

MANLY-WARRINGAH RUGBY LEAGUE CLUB LTD



MANLY
L e a g u e s

2015 ANNUAL REPORT for the year ending 31 October 2015

CHAIRMAN'S REPORT



On behalf of the Board of Directors I am pleased to be able to report that the Financial Year ending October 2015 represents another significant step on the road to long term business sustainability for our club.

A Trading Profit of \$128,424 continues the 'recovery' trend of the past three years. Pleasingly there are other key business metrics that confirm this trend.

This financial result provided the club with the opportunity to support a wide range of community service groups, a key pillar in the club's strategy.

Once again our club was able to provide financial and non-financial support to a variety of community groups. Principal among these was our sponsorship of the Manly-Warringah Junior Rugby League.

As previously noted our contribution to this fine body is in line with our long and proud support for the game of Rugby League. An important part of that support is our continued support of the mighty Sea Eagles NRL team, by way of sponsorship. Also worthy of mention is our funding of the wide range of sub-clubs that operate under the over-arching banner of the Manly-Warringah Rugby League Club.

While the 2015 financial result was pleasing, as I reported last year, there are further financial and operational challenges that face our club in the months and years ahead. Principal among these is the need to secure the club's future trading premises. The new owners of the land that the club currently occupies have made clear their intention, subject to local government approval, to redevelop the carpark and current club site into a new business and residential hub. While our existing commercial lease provides security of tenure until May 2019, it is important that the Board continue to work diligently towards securing appropriate premises upon expiration of this lease. Please be assured that the Board view this initiative as being of upmost importance and remain very confident of providing a workable solution. Importantly, once a clear, viable solution is at hand we will engage with you, our members, to provide you with an understanding of the road ahead.

Through the 2015 business reporting period the majority of the Board undertook Director Training programs conducted by our industry's peak body, Clubs NSW. This external training was seen as an important step in further developing and strengthening the Board's future capability.

At this time I would also like to thank the Board for their diligence and commitment to the financial well-being and future development of the club. In addition to the regular monthly Board meetings, Directors have given additional time and energy, sometimes at short notice, to important matters pertaining to the club. This willingness to contribute has played a vital part in the business turnaround of the past three years and for this I congratulate and sincerely thank them and their respective families.

Similarly, the club's CEO, Craig Norman and his team have delivered another strong result in 2015. The energy and desire to succeed are clear for all to see in Craig's team. It is worth noting that in the three years since Craig's appointment as Chief Executive Officer he and his team have overseen a remarkable business recovery. The trading result of 2015 means that there has been a financial turnaround of over \$1.2 million through the past three years. Congratulations to Craig and all of his dedicated staff.

Lastly, to all club members, a hearty thank you for your patronage and support of the Manly-Warringah Leagues Club. It is this solid and unwavering support that provides motivation for the Board and staff alike. I look forward to seeing you all at the club very soon.



MANLY-WARRINGAH RUGBY LEAGUE CLUB LIFE MEMBERS

1965: Mr J.L. Martin (Dec)

1965: Mr A.B. Stehr (Dec)

1965: Mr E.A. Langford (Dec)

1969: Mr R.E. Hudson, Snr (Dec)

1971: Mr J.W. Cameron B.E.M. (Dec)

1972: Mr G.M. Houston

1973: Mr K.R. Arthurson, AM

1973: Mr R.O. Hudson Jnr, OAM

1977: Mr W.J. Poole

1980: Mr G.V. Willoughby (Dec)

1983: Mr E.R. Bull (Dec)

1983: Mr S.L. Wallace

1985: Mr W.A. Lough (Dec)

1993: Mr D.J. Daley (Dec)

1994: Mr R.K. Rainey (Dec)

1997: Mr C.A. Dempster

2001: Mrs N.A. Geddes (Dec)

2004: Dr D.S. Biddle, AM

2005: Mr I.J. Fitzgibbon

2005: Mr B.J. Smith

2006: Mr G.M. Miller

2012: Mr G.A. Clark

2013: Mrs K.E. Hudson

DIRECTOR'S REPORT

The Directors have pleasure in presenting their Annual Report for the twelve months ended 31 October 2015.

Corporate Information

Manly-Warringah Rugby League Club Ltd is a public company limited by guarantee but without a share capital. The Club is prevented by its Constitution from paying dividends. The registered office and principal place of business is 563 Pittwater Road, Brookvale, NSW.

