



MJP PROFESSIONAL ACCOUNTING SERVICES

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14th August 2019

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 30th June 2019 and the balance sheet as at the 30th June 2019. 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 2019.
- 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 2019 audit the following areas were reviewed and comments on my findings have been listed:

BANK RECONCILIATIONS

- The club's treasurer 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 30th June 2019 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 30th June 2019. The following comments are made following the review:

- All invoices 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.
- All supplier invoices have been scanned and electronically attached to the Xero transaction which provides a 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 30th June 2019 and balance sheet as at 30th June 2019. The prior year ending 30th June 2018 was prepared for comparative analysis and the following significant points have been highlighted:

Profit & Loss Statement

- Total Income for the period has decreased \$22.0k or 5.6% which was due mainly to:
 - Reduction in both Senior Member Fees 5.0% and Junior Member Fees 4.3%.
 - Following a high level of canteen kitchen sales in 2018 this years kitchen revenue has reduced significantly by \$13.0k or 68%.
 - The club received no communities program grant of following last years \$15.0k receipt.
- Total gross profit from uniform sales for the period decreased significantly from \$37.6k in the 2017/18 year to \$4.8k in the 2018/19 year. However this reduction was anticipated following the correction in the prior year for inventory adjustments.
- Total net profit for the financial year reduced from \$40.7k in 2017/18 to \$29.0k a reduction of 28.6%. This was mainly attributed to by the reduction in Uniform gross profit following the adjustment of inventory in the prior year.
- Operating expenses have reduced by \$42.7k or 11.9%. Increases in Turf Game Fees and Turf Training Fees have been offset from reduced Hockey WA Costs.
- There has been a significant increase in the cost of trophies, year books & photos of \$4.1k or 83.7% which has offset the high reduction from the prior year. The cost for the 2018/19 year would be more typical of the annual spend in this area.

Balance Sheet

- Trade Debtors remain in line with last year with a small reduction of \$1.7k or 2.9% with aged debtors in excess of 90 days at \$3.8k which equates to 6.6% of total debtors against 10.5% for the previous year.
- Inventory decreased by \$2.7k following a significant increase from the prior year. Inventory levels appear to be adequate in line with club requirements.
- Trade Creditors has reduced by \$16.0k mainly a reeducation of balance outstanding from Hockey WA.

Attached are the profit and loss statements and balance sheet reports as at 30th June 2019.



Mike Pitcher
MJP PROFESSIONAL ACCOUNTING SERVICES
Principal



PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Account Description	2019	2018	Variance	Variance %
TRADING INCOME				
BAR SALES	0.00	2,123.28	(2,123.28)	-100.0%
BUNBURY CARNIVAL REVENUE	0.00	1,190.00	(1,190.00)	-100.0%
CANTEEN SALES - KITCHEN TAKINGS	6,096.14	19,049.44	(12,953.30)	-68.0%
COFFEE MACHINE	894.27	2,382.90	(1,488.63)	-62.5%
COMMUNITIES PROGRAM GRANT	0.00	15,000.00	(15,000.00)	-100.0%
DONATIONS	479.38	411.09	68.29	16.6%
FINES RECUPERATED	0.00	175.00	(175.00)	-100.0%
FUNDRAISING & ENTERTAINMENT BOOK	1,590.93	1,187.07	403.86	34.0%
HOCKEY AUSTRALIA LEVY	0.00	12,942.74	(12,942.74)	-100.0%
INTEREST EARNED	0.00	601.71	(601.71)	-100.0%
JUNIOR FEES	71,092.45	74,514.49	(3,422.04)	-4.6%
MELVILLE MIDWEEK O40'S PLAYERS FEES	3,272.73	0.00	3,272.73	0.0%
OTHER INCOME [42000]	1,613.71	2,811.77	(1,198.06)	-42.6%
PLAYER SPONSORSHIP	0.00	(1,000.00)	1,000.00	-100.0%
PRINTED YEAR BOOK INCOME	1,364.28	623.08	741.20	119.0%
SENIOR FEES	133,907.08	140,980.40	(7,073.32)	-5.0%
SOCIAL MEMBER FEES	386.38	363.65	22.73	6.3%
SPONSORSHIP	25,108.73	23,156.98	1,951.75	8.4%
TURF ENTRY FEE	109.10	68.18	40.92	60.0%
TURF LEVY	11,893.00	10,213.86	1,679.14	16.4%
UNIFORM SALES	32,649.19	33,100.33	(451.14)	-1.4%
UT - SALES	81.00	0.00	81.00	0.0%
WINDELYA SPORTS ASSOC BAR HOCK	70,000.00	50,000.00	20,000.00	40.0%
WINDUPS [41100]	13,065.34	5,662.78	7,402.56	130.7%
TOTAL TRADING INCOME	373,603.71	395,558.75	(21,955.04)	-5.6%
COST OF SALES				
UT - CLOSING STOCK	(58,313.00)	(61,015.00)	2,702.00	4.4%
UT - OPENING STOCK	61,015.00	48,641.00	12,374.00	-25.4%
UT - PURCHASES	25,107.25	7,832.44	17,274.81	-220.6%
TOTAL COST OF SALES	27,809.25	(4,541.56)	32,350.81	712.3%

