Secretary's Reports for 2019/2020**

Proposed Les Cavander (62)

Seconded Jenny Wooley (7032)

Chairman declared the motion carried without dissent

### **General Business :**

Steve Belcastro (11) Asked what's happening with the Club bus and questioned if it will operate again?

Chairman Advised the meeting that the bus will operate as soon as possible, but that will be dictated by Covid circumstances and costs

Richard Turner (1452) Asked if we own the bus and if it is registered and insured?

Chairman Advised the meeting that the answer is Yes to all of those questions going on to assert that the bus will be important in the future but must be done in a safe and economical way.

Richard Turner (1452) Asked if the Club thought about providing bar tray service for the dining room? He noted that a recent group of ladies were eating in the dining room and had to keep on going to and from the bar for drinks

Chairman Advised the meeting that the Board has considered tray service for a number of activities as an option but is currently restricted by Covid orders

Richard Turner (1452) Expressed thanks to the Board members for doing a great job for the Club

After spontaneous **loud applause** The Chairman declared the Meeting Closed at 10:58am