



**MJP PROFESSIONAL ACCOUNTING SERVICES**

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***Melville City Hockey Club***

**AUDITORS' REPORT TO THE MEMBERS**

As appointed auditor I am pleased to provide the board of the Melville City Hockey Club this report and I certify that I have completed an independent audit of the financial reports of Melville City Hockey Club which comprises of the profit and loss statement for the year ended 30<sup>th</sup> June 2018 and the balance sheet as at the 30<sup>th</sup> June 2018. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement. The audit includes evaluating the appropriateness of accounting policies used and evaluating the overall procedures.

I have acted in the clubs best interests at all times and have provided the highest level of professional service.

In my opinion

- a) the accounts have been prepared to give a true and fair view of the state of affairs and the results of the Club as at 30 June 2018.
- b) the accounting records using the Xero Accounting software have been kept in accordance with standard accounting practices.
- c) the financial position of the club as a going concern appears to be financially stable with positive cash flow and very high membership levels.

A handwritten signature in blue ink, appearing to read 'Mike Pitcher', with a long horizontal flourish extending to the right.

Mike Pitcher  
MJP PROFESSIONAL ACCOUNTING SERVICES  
Principal



## **MJP PROFESSIONAL ACCOUNTING SERVICES**

### **MANAGEMENT LETTER TO THE MEMBERS**

During the 2018 audit the following areas were reviewed and comments on my findings have been listed:

#### **BANK RECONCILIATIONS**

- The club performs monthly bank reconciliations in accordance with good accounting practices. All transactions are allocated timely and accurately against debtor and creditor accounts.
- The Xero system enables automatic downloading of on-line banking transactions which provides the club effective controls over all bank processes. As a result, postings are allocated accurately to accounts.

#### **RECEIPTS**

I reviewed the receipting processes by sampling one receipt from each month for the year ended 30<sup>th</sup> June 2018 and generally found the controls to be adequate. I found that all receipts were processed directly from the bank statement download and allocated to either debtors accounts or directly to general ledger income accounts.

#### **PAYMENTS**

The payments process was reviewed by sampling one payment from each month for the year ended 30<sup>th</sup> June 2018. The following comments are made following the review:

- All but one invoice from the samples tested had been digitally approved through the Xero Software system. There was however one invoice from Tompkins on the Swan which appeared not to have evidence of any approval, however, this charge was obviously a normal expense and recognised as an oversight.
- With the introduction of the Xero System and the scanning and electronic attachment of all supplier invoices it enables very effective invoice authorisation and significantly speeds up the posting and filing processes.
- Although there is no evidence of creditor invoices being physically marked "paid" to prevent re-submission, the Xero system has a built-in warning process to negate an invoice being processed using the same invoice number and stopped from being entered twice. This control effectively compensates from using a physical identifier.

## **ANALYTICAL REVIEW**

An analytical review was performed on the detailed profit and loss statement for year ended 30<sup>th</sup> June 2018 and balance sheet as at 30<sup>th</sup> June 2018. The prior year ending 30<sup>th</sup> June 2017 was prepared for comparative analysis and the following significant points have been highlighted:

### **Profit & Loss Statement**

- Total Income for the period has increased \$36.7k or 10.2% which was due mainly to:
  - Senior Member Fees and Junior Member Fees
  - The club also received a significant communities program grant of \$15.0k and a receipt for Hockey Australia Levies which were not received in the 2016/17 financial year.
- Total gross profit from uniform sales for the period increased significantly from \$7.9k in the 2016/17 year to \$37.6k in the 2017/18 year. However this increase may be favourably distorted due to stock receipts recorded in prior year and the introduction of the improved inventory tracking system. On review of the financial statement it reflects that inventory increased by \$12.4k which is significantly more than what the club purchased of \$7.8k during the same period.
- Total net profit for the period increased significantly from a loss in 2016/17 of \$38.1k to a profit of \$48.1k.
- Some increases in costs have been recorded for the year but mainly those directly recovered from increased membership fees.
- There has been a significant reduction in the cost of trophies, year books & photos of \$9.2k or 65.2% which may signify a misallocation of account or timing of processing of purchases as this cost would remain fairly constant.
- There was a reduction of both turf training & game fees during the year with a total reduction of \$24.9k. There is no apparent explanation for this reduction and may require further investigation.

