

BENALLA GOLF CLUB INC.

Financial Report to Members 17 August 2009

Profit and Loss Results to 30 June 2010

The club has traded strongly again this year. Net profit at the end of June was \$52,187 compared to \$49,348 at the same time last year, an increase of \$2,839. This Net Profit is \$93,592 above the same time in 2008. It should be noted that the last three months of the year are traditionally slow and we have budgeted for a loss of \$9,191 between July 1 and September 30th. In view of this our forecast Net Operating Profit for the year is \$42,996. Whilst this is \$25,278 over our budget of \$17,718 it is well below our Net Operating Profit of \$78,022 for last year, when we in fact traded very profitably in the last three months.

All areas are trading profitably, with Bar (\$2,273) Bistro (\$27,341) and Gaming (\$12,553) achieving above budget performance. However Golf is \$23,861 below budget. Our sustained profitability is a result of increased revenue, and close monitoring of expenses.

Bar revenue has improved on last year and is slightly above budget. Cost of Goods Sold and Expenses are within budget targets. Bar trading has been supported by increased Bistro and gaming patronage.

The **Bistro** continues to be our star performer –with well above budget results almost every month. Bistro contribution is \$11,414 higher than last year. Good food at reasonable prices continues to attract diners, and reinforces our need to attract and retain quality staff in this area.

Gaming revenue is well ahead of budget and the same time last year. Expenses have been carefully controlled and this has resulted in a strong result

Golf. Comparisons with last year are difficult due to changed arrangements with the golf shop, increased reliance on purchased water and the PIA weekend. These factors were, however, factored into our current budget. With increases in subscriptions, competition fees and green fees, golf revenue has increased since last year- however it is \$11,490 behind budget. Whilst subscriptions are in line with budget, competition fees and tournament income is well below budget, and green fees slightly below target. Expenses are much higher (\$58,390) than last

year – and \$12,371 over budget. Unfortunately we have had a number of major plant and machinery repairs this year.

Our major challenges are to retain our membership base and encourage these members to play more rounds of competition golf, and to attract more visitors to our course.

Our **overheads** (administrative expenses) are within budget. This is a significant achievement given the increased level of activity in other house trading.

Deb and her staff are to be congratulated on the trading results so far, and sustaining the positive turn around since 2008. – A great effort.

The attached chart sets out the comparative year-to-date (YTD) performance of each area as at 30 June 2008, 2009 and 2010 together with a comparison of overall performance.

Cash Position

Available Cash 30 June 2008	=	\$41,868
Available Cash 30 June 2009	=	\$61,355
Available Cash 30 June 2010	=	\$73,624

Variation	2008 – 2010	+\$31,756
	2009 - 2010	+\$12269

Gaming Changes Post 2012

We were offered, and accepted entitlements for 25 machines -20 machines at \$24,885.45 each and 5 at \$27,649 each–total \$435,936. This will be paid in 20 installments of \$21,796.80. The first payment was made this month. The second installment is payable in 2012 with 18 quarterly 5% payments thereafter.

When the changes come into effect in August 2012 we receive all of the gaming revenue compared to the current third. From this we will pay gaming taxes(13.99%) and GST on the revenue, pay for licences and provide and service the machines (estimated \$240,000 p.a.). However managed effectively, we can expect to increase our gaming income by over 50%

We have subscribed to a consortium of clubs "Project Mercury". This group is looking to work together to provide and maintain machines.

Business Plan

Clubs Vic has assisted us with the preparation of a business plan for the next 4-5 years. This was funded in part by a state government grant. The plan looks at

the period when the gaming changes become effective. The committee are in the early stages of “unpacking” the plan and considering the recommendations.

In summary the plan recommends:

- a major upgrade of our clubhouse facilities
- construction of an outdoor alfresco area
- provision of a sustainable water supply

that will allow for and support growth in all of our business areas. This, combined with projected increased revenue from gaming, will see significant growth in our bottom line. Obviously this will involve increasing our borrowings. Much further consideration of the plan and appropriate consultation with members will take place before we implement any of these recommendations.

Budget 2010/11

A budget surplus of \$9,205 has been set for 2009/10. In order to achieve this surplus we have set some challenging, but achievable revenue growth targets in the bar, bistro and gaming. The revenue budget for golf is \$6,000 less than this year’s budget, but to achieve budget we will need to increase our revenue by at least \$12,000. (\$250 per week)

We are facing significant increases in employment costs –over 10% even if we maintain our current staffing levels. This is due to the introduction of a new Award, and the \$26 per week Fair Work Australia wage rise. The new Award provides for penalty rates outside of normal hours and will have a major impact, particularly on house wages. (Our staff have been on agreements that pay over award hourly rates, but no penalty rates). Water and energy costs, rates and insurance also continue to escalate.

Subscriptions

The Committee is keen to limit increases in membership fees but in the current circumstances has little option but to recommend an increase of 3% in all categories with the exception of Full Special which remains at \$100 less than Full Membership and Country Special which is to rise to \$110.

This rise equates to an increase of \$11 p.a. or less than \$1.00 extra per month for Full Membership. The attached table shows the existing and proposed rates.