Company Secretary ~ Craig Norman

Craig Norman has been the Secretary of Manly-Warringah Rugby League Club for 2½ years.

Names of Directors

Directors who are current or who have held office during the year :

Warwick Bulmer
Max Krilich
Peter Peters
Brian Smith
Alan Thompson
Ian Thomson
Garry Thoroughgood
Wayne Honeywood (appointed 21 December 2015)
Warren Jowett (appointed 21 December 2015)

Operating Result

The Club recorded a trading profit of \$393,572 before paying support to the community of \$265,148 resulting in a net operating profit for the year of \$128,424.

Principal Activity

The principal activity of the Company was that of a Licensed Club.

Significant Changes in Activity

During the financial year there was no significant change in the nature of the principal activity of the Company.

Objectives

Short & Long Term Objectives

- To provide members and their guests with a quality hospitality venue.
- To set directions and strategies that ensure the Club has a positive and long-term future.
- To support the game of rugby league in the Manly-Warringah district and operate our Club as the home of rugby league in the area.
- To provide support to the local community.
- To provide a professional and safe workplace for its staff.
- To maintain an excellent working relationship with representatives of Federal, State and Local government and industry bodies.
- To encourage participation in the Club's various sub Clubs and to provide general support to these sub Clubs.

Strategies to achieve Objectives

- Conduct regular meetings of the Board of Directors to review the effectiveness of the operations of the Club and discuss future strategies.
- Engage professional consultants and contractors to assist Directors and management in the development and operation of the Club.

- Encourage feedback from and communicate with Club members.
- Communicate on a regular basis with Manly-Warringah NRL and junior league entities.
- Provide training and development for appropriate staff.
- Participate in community and industry forums.
- Communicate on a regular basis with internal sub Clubs.

How the Principal Activities assisted in achieving the Club's Objectives

The Club's principal activity enables the entity to generate revenue which is used to achieve the objectives of the Club.

Measurement of Performance & Key Performance Indicators

The Board of Directors measures the performance of the Club on a monthly basis by monitoring financial results and key performance indicators across a range of measures.

Legal Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the Auditors Independence Declaration as required under Section 307C of the Corporation Act 2001 is included later in this report.

Signed in accordance with a Resolution of Directors.



DIRECTOR'S ATTENDANCE AT BOARD MEETINGS

During the period the Board met on 15 occasions. The attendances at these meetings were as follows:

	Attended	Possible
W. Bulmer	14	15
M. Krilich	15	15
P. Peters	12	15
B. Smith	12	15
A. Thompson	14	15
I. Thomson	13	15
G. Thoroughgood	12	15

The Board also met on numerous other occasions for Club business.

CHIEF EXECUTIVE OFFICER'S REPORT



Hello Members,

The financial year 2014/2015 has proved challenging but also incredibly rewarding.

The final result this year, a profit after depreciation and propagation of \$128,424 is the first profit declared in five years. This is a sensational result!

As indicated in last year's annual report, the Club this year continues to build a solid profitable ongoing financially feasible model. Most encouraging this year was the emphasis placed on cost control and the positive financial momentum achieved as a result of this focus.

The wonderful result achieved is a glaring salute to each and every member who patronised their Club this year. This Club is extremely lucky to have such extraordinarily loyal and passionate members.

The continued support of members and visitors allows the Club the opportunity to continually provide wonderful promotions, great food and super beverage options and our results would seem to indicate that members are generally happy with our offerings.

To our members, thank you again for the support provided to your Club.

Again, during the 2015 year, the Club has supported the local community. This support remains a focus of the Board as they acknowledge the importance this Club plays within the community. To this end, the Club provided some \$265,000 through Club grants to thoroughly deserving community based projects and local junior sporting groups.

To the Club staff, I would like to publicly thank all of you for your efforts during the last twelve months. Like the membership of this Club, the staff here are passionate about their workplace and the service they provide to the membership. They take great pride in the results achieved over the last twelve months. They are an integral part of the success of the Club this year and I publically acknowledge their support – Thank You All.

My thanks and appreciation is also extended to our Chairman, Ian Thomson and to all fellow Directors, who have again this year given me and all the staff of the Manly Leagues Club support, direction and encouragement over the year.

As advised last year, the Club Board is investigating future opportunities for the Club to survive and prosper. A number of options are still being investigated and preliminary talks continue with the prospective new owners of the building.