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Account Description	2019	2018	Variance	Variance %
GROSS PROFIT	345,794.46	400,100.31	(54,305.85)	-13.6%
OPERATING EXPENSES				
ADVERTISING	0.00	1,760.00	(1,760.00)	100.0%
ARTIFICIAL TURF HIRE GAME FEES	39,237.75	24,622.73	14,615.02	-59.4%
ARTIFICIAL TURF HIRE TRAINING	69,443.19	61,303.62	8,139.57	-13.3%
BAD DEBT FEES	420.01	(106.81)	526.82	493.2%
BAD DEBTS PRIOR DEC 2016	0.00	(320.00)	320.00	100.0%
BANK CHARGES	781.28	1,400.65	(619.37)	44.2%
CANTEEN PURCHASES	0.00	8,437.75	(8,437.75)	100.0%
CARNIVAL COSTS-TURF OPENING	0.00	627.27	(627.27)	100.0%
CLUB DEVELOPMENT	0.00	1,300.00	(1,300.00)	100.0%
CLUB EQUIPMENT < \$1000	0.00	872.50	(872.50)	100.0%
CLUB OPERATING COSTS	24,405.03	27,729.15	(3,324.12)	12.0%
FINES CHARGED BY HWA FOR TEAMS	300.00	0.00	300.00	0.0%
GROUND FEES	5,485.45	5,623.63	(138.18)	2.5%
HOCKEY AUSTRALIA LEVY COST	(6,965.00)	6,965.00	(13,930.00)	200.0%
HOCKEY DEVELOPMENT MENS 1	20,420.00	19,583.00	837.00	-4.3%
HOCKEY DEVELOPMENT PREMIER 2 WOMEN	14,380.00	20,700.00	(6,320.00)	30.5%
HOCKEY WA COSTS	91,932.58	109,675.15	(17,742.57)	16.2%
INSURANCE	3,150.78	10,359.42	(7,208.64)	69.6%
JUNIOR DEVELOPMENT	8,011.00	7,668.00	343.00	-4.5%
PRINTING COSTS	0.00	224.18	(224.18)	100.0%
PROGRAMME GRANT	0.00	15,000.00	(15,000.00)	100.0%
REPAIRS AND MAINTENANCE	3,757.36	0.00	3,757.36	0.0%
STATIONERY AND POSTAGE	118.18	120.00	(1.82)	1.5%
SUSPENSE	1,000.89	6,947.99	(5,947.10)	85.6%
TROPHIES, YEAR BOOKS & PHOTOS	9,067.31	4,935.63	4,131.68	-83.7%
UNIFORM PURCHASES	0.00	710.36	(710.36)	100.0%
WEBSITE	2,600.00	1,900.00	700.00	-36.8%
WINDELYA FEES	13,483.00	13,483.00	0.00	0.0%
WINDUPS [62640]	15,722.79	7,927.27	7,795.52	-98.3%
TOTAL OPERATING EXPENSES	316,751.60	359,449.49	(42,697.89)	11.9%
NET PROFIT	29,042.86	40,650.82	(11,607.96)	28.6%



BALANCE SHEET AS AT 30 JUNE 2019

Account Description	Jun-2019	Jun-2018	Variance	Variance %
Assets				
Bank				
BANKWEST GOLD CASH MGT 3338	1.94	1.94	0.00	0.0%
GOLD TERM DEPOSIT	47,654.87	47,654.87	0.00	0.0%
MCHC CHEQUE ACCOUNT 5992	136,809.50	134,628.61	2,180.89	1.6%
MCHC PROJECT CHEQUE ACC 7643	137.62	137.62	0.00	0.0%
UNDEPOSITED FUNDS	28,610.48	(81.00)	28,691.48	-35421.6%
Total Bank	213,214.41	182,342.04	30,872.37	16.9%
Current Assets				
CASH ON HAND (FLOAT)	458.70	458.70	0.00	0.0%
KIDSPORT VOUCHER	0.00	670.00	(670.00)	-100.0%
TRADE DEBTORS NEW	57,183.91	58,862.57	(1,678.66)	-2.9%
Total Current Assets	57,642.61	59,991.27	(2,348.66)	-3.9%
Fixed Assets				
CHANGEROOMS AT COST	17,141.37	17,141.37	0.00	0.0%
Total Fixed Assets	17,141.37	17,141.37	0.00	0.0%
Non-current Assets				
EQUIPMENT AT COST	11,631.02	11,631.02	0.00	0.0%
STOCK ON HAND - UNIFORMS	58,313.00	61,015.00	(2,702.00)	-4.4%
Total Non-current Assets	69,944.02	72,646.02	(2,702.00)	-3.7%
Total Assets	357,942.41	332,120.70	25,821.71	7.8%
Liabilities				
Current Liabilities				
CONVERSION CLEARING ACCOUNT	5.46	5.46	0.00	0.0%
GST	21,833.97	9,047.88	12,786.09	-141.3%
ROUNDING	2.44	1.08	1.36	-125.9%
TRADE CREDITORS NEW	62,489.35	78,497.95	(16,008.60)	20.4%
Total Current Liabilities	84,331.22	87,552.37	(3,221.15)	3.7%
Non-current Liabilities				
MCHC PROJECT LOAN CITY OF MELV	0.00	0.00	0.00	0.0%
Total Non-current Liabilities	0.00	0.00	0.00	0.0%
Total Liabilities	84,331.22	87,552.37	(3,221.15)	3.7%

**BALANCE SHEET
AS AT 30 JUNE 2019**

Account Description	Jun-2019	Jun-2018	Variance	Variance %
Net Assets	273,611.19	244,568.33	29,042.86	11.9%
Equity				
CURRENT YEAR EARNINGS	29,042.86	40,650.82	(11,607.96)	28.6%
RETAINED EARNINGS	244,568.33	203,917.51	40,650.82	-19.9%
Total Equity	273,611.19	244,568.33	29,042.86	11.9%