Recommendation	That subscriptions rates for 2010/11 increase by 3.0% across the board, except for Full Member Special (new rate \$428) and Country Special (to \$110 p.a.)
-----------------------	---

Asset Replacement

Capital Replacements and Purchases to date 2010

Golf	Cost ex GST	
Tractor with Bucket & Verti Drain	\$ 37,500.00	
Ute	\$ 4,773.00	
Siren	\$ 2,443.00	
Lightning Detector	\$ 449.00	
Rotary Hoe	\$ 318.00	
Practice Net	\$ 910.00	
Water (prepaid) 39 mgs	\$ 8,480.00	\$ 54,873.00
		<hr/>
New Kitchen Exhaust Fan	\$ 2,125.00	
New Hotwater Service	\$ 2,380.00	
Water to BBQ	\$ 1,374.00	
Staff Uniforms	\$ 1,012.00	\$ 6,891.00
Total		\$ 61,764.00
add extra ordinary item		
Gaming Entitlements		\$ 435,936.00
Total		\$ 497,700.00

Capital Repayments

The following ongoing capital repayments will need to be met in 2010-2011

Bank Loan	\$ 46,860.00
Tractor/Verti Drainer (due for finalisation 2014)	\$ 7,008.00
Greens Mower (due for finalisation 2011)	\$ 7,453.00
Fairway Mower(due for finalisation 2012)	\$ 17,598.00
Combi Oven (due for finalisation 2012)	\$ 6,934.00
Miscellaneous one offs say	\$ 15,000.00
Total	\$ 100,853.00
	<hr/>
Payment for Gaming Entitlements (due 2012)	\$ 31,796.79

Conclusion

Despite positive trading so far this year the Club still faces a serious challenge to meet its ongoing commitments and to improve the quality of facilities available to members. This will involve implementing growth strategies in all areas, particularly golf, continuing to tightly monitor expenses and planning strategically to take full advantage of the opportunities arising from the post 2012 gaming arrangements.

Jo Wise
Hon. Treasurer

WHERE DID YOUR FEES GO IN 2010?

Full Member Subscription		\$528.00
<i>Less</i>		
GST	\$ 48.00	
Affiliation GA and VGA	\$28.05	
NEDGA	\$ 5.00	
Golf Victoria Magazine	\$ 1.54	
Insurance -Equipment and Injury	\$ 5.57	
Golf Link	\$ 2.75	\$ 90.91
We retained		\$437.09

Affiliation for women to WGV is higher and we retained \$430.98

BENALLA GOLF CLUB INCORPORATED

PROPOSED FEES 2010-2011 (3% INCREASE)

Category	Bar /Bistro Credit	2010 Subscription	2011 Subscription
Full	\$ 80	\$ 528	\$544
Full Special	\$ 80	\$ 423	\$444
Ltd	\$ 80	\$ 453	\$466
Country	\$ 80	\$ 211	\$217
Country Special	\$ -	\$ 99	\$110
Non Comp Unlimited	\$ 80	\$ 342	\$353
Non Comp 3 months			\$125
Non Comp W/End	\$ 80	\$ 228	\$235
Sunday	\$ 80	\$ 228	\$235
Introductory	\$ -	\$ 320	\$330
Introductory Yr 2	\$ -	\$ 453	\$466
Non Playing	\$ 80	\$ 42	\$43
75 & Over	\$ 80	\$ 320	\$330
Life	\$ 80	\$ -	-
Jnr U/18	\$ -	\$ 106	\$109
Jnr U/21	\$ -	\$ 266	\$274
Jnr Stud	\$ -	\$ 113	\$128
Jnr Apprentice	\$ -	\$ 266	\$274

BENALLA GOLF CLUB INC.

Financial Report to Members

Comparison with last year's results - Trading Profit & Loss

Revenue	YTD 2010	YTD 2009	YTD 2008	VARIATION 2010 -2009	VARIATION 2010-2008
Bar	\$207,785	\$ 179,624	\$174,051	\$28,161	\$33,734
Bistro	\$275,274	\$ 213,996	\$194,190	\$61,278	\$81,084
Gaming	\$280,321	\$ 258,591	\$254,941	\$21,730	\$25,380
Golf	\$271,654	\$ 249,250	\$233,296	\$22,404	\$38,358
Miscellaneous	\$10,132	\$ 7,212	\$12,431	\$2,920	-\$2,299
Total Revenue	\$1,045,166	\$ 908,673	\$868,909	\$136,493	\$176,257

COGS/Expenses	YTD 2010	YTD 2009	YTD 2008	2010-2009	2010-2008
Bar	\$167,832	\$ 144,972	\$142,023	\$22,860	\$25,809
Bistro	\$234,307	\$ 188,927	\$217,579	\$45,380	\$16,728
Gaming	\$146,290	\$ 131,178	\$133,762	\$15,112	\$12,528
Golf	\$259,603	\$ 215,587	\$201,375	\$44,016	\$58,228
Overheads	\$184,947	\$ 178,661	\$218,414	\$6,286	-\$33,467
Total Expenses	\$ 992,979.00	\$ 859,325	\$913,153	\$133,654	\$79,826

Contribution to Profit/Loss	YTD 2010	YTD 2009	YTD 2008	2010 -2009	2010-2008
Bar	\$ 39,953.00	\$ 34,652	\$32,028	\$5,301	\$2,624
Bistro	\$ 40,967.00	\$ 25,069	-\$23,389	\$15,898	\$48,458
Gaming	\$ 134,031.00	\$ 127,413	\$121,179	\$6,618	\$6,234
Golf	\$ 12,051.00	\$ 33,663	\$31,921	-\$21,612	\$1,742
Overheads	-\$ 174,815.00	-\$ 171,449	-\$205,983	-\$3,366	\$34,534
Net Profit/Loss	\$ 52,187.00	\$ 49,348	-\$44,244	\$2,839	\$93,592

Cost of Sales (COS)	YTD 2010	YTD 2009	YTD 2008	2010 -2009	2010-2008
Bar	37.2%	36.8%	36.4%	0.4%	0.8%
Bistro	36.5%	37.8%	46.6%	-1.3%	-10.1%