The Board recently recognised that extra expertise was required to navigate through the rough waters that lie ahead and to that end, Mr Warren Jowett and Mr Wayne Honeywood have been invited and accepted a position of Director on the Club Board. Both new directors bring a wealth of knowledge and expertise in business management and this can only help in securing a strong future for the Club.

Vale: I would like to remember our dear members, friends and relatives who have passed away in the last twelve months. May they rest in peace.

See you at the Club!



Craig Norman
Chief Executive Officer

CLUB MANAGEMENT

Chief Executive Officer	Craig Norman
Operations Manager	Craig Dickson
Gaming Manager	David Nelson

Auditors

W.R. Edmondson & Co. Brookvale

Bankers

Northern Beaches Credit Union

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANLY-WARRINGAH RUGBY
LEAGUE CLUB LIMITED ABN 85 000 193 251

REPORT ON THE FINANCIAL REPORT

We have audited the Financial Report of Manly-Warringah Rugby League Club Limited which comprises the balance sheet as at 31 October 2015, and the income statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The Company's Directors are responsible for the preparation and fair presentation of the report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

AUDIT RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors judgement including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Manly-Warringah Rugby League Club Limited on 12 November 2014 would be in the same terms if provided to the Directors as at the date of this Auditors' Report.

AUDIT OPINION

In our opinion the financial report of Manly-Warringah Rugby League Club Limited is in accordance with the Corporations Act 2001, including

- i) giving a true and fair view of the Company's financial position as at 31 October 2015, and of its performance for the year ended on that date; and
- ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

EDMONDSON & CO, Chartered Accountants



W.R. EDMONDSON, Registered Company Auditor
658 Pittwater Road, BROOKVALE NSW 2100
Dated at Brookvale, 1 February 2016

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) the financial statements and notes of the Club
 - (a) are in accordance with the Corporations Act 2001; and comply with Accounting Standards and Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 October 2015 and performance for the year ended on that date of the Company.
- (2) in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with the Resolution of the Board of Directors and is signed for and on behalf of the Directors by:



IAN THOMSON, DIRECTOR

Dated at Brookvale, 1 February 2016

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors of Manly-Warringah Rugby League Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 October 2015 there have been :

- (i) no contraventions of the Auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

EDMONDSON & CO
Chartered Accountants



Statement of Comprehensive Income for the year ended 31 October 2015

	Notes	2015 \$	2014 \$
Membership		59,593	62,664
Poker machines		8,098,266	8,071,251
Beverage		1,441,728	1,502,145
TAB & Keno		79,527	76,456
Catering		972,193	1,181,961
Rental income		272,180	299,730
Interest on invested funds		155	505
Other revenue	2(a)	439,720	443,976
Revenue		11,363,362	11,638,688
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(921,093)	(1,184,816)
Employee benefits expense	2(c)	(2,984,062)	(3,276,548)
Depreciation expense	2(d)	(981,752)	(973,473)
Impairment of non-current assets		-	-
Other expenses	2(e)	(5,534,803)	(5,592,420)
Finance costs	2(f)	(548,080)	(568,951)
Operating Profit/(Loss) before income tax and support to the community		393,572	42,480
Propagation of Sport : Football related grants		(33,379)	(59,193)
Donations & other support to community groups		(184,173)	(160,452)
MWRLC sporting and cultural Clubs including cash donations		(47,596)	(53,737)
Total support to the community		(265,148)	(273,382)
Profit/(Loss) before income tax		128,424	(230,902)
Income tax expense	3	-	-
Profit/(Loss) after tax		128,424	(230,902)
Other comprehensive income/(expense)	2(g)	-	1,620
Total comprehensive income/(loss) for the year		128,424	(229,282)

The above statement should be read in conjunction with the accompanying notes

Statement of Financial Position as at 31 October 2015

Assets

Current Assets

Cash & cash equivalents		179,601	178,872
Cash at Bank		175,329	73,405
Trade & other receivables	4	33,101	49,649
Inventories	5	65,287	64,065
Prepayments		148,139	147,559
Total current assets		601,457	513,550

Non-current assets

Investments		761	761
Property, plant & equipment	6	11,435,463	11,640,715
Intangible assets		2,100,000	2,100,000
Total non-current assets		13,536,224	13,741,476
TOTAL ASSETS		14,137,681	14,255,026

