

# MANLY-WARRINGAH RUGBY LEAGUE CLUB LTD

## 2016 ANNUAL REPORT

for the year ending 31 October 2016



**MANLY**  
Leagues

## CHAIRMAN'S REPORT



Dear Members,

It is indeed my pleasure to report another year of continued, solid performance by your club. At a number of levels 2016 represented further progress in the 'recovery plan' that the club embarked on in 2012 after many years of sub-standard trading results and regrettable business decisions.

An important objective for the Board of Directors has been to ensure our ability to trade and meet the needs of our members following the inevitable demolition of the current club premises, at some time post May 2019. To this end many of you would recall that Manly Warringah Leagues Club entered into merger discussions with the North Manly Bowling Club some time ago.

I am pleased to be able to report that those discussions have progressed very well and that we have an 'in principle' approval from the NSW Government for the merger to proceed. Formal approval, at some stage soon, will see your club take over the day-to-day management of the North Manly premises at which time we intend adopting a new business model for those premises that will see the club become a strong contributor to our combined financial position and to the local community. While our merger with North Manly presents a wonderful opportunity for both clubs the Board remains open to further, strategic, business opportunities that would benefit the members.

Proudly, our club's support for the Northern Beaches community continued in 2016. While our main sponsorship focus remains the support of Manly Warringah's Junior Rugby league program, we again provided financial and in-kind support to a range of other cultural, sporting and public groups throughout the year.

On behalf of the Board I would like to thank you, our loyal members, who continue to support the club through what has been an uncertain time. Your patronage is very much appreciated and our service delivery to you remains a core objective for the Board and staff alike.

On behalf of the members, the Board expresses its thanks to the club's CEO, Craig Norman, and his staff for their tireless efforts in delivering a great customer experience. In an ageing facility Craig and his team continue to meet the needs of our members with enthusiasm and energy.

Finally to my fellow Board members, many thanks for the time you have dedicated and commitment you brought to the table in 2016. The on-going progress we make against our 'recovery plan' is a testament to your genuine desire to see the club remain the 'best brand on the Northern Beaches'.



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## 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 2016.

### 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 3½ years.

### Names of Directors

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

Warwick Bulmer  
Wayne Honeywood (appointed 21 December 2015)  
Warren Jowett (appointed 21 December 2015)  
Max Krilich  
Peter Peters  
Brian Smith (resigned 23 March 2016)  
Alan Thompson  
Ian Thomson  
Garry Thoroughgood

### Operating Result

The Club recorded a trading profit of \$434,383 before paying support to the community of \$264,171 resulting in a net operating profit for the year of \$111,837.

### 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
W. Honeywood	13	15
W. Jowett	8	15
M. Krilich	12	15
P. Peters	12	15
B. Smith	6	6
A. Thompson	13	15
I. Thomson	15	15
G. Thoroughgood	14	15

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

## CHIEF EXECUTIVE OFFICER'S REPORT



Hello Members,

The financial year 2016 has continued in providing positive results.

The result this year a profit after depreciation and propagation of \$111,837. This slightly down on that presented for the 2015 year of \$128,424 but still another strong result. Please note that the bottom line downturn is the result of "one off" expenses, mainly relating to legal expenses (\$58,375) incurred in the 2015 financial year.

### Profit & Loss 2011-2016

2016	2015	2014	2013	2012	2011
\$111,837	\$128,424	-\$229,282	-\$851,947	-\$626,683	-\$579,215

The Club continues to trade soundly with focus being placed continually on identifying efficiencies while maintaining and growing revenue. To this end we have added a new CFO to our staff structure, Mr Rodney Aldous, his role to continue locating financial opportunities for the Club to grow.

Of course none of this would be possible without the incredible support provided by you, the member. I have stated before and will again restate that this Club has some of the most loyal and passionate members I have ever come across.

To you the members who have consistently patronised your Club during the year – Thank you.

We hope to serve you further during the coming year and look forward to the opportunity to continually provide wonderful promotions, great food and super beverage options.

### Car Park Option Exercised.

During the financial year, Penn Sport decided to "on sell" our building at 563 Pittwater Road, this as well as exercising the option to purchase the multi-storey car park of which they also "on sold".

As with each transaction, there are two ways of looking at the outcome. Yes, the Club membership lost a valuable asset with the sale of the car park but as a result of the sale, was able to payout a \$6mil debt incurred by previous Club administrations.

The Club now is in a stronger financial position with little core debt – this will work to our advantage as we move towards amalgamation with North Manly Bowling Club.

### Amalgamation News

The Club continues to work towards completing the amalgamation with North Manly Bowling Club. This is at a close to completion stage. A great deal of time and effort has been placed into this opportunity, one that the members of the Manly Leagues Club will fully appreciate in years to come.

