

2021 Annual Report

Chairman Report

On behalf of the Board, I am pleased to present my report for the financial year ended 30 June 2021 for Harbord Bowling and Recreation Club Ltd (HBC). During my fifth year as your Chairman, the economic environment continues to be marked with uncertainty on both an economic and political level.

Club operations and our financial performance were once again impacted by this unprecedented global pandemic, COVID-19, during the 2021 financial year. As a result our Club was required to close, per the NSW Government's Public Health Orders, from 26 March 2020 to 1 June 2020, again over the Christmas/New Year period from 18 December 2020 to 2 January 2021 and more recently from 26 June 2021 to 10 October 2021.

When we were permitted to open, trading conditions were restricted and a number of changes to our operations were required in order to be compliant with the relevant and changing Public Health Order's. This included restrictions on the numbers of members permitted on our premises at one time (the square metre rule), the need to book tables and be seated when enjoying a beverage and the limited numbers we could have playing bowls on our greens. Let us also not forget QR sign ins and mandatory face mask requirements!

Despite these challenges, it is important to remember our purpose. As a community-bowling club, we exist for the benefit of our members, and this is reflected in our mission and vision statements:

- **Mission Statement:** *To be financially viable in order to provide excellent bowling and club facilities for the benefit of our members, guests and staff. To be the focal point of our local community in providing a safe and family friendly atmosphere, of harmony and belonging.*
- **Vision Statement:** *We are dedicated to the game of bowls in the local community. We will provide the best facilities available, to instil a passion and pride in the club, that others will want to be part of. We are committed to a bold vision for the delivery of high quality customer service, club facilities, great food, beverage, gaming, entertainment and recreational services for our members, their guests and our local community, without losing the heritage of the club.*

Given the economic and health impact of the pandemic on our members and the broader community, these important statements are more important today than ever before in our history.

I am delighted to report that, even within the difficult pandemic trading environment, we have had an exceptional year with a 2020/21 **EBITDA** (Earnings Before Interest Tax, Depreciation and Amortisation) trading performance of positive \$324,466 (LY \$19,976) (PY\$98,635). This result includes \$141,986 (LY \$93,523) the Club received as part of the pandemic stimulus Government packages which was offset by an estimated \$55,000 in additional expenditure on staff, security and cleaning that was required as part of our ongoing obligations under the relevant Public Health Orders.

The overall 2020-21 result for the Club was a net profit of \$187,511 (LY\$-212,548) (PY -\$120,665). It should be noted, however, that this result included reduced depreciation of \$95,571, due to a change in reporting agreed with the Auditors (please see note 2 of the financial report), totalling \$136,955, (LY\$232,526) (PY\$219,300).

Fortunately, we were able to improve our sales performance this year after taking into account the revenue losses we incurred during the lockdowns and restricted trading conditions. Total sales revenue (note 4 in financial report) increased by 19% (\$313,885) to \$1,786,483, (LY\$1,472,598) (PY \$2,010,275). As a breakdown, bar sales increased by 28% (\$260,505) to \$1,187,380 (LY\$926,875) (PY \$1,260,141), gaming income increased by 22% (\$63,470) to \$345,170 (LY\$281,700) (PY\$398,349) and bowls income increased by 18% (\$17,295) to \$111,985 (LY\$94,690) (PY \$119,725).

Total revenue received by the Club increased by 21% (\$356,956) to \$2,039,803 (LY\$1,682,847) (PY \$2,142,172), including an increase in rents received of 14% (\$12,633) to \$103,843 (LY\$91,210) (PY\$120,915).

As noted in last year's report, to support the Club's reopening and upgrade programs, a loan facility of \$250,000 was secured through the Small Medium Enterprise (SME) Government Guarantee Loans scheme, to assist with working capital. (Refer to Note 15 and 23 of the annual report)

Expenses, excluding depreciation, increased by 3% (\$51,796) to \$1,715,665 (LY\$1,663,869) (PY\$2,010,275). (The main areas for this increase includes \$104,493 for higher bar cost of goods sold due to increasing sales and \$20,481 for higher employee benefits. These were offset by lower bowls and greens management expenses of \$61,588.