LIABILITIES

Current Liabilities

Trade & other payables	8	1,149,346	1,546,745
Provisions	9	333,359	439,778
Unearned income	10	122,226	98,051
Finance lease & hire purchase liabilities	11	582,055	510,961
Total current liabilities		2,186,986	2,595,535

Non-current liabilities

Interest bearing liabilities	8	6,000,000	6,000,000
Unearned income	10	1,736,790	1,717,444
Finance lease & hire purchase liabilities	11	632,543	489,109
Total non-current liabilities		8,369,333	8,206,553
TOTAL LIABILITIES		10,556,319	10,802,088

NET ASSETS

3,581,362 **3,452,938**

MEMBERS' FUNDS

Retained earnings		3,581,362	3,452,938
TOTAL MEMBERS' FUNDS		3,581,362	3,452,938

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the year ended 31 October 2015

	Retained Earnings	Asset Revaluation	Total Members' Equity
At 31 October 2014	3,682,220	0	3,682,220
Profit/(loss) for the year	(229,282)	0	(229,282)
At 31 October 2015	3,452,938	0	3,452,938
Profit/(loss) for the year	128,424	0	128,424
At 31 October 2015	3,581,362	0	3,581,362

The above statement of changes should be read in conjunction with the accompanying notes

Statement of Cash Flows for the year ended 31 October 2015

	2015 \$	2014 \$
Cash from operating activities		
Receipts from customers	11,342,285	11,636,136
Payments to suppliers and employees	(10,038,053)	(10,568,017)
Interest received	155	505
Interest paid	(512,740)	(510,115)
Net cash flows from operating activities	791,647	558,509
Cash flows from investing activities		
Payment for purchase of property, plant & equipment	(776,499)	(843,054)
Net cash flows used in investing activities	(776,499)	(843,054)
Cash flows from financing activities		
Increase/(decrease) in lease borrowings	87,505	331,499
Net cash used in financing activities	87,505	331,499
Net increase/(decrease) in cash & cash equivalents	102,653	46,954
Cash & cash equivalents at beginning of year	252,277	205,323
Cash & cash equivalents at end of year	354,930	252,277

The above cash flow statement should be read in conjunction with the accompanying notes

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money markets, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows :

Cash	179,101	177,641
Deposits at call	500	1,231
Cash at Bank	175,329	73,405
	354,930	252,277

Cash Flow Statement Reconciliation

Reconciliation of profit/(loss) after tax to net cash flows from operations

Profit/(loss) after tax	128,424	(230,902)
Adjustments for :		
Operating depreciation & amortisation	981,752	973,473
Net (profit)/loss on disposal of property, plant & equipment	--	3,653
Changes in assets & liabilities		
(Increase)/decrease in trade & other receivables	16,548	(7,965)
(Increase)/decrease in inventories	(1,222)	14,310
(Increase)/decrease in deferred tax assets	(580)	(48,163)
(Decrease)/increase in trade & other payables	(270,377)	(590,361)
(Decrease)/increase in provision	106,419	(11,688)
(Increase)/decrease in income in advance	43,521	456,152
Net cash flows from operating activities	791,647	558,509

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

The financial statements cover Manly-Warringah Rugby League Club Limited as an individual entity, incorporated and domiciled in Australia. Manly-Warringah Rugby League Club Limited is a company limited by guarantee.

NOTE 1. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Standards Accounting Board and the *Corporations Act 2001*. Reduced Disclosure Requirements. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going Concern Status

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business.

The financial statements were authorised for issue on 1 February 2016 by the Directors of the company.

(a) Income Tax

Under present legislation and the concept of mutuality income derived by the company from members is not assessable to income tax. Income tax liabilities arise in respect of income derived from non members and investments less certain allowable deductions. The company has adopted the principle of tax effect accounting but in this financial year has written off the deferred tax asset due to its unlikely realisation.

(b) Inventory

Stock on hand is valued at the lower of cost and net realisable value. Costs are assigned to quantities on hand at balance date by the method most appropriate to each particular class of stock, with the major portion in value of stock on hand costed on a first-in first-out or specific identification basis.

(c) Investments

The Club holds 750 shares in Independent Liquor Group Ltd. They are shown at cost. There is no market value.

