

WEST WALLSEND WORKERS CLUB LIMITED

ABN 84 001 052 651

CHIEF EXECUTIVE'S REPORT

WEST WALLSEND WORKERS CLUB 2016 - 2017

Welcome to the CEO's report for the financial year ending 30 June 2017.

It has been a very challenging year for your Club. A reduction in household disposable income and the ever increasing competition for it has seen our margins decrease and gaming revenue decline.

The bar gross profit percentages dropped by 4% as a direct result of the Club's aggressive beer pricing policy. The aim of this was to try and bring people in to the Club to spend money in other areas. This resulted in an increase in bar sales of \$13380 but a reduction in the gross profit of \$15694, effectively costing us \$2300 for the year to create greater traffic.

Raffle and bingo income increased by \$4000, Keno and TAB increased by \$1778, yet poker machine income decreased by \$10491. Overall, combined income from all trading areas was reduced by \$32826.

Counteracting this, expenditure (excluding non-cash items) was reduced by \$45486. This resulted in a profit before provisions of \$139096, an increase over last year of \$7296. After providing for non-cash deductions of \$226555 the net result was (\$97877).

Major items of capital expenditure this year included a TITO (ticket in, ticket out) poker machine system. This system frees staff from manual payouts and allows players to take tickets from one machine and put them directly in to another. This was an expensive process; \$55000 for the computer hardware and approximately \$35000 for the ticket printers to be retro fitted into older machines. In addition to this was the upgrading of note acceptors at \$16000 to allow for new notes.

During the year the Club's courtesy bus finally gave up. This led to the purchase of a much more modern and comfortable late model Ford Transit for \$27000.

While general expenditure was reduced dramatically, it was evident that something needed to be done to arrest a decline in income, improve the Club's profitability and in turn, reduce liabilities. A major step towards achieving this was the search for new caterers. I would like to take this opportunity to welcome Grant and Cherie Reed and all the staff of Reeds By The Creek to our Club. The opening of Reeds By The Creek has had the desired effect with a marked improvement in trade. I wish them all the best and look forward to a long and mutually beneficial financial relationship.

I would also like to thank Karen Beagley of Kazza's Brasserie 53 for her years of service to the Club.

Regrettably the days of the \$3.50 schooners are over. We are still one of the cheapest clubs around with \$4 Tooheys schooners from 9am to 6pm every day, \$1 middy soft drinks and great pricing on all other drinks. Club promotions such as Membership Draws are still nearly \$50000 a year, entertainment approximately \$90000 (Foxtel and Sky \$60000, music and other entertainment \$29000) and raffle prizes total close to \$200000. Your Club has always had generous poker machines, this year returning over \$2.8 million to players.

Your Club still managed to fulfil its corporate social responsibilities by supporting the community to the value of \$7700. Some of the beneficiaries were:

Sugar Valley Neighbourhood Centre
Sugar Valley Lifestyle Estate
Sugarloaf Pony Club
West Wallsend Junior Soccer Club
West Wallsend Junior Rugby League Club
West Wallsend Public School
West Wallsend High School
West Wallsend Cricket Club
West Wallsend Rifle Club
Barnsley Football Club
ANZAC Day Ceremony
Hawkins Masonic Village
Lake Macquarie Stingrays Rugby League Club

While this year's result has been somewhat disappointing, the first couple of months of the new financial year have given me confidence that we are now heading in the right direction with promising growth in all areas of operation. This has been made so much easier with the strong support of you, our wonderful members.

On a sad note, this year saw the passing of our President, Bob Roulston. Bob was a proud member, board member and supporter of the Club for many years and is sadly missed. This year also saw the resignation of Wayne Robinson from the Board. These positions were filled by application and David Walker and John Doig were appointed and are fitting in very well. Very special thanks to the Board for their continued cohesion and ongoing support, in particular to Peter Dempsey who has taken on a higher level of responsibility since Bob's passing.

A massive thankyou to all our staff. It hasn't been an easy year with most going above and beyond. I think even they will agree that things are not as tense as they were earlier in the year and I hope the last couple of months are indicative of better days ahead.

To my family, who have tolerated a lot from me, I cannot thank them enough for their love and support. I am sure there would have been many occasions when they would have preferred me to stay at work, but after twenty four years I assume they realise it is not the type of job you walk away from at the end of the day; my heart is in it always.

Yours sincerely

David Jackson
Chief Executive Officer