### Our Community

Again during the 2016 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 has again this year provided some \$264,000 through Club grants to thoroughly deserving community based projects and local junior sporting groups.

### Our Staff

To the Club staff, I would like to publicly thank all of you for your efforts during the last twelve months.

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.

As advised last year, the Club Board is investigating future opportunities for the Club to survive and prosper.

**Vale:** I would like to remember our dear friends, relatives and members 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 EXECUTIVE MANAGEMENT TEAM

Chief Executive Officer	Craig Norman
Operations/Gaming Manager	David Nelson
Chief Financial Officer	Rodney Aldous
Head Chef	Jason Sherwill
Executive Assistant	Kim Peacock

### Auditors

W.R. Edmondson & Co. Brookvale

### Bankers

Community First 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 2016, 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 2015 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 2016, 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 2017.

### 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 2016 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 2017.

### 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 2016 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



**W.R. EDMONDSON**, Registered Company Auditor

## Statement of Comprehensive Income for the year ended 31 October 2016

	Notes	2016 \$	2015 \$
Membership		52,438	59,593
Poker machines		8,117,107	8,098,266
Beverage		1,410,891	1,441,728
TAB & Keno		83,783	79,527
Catering		960,610	972,193
Rental income		293,919	272,180
Interest on invested funds		18,227	155
Other revenue	2(a)	388,194	439,720
<b>Revenue</b>		<b>11,325,169</b>	<b>11,363,362</b>
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(932,533)	(921,093)
Employee benefits expense	2(c)	(3,002,181)	(2,984,062)
Depreciation expense and amortisation expense	2(d)	(1,054,438)	(981,752)
Impairment of non-current assets		-	-
Other expenses	2(e)	(5,582,967)	(5,534,803)
Finance costs	2(f)	(318,667)	(548,080)
<b>Operating Profit/(Loss) before income tax and support to the community</b>		<b>434,383</b>	<b>393,572</b>
Propagation of Sport : Football related grants		(25,835)	(33,379)
Donations & other support to community groups		(183,392)	(184,173)
MWRLC sporting and cultural Clubs including cash donations		(54,944)	(47,596)
<b>Total support to the community</b>		<b>(264,171)</b>	<b>(265,148)</b>
<b>Profit/(Loss) before income tax</b>		<b>170,212</b>	<b>128,424</b>
Income tax expense	3	-	-
<b>Profit/(Loss) after tax</b>		<b>170,212</b>	<b>128,424</b>
Other comprehensive income/(expense)- Prior Period Legal Fees		(58,375)	-
<b>Total comprehensive income/(loss) for the year</b>		<b>111,837</b>	<b>128,424</b>

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

## Statement of Financial Position as at 31 October 2016

<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents		2,040,659	354,930
Trade & other receivables	4	42,587	33,101
Inventories	5	57,925	65,287
Prepayments		178,302	148,139
<b>Total current assets</b>		<b>2,319,473</b>	<b>601,457</b>
<b>Non-current assets</b>			
Investments		761	761
Property, plant & equipment	6	3,281,253	11,435,463
Intangible assets	7	2,100,000	2,100,000
<b>Total non-current assets</b>		<b>5,382,014</b>	<b>13,536,224</b>
<b>TOTAL ASSETS</b>		<b>7,701,487</b>	<b>14,137,681</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	1,087,753	1,276,368
Interest bearing liabilities - Loans	8	0	6,000,000
Provisions	9	269,951	333,359
Unearned income	10	148,726	122,226
Finance lease & hire purchase liabilities	11	528,250	540,922
<b>Total current liabilities</b>		<b>2,034,680</b>	<b>8,272,875</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities - Loans	8	0	0
Unearned income	10	1,647,656	1,736,790
Finance lease & hire purchase liabilities	11	325,953	546,654
<b>Total non-current liabilities</b>		<b>1,973,609</b>	<b>2,283,444</b>
<b>TOTAL LIABILITIES</b>		<b>4,008,289</b>	<b>10,556,319</b>
<b>NET ASSETS</b>		<b>3,693,198</b>	<b>3,581,362</b>
<b>MEMBERS' FUNDS</b>			
Retained earnings		3,693,198	3,581,362
<b>TOTAL MEMBERS' FUNDS</b>		<b>3,693,198</b>	<b>3,581,362</b>

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 2016

	Retained Earnings	Total Members' Equity
At 31 October 2014	3,452,937	3,452,837
Profit/(loss) for the year	128,424	128,424
At 31 October 2015	3,581,361	3,581,361
Profit/(loss) for the year	111,837	111,837
<b>At 31 October 2016</b>	<b>3,693,198</b>	<b>3,693,198</b>

