



Members Finance Report Pambula Merimbula Golf Club Ltd Quarter ending 29th December 2016

December Quarter 2016 results (in 000's):

| | DEC 2016 | DEC 2015 |
|-----------------|--------------|---------------------|
| Trading Profit | \$377 | \$466 |
| <i>Less</i> | | |
| Expenses | \$685 | \$645 |
| <i>Addback</i> | | |
| Depreciation | \$258 | \$245 |
| Net Loss | -\$53 | \$ 66 profit |

TRADING PROFIT BREAKDOWN:

| | | |
|--------------|--------|---------|
| GAMING | \$361 | \$436 |
| BAR | \$ 31 | \$ 42 |
| GOLF | -\$56) | -\$77) |
| KITCHEN | -\$19) | - (\$8) |
| OTHER INCOME | \$ 61 | \$ 73 |

BALANCE SHEET YTD

JUNE 16

| | | |
|-------------|----------|----------|
| Assets | \$5.202m | \$5.425m |
| Liabilities | \$1.099m | \$1.134m |
| Equity | \$4.102m | \$4.290m |

Actuals to Budget year to-date 2016/17 (in 000's)-3 key areas

| | Actual | Budget |
|------------------|---------------|---------------|
| Gaming Sales | \$544 | \$601 |
| Gaming Profit | \$361 | \$383 |
| Bar Sales | \$363 | \$396 |
| Bar Profit | \$31 | \$ 99 |
| Course Sales | \$556 | \$548 |
| Course/Golf loss | -\$56 | -\$55 |

Commentary:

BAR & GAMING

Continual decline in Gaming reflecting in a large drop from last year in profitability by \$75k.

The punters are not coming in, this is the backbone of our income source and has been for over 25 years. Our profit on gaming last year was \$833k which made up 77% of our income in 2015/16 year. This is an area we need to address and the board is considering some changes here in service levels, current machines to improve this declining trend.

Bar sales higher than last year by 3.5%. Gross profit is down and overall net profit is down by 36%. Revised budget and benchmarks now in place to ensure wages % to sales are adhered to and with new systems in place stock levels are improving.

GOLF

Fields are up, dry weather has helped social golf, with minimal wet days. Course is in immaculate condition. Sales up 3% with allocation of membership fees included \$556k compared to \$538k last year.

Department profit still negative at \$56k but \$20k improvement on last year.

New POS system now in place provides more accurate data on all players on the course and we are seeing more transparency of income and same day reconciling/banking back to the club.

Expenses \$612k are under same time last year \$614k which is a credit to the greens staff given the difficulty we have had with the irrigation leaks and capital works requirements.

Kitchen

The kitchen has presented us with many challenges over the December/January period with the new business not appearing to manage the volume of traffic we have in a summer period. The board are fully aware of this and have fully supported the General Manager's pro-active approach to involve expertise from Canberra. They have helped out the new caterers to at least get things back on track to some degree, and the banquets provided, were a good option to lighten the pressure.

Income wise this area traditionally doesn't generate a large positive cashflow, but attracts the patrons and boosts income in the bar and gaming. I as a member and my family who eats at the club was disappointed at the delivery and standard we have all come to expect. Although I must say on New Year's Eve when I attended, the banquet was delicious for a family of 5.

Let me re-assure you we are doing everything to improve the quality and service ,and you will see some exciting changes this year so we appreciate and do not take for granted your loyal support to our club.

TREASURERS COMMENTS FOR QUARTER AHEAD:

The quarter ahead is all about locking in our reserves to pay for the irrigation project that has commenced.

LQUIDITY:

Our irrigation project has started and our commitment of \$1.07m is now upon us to meet and we need your assistance.

We are all aware this was a necessary expense that had to be done to maintain this large infrastructure for the next 30 years and reduce our continual year in year out maintenance costs. Our financial position from a lending prospective sees our cashflow trends not suitable to expect a financial institution to consider finance for the balance of the project.

Based on December 2016 figures our current cashflow position is:

| | |
|-------------------------------|----------------|
| • Trading Accounts/Change | \$324k |
| • High Interest Accounts | \$675k |
| • Term Deposit-members raised | \$300k |
| Total | \$1299k |

Current lending liabilities (which will continue to be required to purchase plant and equipment for the course, poker machines and general clubhouse maintenance year in year out). \$ 65K

Our trade creditors+ accrued expenses \$176k.

Leave- annual, long service and sick leave \$240k.

Members entitlements vouchers, points etc.\$ 30k.

Total Current Liabilities **\$511k.**

Cost of Irrigation Project \$1070k

Less members funds raised to date \$ 300k

Less NSW State Grant \$ 90k

Clubs own Funds \$170k

Funds required **\$510k**

Under the NSW Clubs Act we see:

Solvency is measured with a liquidity ratio called the "current ratio," a comparison between Current Assets (including cash on hand and any assets that could be converted into cash within 12 months such as inventory, receivables and supplies) and current liabilities that are due within the next 12 months, such as interest and principal payments on

debt serviced ,leave, payroll and payroll taxes.

We as the board view we should always take a more conservative and realistic approach. We do not have convertible assets as they are all required to continue the running of the course and generating income, therefore our current assets is our cash on hand.

As club Treasurer it is my financial responsibility to ensure we maintain our solvent position. Therefore recommend we maintain our cash investment savings of \$500K minimum, and our trading account cashflow for everyday expenses to comfortably offset our clubs current liability position.

This leaves us needing to raise a large amount of capital to complete the project as shown above.

We have asked the BVSC under a local grant application for funding which is being looked at, but at best it is probably going to be \$100-150k if successful.

Therefore we have a shortfall of \$510k.

I look forward to our Members meeting on Sunday 12th February to flesh out ideas for the benefit of this great golf club.

Happy golfing members and looking forward to seeing you all in the club.

Malcolm Hughes- Treasurer PMGC

3rd February 2017