

Mercury Bay Club Incorporated

Treasurer's Report for the 2019 Financial year.

This is my fourth Treasurer's report to the members of the Mercury Bay Club, and it is pleasing to report that the Club achieved a profit of \$12,094 for the 2019 financial year.

The profit of \$12,094 is the first profit achieved by the Club since 2006.

We have come a long way since the days of high annual losses. Prior to my election as Treasurer, the accumulated annual losses over the period 2007 to 2015 were \$1.1 million.

Over the past four years, the Club has progressively reduced the loss from \$172,937 for the 2015 financial year, to a profit of \$12,094.

The achievement of a profit was due to focusing on the services provided by the club, greater utilisation of our facilities and tight control over costs. Over the past year the expanded services offered by the Club has included live Saturday sporting events presented on our large screen, live music on Friday nights and events combining dinner and live music and new Gaming machines.

The improvement in financial performance has allowed the Club to reduce debt by \$54,755 and fund capital expenditure of \$47,688.

In particular, by being profitable the Club has the ability to fund from its own cash sources a greater level of capital expenditure and maintenance.

Divisional Trading and Profit Performance

Divisional trading and profit performance, as compared with 2018, are outlined below.

Divisional Trading	2019 Sales	2019 Profit	2018 Sales	2018 Profit
Bar	\$627,992	\$266,113	\$599,620	\$254,944
Kitchen	\$345,995	-\$3,784	\$329,753	-\$4,277
Raffles	\$131,861	\$48,791	\$122,208	\$46,909
Gaming	\$371,640	\$160,800	\$351,288	\$145,787
Gaming profit - before Authorised Purpose				

Bar

Increase profit primarily due to higher sales

Kitchen

An improvement on last year. The 2019 loss is due to higher costs of purchased food

Raffles

Increase profit primarily due to higher sales

Gaming

Increase profit primarily due to higher sales

Capital Expenditure and Project Expenditure

Capital Expenditure for the year was \$47,688 and Project Expenditure was \$15,344. The expenditure is itemised below.

Capital Expenditure

Gaming

- Two new gaming machines: \$20,000
- New media controller for screens: \$4,000

Kitchen

- Replacement oven: \$4,850
- Replacement fryer: \$3,946

Administration

- Replacement computer: \$1,022
- New Website: \$870

Plant

- Replacement TV screens and cabling for Bar: \$5,128
- New screen for projector: \$739
- Defibrillator: \$2,010
- Replacement condensing unit for Bar: \$5,123

Project Expenditure

Pool Tables

- Refurbishment of the Pool Tables: \$9,594
- Refurbishment of the Dance Floor: \$5,750

Mercury Bay Club, Liabilities - Loans

. A comparison of our loans is outlined below.

Loans	31 March 2019	31 March 2018
Current Loans	\$10,000	\$32,371
Term Loans	\$509,278	\$541,662
Total Liabilities - Loans	\$519,278	\$574,033
Total Assets	\$2,633,991	\$2,696,773
Percentage to Total Assets	19.7%	21.3%

During the year all finance loans, with their higher interest rates, were repaid.

Compared with 31 March 2018, debt has been reduced by \$54,755.

As at 31 March 2019, bank debt was funding 19.7% of the Club's Total Assets.

By way of comparison, bank debt was funding 31.2% of the Club's Total Assets as at 31 March 2015.

At 19.7% the Club is in a stronger financial position and benefits from a lower cost of debt servicing.

Financial Controls

Financial controls have continued to operate in the required manner to preserve the integrity of information, cash handling and the protection of the Club's assets.

Financial Reporting

A monthly financial reporting system, with monthly reports to the Committee has continued which in turn has provided the financial information required for decision making.

The Way Ahead

Our financial objective is to maintain a sustainable profit position for the Club.

Our approach, which will continue, has been to:

- Ensure we have monthly financial information for decision making and management of the Club's assets and liabilities.
- Effectively manage the business and to look for opportunities which will achieve greater profit margin and/or greater utilisation of the Club's facilities.

However, the Club, is aware of the challenges ahead, the necessity to increase revenues and reduce/control expenses while ensuring essential maintenance is completed.

In conclusion, I would like to thank our Manager and staff as well as the President and Committee for their assistance and support throughout the year.



Graeme Matthews
Chartered Accountant

Treasurer
Mercury Bay Club

23 May 2019