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

## Statement of Cash Flows for the year ended 31 October 2016

	2016 \$	2015 \$
<b>Cash from operating activities</b>		
Receipts from customers	12,118,024	12,476,514
Payments to suppliers and employees	(11,013,899)	(11,088,633)
Interest received	18,227	155
Interest paid	(303,021)	(512,740)
<b>Net cash flows from operating activities</b>	<b>819,331</b>	<b>875,296</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of Plant & Equipment	4,386	3,960
Proceeds from sale of Property	7,500,000	0
Payment for purchase of property, plant & equipment	(404,616)	(864,109)
<b>Net cash flows used in investing activities</b>	<b>7,099,770</b>	<b>(860,149)</b>
<b>Cash flows from financing activities</b>		
Increase/Decrease in Loans	(6,000,000)	0
Increase/(decrease) in lease borrowings	(233,372)	87,505
<b>Net cash used in financing activities</b>	<b>(6,233,372)</b>	<b>87,505</b>
Net increase/(decrease) in cash & cash equivalents	1,685,729	102,653
Cash & cash equivalents at beginning of year	354,930	252,277
<b>Cash &amp; cash equivalents at end of year</b>	<b>2,040,659</b>	<b>354,930</b>

## 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	196,595	179,101
Deposits at call	1,682,389	500
Cash at Bank	161,675	175,329
	<b>2,040,659</b>	<b>354,930</b>

## Cash Flow Statement Reconciliation

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

Profit/(loss) after tax	111,837	128,424
Adjustments for :		
Operating depreciation & amortisation	1,054,438	981,752
Net (profit)/loss on disposal of property, plant & equipment		
Changes in assets & liabilities		
(Increase)/decrease in trade & other receivables	(9,486)	16,548
(Increase)/decrease in inventories	7,362	(1,222)
(Increase)/decrease in prepayments	(30,163)	(580)
(Decrease)/increase in trade & other payables	(188,615)	(270,377)
(Decrease)/increase in provision	(63,408)	(106,419)
(Increase)/decrease in income in advance	(62,634)	43,521
<b>Net cash flows from operating activities</b>	<b>819,331</b>	<b>791,647</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

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 2017 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

Freehold land and buildings are shown at their fair value. The car park site was sold during the year under an option agreement for \$7,500,000. The secured loan over this property of \$6,000,000 was paid out. The Travelodge site at 4 Victor Road has been valued at \$1.00. The property 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
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**

The Club has a lease for the premises at 563 Pittwater Road which expires in 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 2016 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.

	2016 \$	2015 \$
<b>NOTE 2. Revenue &amp; Expenses:</b>		
<b>(a) Other revenue</b>		
Promotions income	226,213	241,109
Commissions	71,904	74,770
Merchandise sales	114	280
Other income	89,549	129,016
Total other income	<b>387,780</b>	<b>445,175</b>
<b>(b) Purchases net of movement in inventories of finished goods &amp; work in progress</b>		
Beverage	542,106	553,975
Catering	390,427	367,118
	<b>932,533</b>	<b>921,093</b>
<b>(c) Employee benefits expense</b>		
Wages & salaries	2,735,452	2,758,997
Superannuation expense	248,949	260,884
Provision for leave	(64,120)	(104,380)
Fringe benefits tax	0	(2,039)
Other employee benefit expenses	81,900	70,600
Total employee benefits expense	<b>3,002,181</b>	<b>2,984,062</b>
<b>(d) Depreciation &amp; amortisation expense</b>		
Amortisation of leasehold improvements	385,801	389,547
Depreciation of plant & equipment	668,637	592,205
Total depreciation & amortisation	<b>1,054,438</b>	<b>981,752</b>
<b>(e) Other expenses</b>		
Hire of equipment & operating lease payments	39,852	39,006
Licences, rates, utilities, subscriptions & taxes	2,315,266	2,344,827
Promotion, advertising & entertainment expenses	1,400,973	1,467,416
Cleaning, repairs & maintenance	529,228	530,246
Other expenses	477,548	485,366
Rent	820,101	667,942
Total other expenses	<b>5,582,967</b>	<b>5,534,803</b>
<b>(f) Finance costs</b>		
Interest expense	303,021	512,740
Bank fees & fees associated with borrowing	15,646	35,340
Total finance costs	<b>318,667</b>	<b>548,080</b>

## NOTE 3. Income Tax Expense :

	2016	2015
	\$	\$
Total Accounting Profit for the year	111,837	128,424
Tax at the Statutory rate of 30%	33,551	38,527
Tax effect of :		
Mutual Income	(33,551)	(38,527)
The Company has no income tax expense for the year	0	0

## NOTE 4. Trade & Other Receivables :

Trade debtors after providing for doubtful debts of \$0 (2015 \$0)	32,999	7,564
Other debtors	9,588	25,537
	<b>42,587</b>	<b>33,101</b>