### **Balance Sheet**

- Trade Debtors increased by \$18.7k or 46.3% with aged debtors in excess of 90 days at \$6.3k which equates to 10.5% of total debtors. These include the following debts which require attention:
- Inventory increase of \$12.4k due to both purchases of new stock of \$7.8k and additional stock valued from implementation of improved inventory tracking system.
- Trade Creditors has reduced by \$20.4k mainly due to reduced charges from Melville Turf Inc combined with \$2.0k balance outstanding with Canterbury International (Australia) Pty Ltd as against \$27.6k owed as at 30/6/2017. These decreases were offset by an increase owed to WAHA - Hockey WA of \$13.1k.

Attached are the profit and loss statements and balance sheet reports as at 30<sup>th</sup> June 2018.



Mike Pitcher  
MJP PROFESSIONAL ACCOUNTING SERVICES  
Principal

**Balance Sheet**  
**MELVILLE CITY HOCKEY CLUB**  
As at 30 June 2018

	30 Jun 2018	30 Jun 2017
<b>Assets</b>		
<b>Bank</b>		
BankWest Gold Cash Mgt 3338	\$1.94	\$47,055.10
Gold Term Deposit	\$47,654.87	\$0.00
MCHC Cheque Account 5992	\$134,628.61	\$132,814.76
MCHC PROJECT Cheque Acc 7643	\$137.62	\$137.27
Undeposited Funds	-\$81.00	-\$81.00
<b>Total Bank</b>	<b>\$182,342.04</b>	<b>\$179,926.13</b>
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<b>Current Assets</b>		
Cash on Hand (Float)	\$458.70	\$0.00
Kidsport Voucher	\$670.00	\$1,600.00
Trade Debtors New	\$59,130.60	\$40,423.20
<b>Total Current Assets</b>	<b>\$60,259.30</b>	<b>\$42,023.20</b>
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<b>Fixed Assets</b>		
Changerooms at cost	\$17,141.37	\$17,141.37
<b>Total Fixed Assets</b>	<b>\$17,141.37</b>	<b>\$17,141.37</b>
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<b>Non-current Assets</b>		
Equipment at Cost	\$11,631.02	\$11,631.02
Stock On Hand - Uniforms	\$61,015.00	\$48,641.00
<b>Total Non-current Assets</b>	<b>\$72,646.02</b>	<b>\$60,272.02</b>
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<b>Total Assets</b>	<b>\$332,388.73</b>	<b>\$299,362.72</b>
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<b>Liabilities</b>		
<b>Current Liabilities</b>		
Conversion clearing account	\$5.46	\$5.46
GST	\$9,047.88	\$3,744.99
Rounding	\$1.08	\$0.00
Trade Creditors New	\$76,188.95	\$96,646.12
<b>Total Current Liabilities</b>	<b>\$85,243.37</b>	<b>\$100,396.57</b>
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<b>Total Liabilities</b>	<b>\$85,243.37</b>	<b>\$100,396.57</b>
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<b>Net Assets</b>	<b>\$247,145.36</b>	<b>\$198,966.15</b>
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<b>Equity</b>		
Current Year Earnings	\$48,179.21	-\$38,114.38
Retained Earnings	\$198,966.15	\$237,080.53
<b>Total Equity</b>	<b>\$247,145.36</b>	<b>\$198,966.15</b>
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**Profit & Loss**  
**MELVILLE CITY HOCKEY CLUB**  
**1 July 2017 to 30 June 2018**