(d) Property, Plant & Equipment

Each class of property, plant & equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property-Change in Accounting Policy

Freehold land and buildings are shown at their fair value. The car park site has been re-valued to the sale price specified in an option agreement with Penn Sport Pty Ltd of \$7,500,000. The Travelodge site at 4 Victor Road has been re-valued at \$1, due to the fact that the property is no longer income producing, is subject to a 50 year lease plus option and the Club will not be able to access or control the property until 2099.

Plant & Equipment

Plant & equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant & equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

(e) Depreciation

The depreciable amount of all fixed assets including building & capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Club commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant & Equipment	5-27%
Leased Plant & Equipment	10-27%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Impairment of Assets

At each reporting date the Club reviews the carrying values of its assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of an asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash generating unit to which the asset belongs.

(g) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. The Club assesses impairment of assets at each reporting date by evaluating conditions specific to the Club that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed in assessing recoverable amounts incorporating a number of key estimates. No impairment has been recognised in this financial year for any of the Club's assets. The current carrying values are estimated to be approximately the same as the assets' fair values. A value has been recognised for the Club's poker machine licences. The licences have been shown as a separate intangible asset at an independent fair value based conservatively on what they could be sold for.

(h) Lease of Premises

During the 2009 year the Club sold the property at 563 Pittwater Road and entered into a lease with Penn Sport Pty Limited for the ground floor and mezzanine level for a term of 5 years up to 26 May 2014 with an option to renew for a further period of up to 5 years. During 2012 this lease was extended until 26 May 2019.

(i) Revenue

Revenue is recognised on receipt or on the rendering of services. Members' subscriptions, which are paid in advance for periods subsequent to this financial year, are not brought to account as revenue in this financial year, but are shown in the balance sheet as subscriptions in advance – liability. Rent received in advance is shown as a liability and is brought to account as income over the period of the lease.

(j) Employee Entitlements

The amount expected to be paid to employees for their pro-rata entitlement for long service and annual leave are accrued annually at current pay rates having regard to experience of employee periods of service.

(k) Comparative Figures

Comparative figures, where necessary, have been reclassified in order to comply with the presentation adopted in the 2015 year.

(l) Limitation of Member's Liability

In accordance with Memorandum of Association the liability of members in the event of the Club being wound up would not exceed \$9 per member.

(m) Related Party Transactions

In the reporting period there was 0 occasions when a director reported a material personal interest in a matter that related to the affairs of the Club.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to, the ATO are classified as operating cash flows.

	2015 \$	2014 \$
NOTE 2. Revenue & Expenses:		
(a) Other revenue		
Promotions income	241,109	268,723
Commissions	74,770	76,940
Merchandise sales	280	359
Other income	129,016	97,954
Total other income	445,175	443,976
(b) Purchases net of movement in inventories of finished goods & work in progress		
Beverage	553,975	604,277
Catering	367,118	580,539
	921,093	1,184,816
(c) Employee benefits expense		
Wages & salaries	2,758,997	2,916,197
Superannuation expense	260,884	267,251
Provision for leave	(104,380)	(12,888)
Fringe benefits tax	(2039)	1,928
Other employee benefit expenses	70,600	104,060
Total employee benefits expense	2,984,062	3,276,548
(d) Depreciation & amortisation expense		
Amortisation of leasehold improvements	389,547	388,844
Depreciation of property	0	93,616
Depreciation of plant & equipment	592,205	491,013
Total depreciation & amortisation	981,752	973,473
(e) Other expenses		
Hire of equipment & operating lease payments	39,006	77,125
Licences, rates, utilities, subscriptions & taxes	2,344,827	2,436,421
Promotion, advertising & entertainment expenses	1,467,416	1,427,032
Cleaning, repairs & maintenance	530,246	504,594
Other expenses	485,366	504,588
Rent	667,942	642,660
Total other expenses	5,534,803	5,592,420
(f) Finance costs		
Interest expense	512,740	510,115
Bank fees & fees associated with borrowing	35,340	58,836
Total finance costs	548,080	568,951
(g) Impairment of Assets		
Revaluation of car park property to option sale price	-	461,469
Impairment of 4 Victor Road property to \$1	-	(2,539,849)
Revaluation of poker machine licences	-	2,100,000
	-	1,620