It is important that I acknowledge our business partners and key stakeholders for their assistance in reducing our costs during the lockdown periods.

I note the Club's community supports of \$8,359 are included in the above result. We are proud to support various local community groups when we can and note that this has been a particularly hard time for all community-based organisations and we hope to be able to increase support for our key community supporters as the effects of the pandemic ease and trading conditions improve.

Regardless of these trying and unprecedented times, we endeavoured to implement a number of new initiatives in and around the Club to enable us to continue to be a prosperous local community-bowling club. This is, of course, part of our ongoing strategic plan.

During the year, we continued to invest in improving our facilities, through repairs and maintenance of \$36,778 and capital spending of \$378,212 (refer Note 10). This included new furniture, the opening of green 4, relocation and construction of the new Gaming and TAB areas and the introduction of new poker machines. I note we have now replaced 16 of our 21 poker machines over the past five years. This brings the total capital investment in upgrading our Club's assets over the past five years to \$853,018, in addition to the \$202,654 we have invested in repairs and maintenance.

Being a Stronger Community Bowling Club

Unfortunately, a number of bowls events had to be cancelled or postponed over the past two years. We were fortunate, however, that the 2021 pennants season was not greatly affected as it was last year. It is pleasing to report that we had a very successful pennant season, with our men's and women's clubs winning a total of six zone/district flags.

The winning of 5 of the 6 Zone 9 grade flags in the mixed pennants is a record for the Zone and we understand a record for the state playoffs. Congratulations to all bowlers on their efforts and great achievement. We wish all teams great success in the postponed state playoffs now scheduled for March 2022. Congratulations also to all club championship winners and Zone 9 champions. To you all, you have really excelled and made your Club proud.

As a community-bowling club, your Board and CEO will always be member focused, to achieve our mission and vision. The pandemic continues to place a hold or delay on a number of our plans for this and the next financial year. We continue to manage through the cash flow impacts arising from the Club's closure and compliance with the NSW Government's various Public Health Orders, including the social distancing obligations and capacity limits. These requirements continue to impact trading conditions.

Your Board and CEO continue to manage the challenges the Club faces during these difficult and uncertain times. This includes initiatives to improve revenue aligned with the ongoing implementation of our strategic business plan. During the year, we have implemented a number of initiatives and have invested in the Club and our staff to ensure we always provide outstanding value and service to our members and guests – year on year. These include:

- A board approved updated five (5) year business plan that will guide club investment decisions for the next 5-10 years
- Certification of our approved DA to progress development of the outdoor covered dining and family area at the southern end of the Club, including improved access to green 4 and the club's outdoor facilities.
- Implementation of the new green 4 area for families and children and bare foot bowlers.
- Repairs and maintenance to the sewer and drainage system.
- A new PA system, painting and lighting repairs
- Relocation and upgraded to our gaming area.
- Relocation of the TAB and the installation of new TVs.
- Implementation of a new smokers' terrace at the northern end of the Club.
- Opening up the northern area of the Club for members and guests.

The board – in closing

It has been another challenging but rewarding 12 months but your Board and CEO has worked tirelessly to ensure our navigation through the pandemic crisis. Unfortunately, these challenges will continue well into the next financial year. However, the Club's solid financial position will see us through these difficult times and we will push on with our capital improvement projects in 2022.

I thank my fellow Board members for their ongoing drive and commitment to make our Club a friendly and successful local community-bowling club. In addition, I extend a big thank you to our CEO, Mark Slattery and his team for the important work they do and their commitment to providing the level of service they provide to our members and guests.

I would like also to thank all our great volunteers for their generosity and commitment to the club. We could not be the Club we are without the time and effort they contribute.

In closing, my thoughts go out to those that have lost loved ones in the year. Please know you also have the thoughts of the Club and its members with you.

The Board and I thank all of you for their ongoing support and commitment to your Club. We are excited about the future the opportunities we see and will be embracing during next year.

Stephen Nugent
Chair