	30 Jun 18	30 Jun 17
<b>Income</b>		
Bar Sales	\$2,123.28	\$2,431.82
BUNBURY CARNIVAL revenue	\$1,190.00	\$2,710.00
Canteen Sales - Kitchen Takings	\$19,049.44	\$6,637.79
Coffee Machine	\$2,382.90	\$422.73
Communities PROGRAM GRANT	\$15,000.00	\$0.00
Donations	\$411.09	\$415.00
Fines recuperated	\$175.00	\$0.00
Fundraising & Entertainment Book	\$1,187.07	\$2,839.69
H2H FEES	\$0.00	-\$171.01
Hockey Australia Levy	\$12,942.74	\$0.00
Indoor Fees	\$0.00	\$2,045.45
Interest Earned	\$601.71	\$171.37
Junior Fees	\$74,514.49	\$68,544.00
Other Income [42000]	\$2,811.77	\$4,319.58
Player Sponsorship	-\$1,000.00	-\$966.67
Printed Year Book Income	\$623.08	\$0.00
SCHOOLS PROGRAM [40920]	\$0.00	\$1,454.52
Senior Fees	\$140,980.40	\$132,605.96
Social Member Fees	\$363.65	\$659.12
Sponsorship	\$23,156.98	\$18,968.18
Turf Entry Fee	\$68.18	-\$46.81
Turf Levy	\$10,213.86	\$6,722.94
UNALLOCATED FEE INCOME	\$0.00	\$600.00
Uniform Sales	\$33,100.33	\$37,358.48
UT - Sales	\$0.00	\$7,238.15
WINDELYA SPORTS ASSOC BAR HOCK	\$50,000.00	\$50,450.00
Windups [41100]	\$5,662.78	\$13,448.15
<b>Total Income</b>	<b>\$395,558.75</b>	<b>\$358,858.44</b>
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<b>Less Cost of Sales</b>		
UT - Opening Stock	\$48,641.00	\$39,101.65
CANT - Purchases	\$0.00	\$1,141.82
CANT - Sales	\$0.00	-\$10,662.58
CT - Purchases	\$0.00	\$15,165.89
CT - Sales	\$0.00	-\$15,247.65
UT - Purchases	\$7,832.44	\$46,204.41
UT - Closing Stock	-\$61,015.00	-\$48,641.00
<b>Total Cost of Sales</b>	<b>-\$4,541.56</b>	<b>\$27,062.54</b>
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<b>Gross Profit</b>	<b>\$400,100.31</b>	<b>\$331,795.90</b>
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<b>Less Operating Expenses</b>		
Advertising	\$1,760.00	\$337.72
Artificial Turf Hire Game Fees	\$24,622.73	\$28,183.08
Artificial Turf Hire Training	\$61,303.62	\$82,670.46
Bad Debt Fees	-\$106.81	\$67.27

Bad Debts Prior Dec 2016	-\$320.00	\$4,469.67
Bank Charges	\$1,400.65	\$1,633.34
Bunbury carnival	\$0.00	\$1,909.09
Canteen Purchases	\$8,437.75	\$7,192.02
Carnival Costs-Turf Opening	\$627.27	\$627.27
Club Development	\$1,300.00	\$32,794.19
Club Equipment < \$1000	\$872.50	\$3,935.45
Club Operating Costs	\$27,729.15	\$19,615.13
Club Social Nights&Sponsor Exp	\$0.00	\$209.81
Ground Fees	\$5,623.63	\$5,115.45
HBF Arena Fees	\$0.00	\$218.20
Hockey Australia Levy cost	\$6,965.00	\$0.00
Hockey Development Mens 1	\$19,583.00	\$13,000.00
Hockey Development Premier 2 Women	\$20,700.00	\$17,213.72
Hockey WA Costs	\$109,675.15	\$82,793.56
Insurance	\$10,359.42	\$8,559.36
Junior Development	\$7,668.00	\$7,585.00
Printing Costs	\$224.18	\$0.00
Programme Grant	\$15,000.00	\$0.00
Repairs and Maintenance	\$0.00	\$1,128.23
SCHOOLS PROGRAM [60323]	\$0.00	\$1,300.00
Sponsor Expenses	\$0.00	\$304.60
Stationery and Postage	\$120.00	\$351.72
Suspense	-\$580.40	\$1,883.70
Top Squad Training Costs	\$0.00	\$5,272.27
Top Squad Turf Entry Fees	\$0.00	-\$120.05
Trophies, Year Books & Photos	\$4,935.63	\$14,167.22
Uniform Purchases	\$710.36	\$330.50
Website	\$1,900.00	\$300.00
Windelya Fees	\$13,483.00	\$12,609.75
Windups [62640]	\$7,927.27	\$14,252.55
<b>Total Operating Expenses</b>	<b>\$351,921.10</b>	<b>\$369,910.28</b>
<b>Net Profit</b>	<b>\$48,179.21</b>	<b>-\$38,114.38</b>