	2015 \$	2014 \$
NOTE 3. Income Tax Expense :		
The Company has no income tax expense for the year	-	-
NOTE 4. Trade & Other Receivables :		
Trade debtors after providing for doubtful debts of \$0	7,564	19,298
Other debtors	25,537	30,351
	33,101	49,649
NOTE 5. Inventories :		
Catering stock at cost	19,676	17,129
Liquor stock at cost	32,728	32,246
Other stock at cost	12,883	14,690
Total inventory at the lower of cost & net realisable value	65,287	64,065
NOTE 6. Property, Plant & Equipment :		
Core property : Car park at option sale price	7,500,000	7,500,000
Non-core property : 4 Victor Rd Property-Travelodge	1	1
Net property	7,500,001	7,500,001
<i>The car park property has been subject to an option held by Penn Sport Pty Ltd and others to purchase the property for \$7,500,000 and who have notified the Club that they intend to take up the option. The Club has valued the asset at the option sale price. The secured loan of \$6,000,000 (note 8) will become payable when the option is exercised. Both the asset and the loan liability have been classified as non-current.</i>		
<i>The Travelodge site at 4 Victor Rd is subject to a 50 year lease with a further 50 year option held by the Mirvac Group. The Club will not get access to the property until the year 2099 and has valued this asset at \$1.</i>		
Leasehold improvements (at cost)	3,024,476	3,024,476
Less accumulated amortisation	(1,639,029)	(1,249,482)
	1,385,447	1,774,994
Poker machines (at cost)	5,416,638	4,872,263
Less accumulated depreciation	(3,339,521)	(2,995,954)
	2,077,117	1,876,309
Plant, equipment, furniture and fittings	3,524,025	3,382,589
Less accumulated depreciation	(3,051,127)	(2,893,178)
	472,898	489,411
	11,435,463	11,640,715
Property, plant & equipment movement summary :		
Properties		
Carrying amount at beginning of year	7,500,001	9,691,997
Add : Revaluation of car park property to option sale price	0	461,469
Less : Impairment of 4 Victor Rd property	0	(2,559,849)
Depreciation	0	(93,616)
Carrying amount at end of year	7,500,001	7,500,001
Leasehold Improvements		
Carrying amount at beginning of year	1,774,994	2,145,940
Additions	0	17,898
Disposals and Cost Adjustments at net book value	0	-
Amortisation	(389,547)	(388,844)
Carrying amount at end of year	1,385,447	1,774,994
Poker machines, motor vehicles, plant & equipment		
Carrying amount at beginning of year	2,365,720	2,035,231
Additions	785,554	825,155
Disposals at net book value	(9,055)	(3,653)
Depreciation	(592,205)	(491,013)
	2,550,014	2,365,720

	2015 \$	2014 \$
NOTE 7. Intangible Assets :		
Poker machine licenses at fair value	2,100,000	2,100,000
The Club's 200 poker machine licences have been brought to account in this financial year at an independent valuation of \$10,500 each. They are determined to have an indefinite useful life.		
NOTE 8. Payables :		
Poker machine link jackpot provision	9,366	8,269
Trade creditors	359,401	650,022
Accrued expenses	741,380	805,939
Other payables - unsecured	39,199	82,515
Loans payable - secured over all company assets	6,000,000	6,000,000
	7,149,346	7,546,745
Less non-current secured portion	6,000,000	6,000,000
The secured loan becomes payable when the call option to buy the carpark property is exercised. This was expected to be when the lease for the Clubs premises expires in 2019		
	1,149,346	1,546,745
NOTE 9. Provisions :		
Employee entitlements	333,359	437,739
FBT	0	2,039
	333,359	439,778
NOTE 10. Unearned income :		
Members subscriptions in advance	137,710	139,968
Rent received in advance	1,627,661	1,675,526
Other income received in advance	93,645	-
	1,859,016	1,815,494
NOTE 11. Lease & Hire Purchase Commitments :		
Finance Leases and Hire Purchase Agreements		
- not later than one year	582,055	510,345
- later than one year and not later than two years	495,441	325,840
- later than two years and not later than five years	137,602	165,116
- later than five years	-	-
Minimum lease payments	1,215,098	1,001,301
Deduct: future finance charges	500	1,231
Finance lease and hire purchase liability	1,214,598	1,000,070
Operating Leases		
- not later than one year	701,927	707,854
- later than one year and not later than two years	696,000	701,927
- later than two years and not later than five years	1,102,000	1,798,000
- later than five years	-	-

NOTE 12. Superannuation Commitments :

The economic entity participates in defined contribution superannuation plans to provide benefits to employees of the entity on retirement death or disability. Benefits provided under the plans are based on accumulated contributions and earnings for each employee. There is no legally enforceable obligation on the entity to contribute to the superannuation plans apart from various arrangements within employee salary package structures.

