

Chief Executive Officers Report 2016/17

On behalf of the Board of Directors and all team members I have great pleasure in presenting the 103rd Annual Report for the year ending 30 June 2017.

The last 12 months have been an interesting trading period for the Club with months of extreme growth punctuated by months of revenue decline. The completion of the major renovation to the Clubs toilet spaces in the early part of the financial year and the provision of an external lift had a negative impact on the closing financial result. This decline, particularly in gaming revenue, was not recouped throughout the remaining trading year, with net gaming retention declines further worsening the Clubs ending position. In light of this the Club was able to positively navigate its way through this with stringent expense management to produce a positive net accounting position of \$116 730 and an operating profit (excluding depreciation) of \$853 247. Again, I remind members that this success is not the norm in the Club industry with around 1 – 2% of the industry being lost annually to amalgamation or cessation trade.

Future planning

Whilst the ‘dust’ was settling in the early part of this financial year on the Clubs last renovational project, the Clubs Board and management were already advanced in forming a strategic plan to position the Club into the future. This will result in a detailed plan of operational goals backed by a masterplan enabling a staged approach to future capital works, the detail of which will be overviewed by the Clubs new Board in the coming months. To maximise opportunities identified during the strategic planning process the Clubs Board moved to a develop application stage to extend and modernise the current gaming room coupled with a long overdue redevelopment of the Clubs administration areas. These projects coupled with a refitting of the Clubs air conditioning system have an estimated project cost of just over 1 million dollars with a forecasted construction start date of mid-January 2018.

From a strong cash base, the Clubs current working capital margin totals more than 2 million dollars, meaning that this project and other budget commitments for this financial year will be covered by cash surplus's. This is a particularly pleasing position considering the Club has invested over 4 million dollars in capital development over the past 5 years.

People

The ultimate success of this Club is built not around its fancy finishes but by the people who provide its renowned service and who contribute to its friendly and inclusive culture. I'm very fortunate to work with a group of professionals that exceed customer expectations on a daily basis.

Mention must go to our customer service and cleaning teams led by Duty Managers Troy Cosgrove, Graham Heffernan, Mark Carey and Neil Wheaton. Thank you for ensuring the Clubs operations are run smoothly through roster control, purchasing and shift direction. Thanks must also go to the Clubs catering team, who this year were regard amongst the best kitchen teams in the Club industry when they made the final of the coveted ClubsNSW Chefs Table. Under the guidance of the Clubs Head Chef Carl Hofkamp our team of Chefs have developed the food quality and processes of the Club resulting in another operating profit. Helping develop and support this area is the events team consisting of Sam, Patsy

and Georgina. These ladies continue to grow the Clubs food and hire revenue streams by introducing new patrons to our facilities whilst representing our brand with professionalism and passion.

I must also thank those in the administration and management team of the Club. To Greg Farrell and Louise Bates who head up the Clubs administration I thank you for continuing to provide support to myself and the Clubs Board allowing us to plan with certainty. I would also like to thank the Clubs SEO Phil Wheaton whom I have worked in close partnership for many years, he is a great support and his experience is invaluable.

Lastly, to our greens staff of Graham Bourke and Chris Kliendienst, I thank for their hard work to ensure we continue to develop and improve the Clubs surrounds and playing surface.

Community

This year the Club reaffirmed its commitment as a strong community support structure with a total of \$48 183 cash donations delivered directly to community based organisations. This support coupled with the Clubs inkind and bowls development funding totalled \$227 399. Without this many community groups would struggle to survive and the intangible benefit they provide to the Armidale community may be lost forever.

Bowls

This year the Club committed \$159 216 to the development of its core sport of bowls, however, unfortunately our participation levels continue to decrease. Efforts have been made to address this trend this year and in past years, however, this Club is not alone with the participations levels across the nation decreasing by 25% in the last 16 years (Roy Morgan 2017). In the face of these statistics Bowls Australia shows an increase in participation levels for bowls of 3.5% for 2016, which can only be an increase in social bowlers masking an overall decline in pennant bowlers over the same period.

I would like to thank those volunteers who have worked this year to promote and develop the game of lawn bowls. A special thanks must go to the lady's President Judy Carey and the her committee for their enthusiasm towards establishing new ways to promote bowls membership and increase participation levels. This passion for the game will ensure that this Club has no excuses when it reflects on the decline in its playing membership.

I would like to thank the Bowls Co coordinator Reggie Clutterbuck for his work this year in ensuring that Club games were completed in an organised fashion. I will reserve the details of our Bowling performances to selectors and Reggie's report.

Financial

As mentioned previously the Clubs trading revenue over the last 12 months has been punctuated by peaks and troughs. Our closing revenue result was effected mainly by a reduction in gaming revenue, however, it must be noted that this drop on the compared

period is on the back of 49% growth in gaming revenue over the past 8 years. This decline is also due in part to the Club up taking for the first time its closing jackpots as a liability in an effort to smooth month on month revenue when link jackpots are won.

In light of this the Club produced a net profit position at 30 June of \$116 730 and an operating profit for the same period of \$853 247 as well as being able to maintain 1 million in invested terms and 1 million dollars available to complete renovational projects scheduled for this financial year. This is very pleasing as the Club has committed \$972 856 to asset purchases over this financial year.

The Club experienced a small trade revenue decrease of (1.13%), coupled with an overall expenditure increase of 0.42%, which resulted in a cash operating surplus of \$931 082. This positive closing result has to be considered on the backdrop of the highly competitive environment in which the Club operates and a decreasing local population that we have to market services to.

An overview of the financial trading status of the past 12 months can be viewed in the following table.

	2016/17	2015/16	% Change
REVENUE	\$6 029 739	\$6 098 564	(1.13%)
EXPENSES	\$5 913 009	\$5 888 015	0.42%
NET CASH	\$931 082	\$714 675	30.28%
NET PROFIT	\$116 730	\$191 742	(39.12%)
COMMUNITY DONATIONS	\$48 183	\$85 672	(43.75%)
BOWLS EXPENDITURE	\$159 216	\$142 631	11.62%
DEPRECIATION	\$736 517	\$650 810	13.16%
EQUITY	\$7 203 607	\$7 086 940	1.64%

In closing I would like to thank the Clubs Board of Directors led by President Terry Ogilvie. I value their friendship and appreciate their support. Under their guidance I feel confident that the Club will continue to represent its memberships diversity of thought as well as ensure it remains relevant to the local community in the future.

I would also like to thank all members for their patronage and support and I urge everyone to read this annual report and take pride in the fact that your Club continues to trade strongly and develop its services whilst others consolidate.

Patrick Crick



Chief Executive Officer
Armidale City Bowling Club