NOTE 13. Financial Instruments:

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is a risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on those financial assets and liabilities, is as follows :

Note	Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
	2015 %	2014 %	2015 \$	2014 \$	Within 1 Year		1-5 Years	
					2015 %	2014 %	2015 %	2014 %
Financial Assets								
Cash at Bank	0.25%	0.25%	175,329	73,405				
Deposits at call	0.00%	0.00%	500	1,231	-	-	-	-
Total Financial Assets			175,829	74,636	-	-	-	-
Financial Liabilities								
Loans Secured	8	8.50%	8.50%				6,000,000	6,000,000
Lease and Hire Purchase Liabilities	11	0.00%	0.00%		540,922	510,345	547,154	490,956
Total Financial Liabilities					540,922	510,345	6,547,154	6,490,956

NOTE 13. Financial Instruments (cont) :

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

(c) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 14. Key Management Personnel

Compensation of Key Management Personnel
Total

	2015	2014
Total	\$389,321	\$435,636

In the course of attending the Club and/or representing the Club in an official capacity, Directors were provided with meals and liquor. Other out of pocket expenses were reimbursed by the Club as agreed by resolution at a previous Annual General Meeting. The total amount charged to Directors' Honorariums and other Director expenses was \$25,380 (2014 \$36,583).

NOTE 15. Contingent Liability

The Club has been notified of the possibility of having to pay legal fees resulting from an investigation by The Office of Liquor Gaming and Racing. There is no estimate of the expected fees or whether they will be covered by the Club's insurance policy.

Manly-Warringah Rugby League Club Limited : Core & Non Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 31 October, 2015:

- (a) the following properties are core property of the Club;
 - (i) The defined premises of the Club, 563 Pittwater Road, Brookvale sold in 2009 and leased until 2019.
 - (ii) Car park area, 4 Federal Parade, Brookvale and subject to an option to sell.
 - (iii) 11 Victor Road Brookvale, part of the car park and subject to an option to sell.
- (b) the following properties are non-core property of the Club;
 - (i) 9 Victor Road, Brookvale and subject to an option to sell.
 - (ii) The land occupied by Travelodge at 10 Victor Road, Brookvale.

BOARD OF DIRECTORS AS AT 31 OCTOBER 2015

IAN THOMSON : CHAIRMAN

Director and Chairman of Manly-Warringah Rugby League Club. Former Chairman of the Northern Eagles and former CEO of Manly Sea Eagles. **Occupation:** Director : Sales

BRIAN SMITH : DEPUTY CHAIRMAN

Life Member and Director of Manly-Warringah Rugby League Club for six years. Former General Manager of Manly-Warringah Rugby League Club for eleven years. Life Member & Director of Leagues Clubs Australia and Justice of the Peace. Manly Leagues Disciplinary Committee member. Manly Leagues Golf Club Committee member. Parton of Manly Leagues Camera Club and Cricket Club. **Occupation:** Retired

PETER PETERS

Director of Manly-Warringah Rugby League Club for thirteen years, Life Member of Manly Warringah District Rugby League Football Club. **Occupation:** Media & Sales Consultant at Manly Sea Eagles

MAX KRILICH

Director of Manly-Warringah Rugby League Club for two years. Life Member and former Director of Manly Warringah District Rugby League Football Club. **Occupation:** Sports Administrator

WARWICK BULMER

Director of Manly-Warringah Rugby League Club for two years. Life Member of Manly Warringah District Rugby League Football Club, Life Member of Manly Warringah Junior League. **Occupation:** Retired

GARRY THOROUGHGOOD

Director of Manly-Warringah Rugby League Club for two years. Life Member of the Manly-Warringah District Rugby League Football Club. Former Director of Manly Warringah District Rugby League Football Club. Previously employed in senior management positions with Hanimex and Tasco. **Occupation:** Contractor

ALAN THOMPSON

Director of Manly-Warringah Rugby League Club for one year. Life Member of Manly Warringah District Rugby League Football Club. **Occupation:** General Manager