## NOTE 5. Inventories :

Catering stock at cost	14,897	19,676
Liquor stock at cost	31,645	32,728
Other stock at cost	11,383	12,883
Total inventory at the lower of cost & net realisable value	<b>57,925</b>	<b>65,287</b>

## NOTE 6. Property, Plant & Equipment :

Core property :	0	7,500,000
Less Depreciation & Impairment	0	0
Net-core property :	<b>0</b>	<b>7,500,000</b>
Non-Core Property	1	1
Less Depreciation & Impairment	0	0
Net Non-Core Property	1	1
Net Property	<b>1</b>	<b>7,500,001</b>
Leasehold Improvements (at cost)	3,024,476	3,024,476
Less amortisation	(2,024,830)	(1,639,029)
	<b>999,646</b>	<b>1,385,447</b>
Poker machines (at cost)	5,347,857	5,416,638
Less accumulated depreciation	(3,422,030)	(3,339,521)
	<b>1,925,827</b>	<b>2,077,117</b>
Plant, equipment, furniture and fittings (at cost)	3,556,400	3,524,025
Less accumulated depreciation	(3,200,621)	(3,051,127)
	<b>355,779</b>	<b>472,898</b>
	<b>3,281,253</b>	<b>11,435,463</b>

## Property, plant & equipment movement summary :

<b>Properties</b>		
Carrying amount at beginning of year	7,500,001	7,500,001
Disposals at Net Book value	(7,500,000)	0
Depreciation	0	0
<b>Carrying amount at end of year</b>	<b>1</b>	<b>7,500,001</b>
<b>Leasehold Improvements</b>		
Carrying amount at beginning of year	1,385,447	1,774,994
Additions/Disposals	0	0
Amortisation	(385,801)	(389,547)
<b>Carrying amount at end of year</b>	<b>999,646</b>	<b>1,385,447</b>
<b>Poker machines, motor vehicles, plant &amp; equipment</b>		
Carrying amount at beginning of year	2,550,014	2,365,720
Additions	404,616	785,554
Disposals at net book value	(4,386)	(9,055)
Depreciation	(668,638)	(592,205)
<b>Carrying amount at end of year</b>	<b>2,281,606</b>	<b>2,550,014</b>

	2016 \$	2015 \$
<b>NOTE 7. Intangible Assets :</b>		
Poker machine licenses at fair value	2,100,000	2,100,000
The Club's 200 poker machine licences at an independent valuation of \$10,500 each. They are determined to have an indefinite useful life.		
<b>NOTE 8. Payables :</b>		
Poker machine link jackpot provision	8,238	9,366
Trade creditors	316,681	359,401
Accrued expenses	677,136	741,380
Other payables - unsecured	85,698	39,199
Loans payable - secured over all company assets	0	6,000,000
	1,087,753	7,149,346
Less non-current secured portion	0	6,000,000
	<b>1,087,753</b>	<b>1,149,346</b>
<b>NOTE 9. Provisions :</b>		
Employee entitlements	270,053	333,359
FBT	(102)	0
	<b>269,951</b>	<b>333,359</b>
<b>NOTE 10. Unearned income :</b>		
Members subscriptions in advance	162,296	137,710
Rent received in advance	1,579,797	1,627,661
Other income received in advance	54,289	93,845
	<b>1,796,382</b>	<b>1,859,016</b>

## NOTE 11. Lease & Hire Purchase Commitments :

<b>Finance Leases and Hire Purchase Agreements</b>				
- not later than one year			528,421	582,055
- later than one year and not later than two years			261,815	495,441
- later than two years and not later than five years			64,108	137,602
- later than five years			0	0
Minimum lease payments			854,344	1,215,098
Deduct: future finance charges			(141)	(500)
Finance lease and hire purchase liability			854,203	1,214,598
<b>Operating Leases</b>				
- not later than one year			1,292,563	895,739
- later than one year and not later than two years			1,344,854	926,832
- later than two years and not later than five years			1,899,656	1,539,101
- later than five years			0	0

## NOTE 12. 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			
		2016 %	2015 %	2016 \$	2015 \$	Within 1 Year		1-5 Years	
						2016 %	2015 %	2016 %	2015 %
<b>Financial Assets</b>									
Cash at Bank		0.00%	0.00%	344,064	175,329				
Deposits at call		2.55%	0.00%	1,500,000	500	-	-	-	-
Cash on Hand		0.00%	0.00%	196,595	179,101				
<b>Total Financial Assets</b>				<b>2,040,659</b>	<b>354,930</b>	-	-	-	-
<b>Financial Liabilities</b>									
Loans Unsecured	7								
Loans Secured	7		8.50%			0	6,000,000	0	0
Lease and Hire Purchase Liabilities	10	0.00%	0.00%			528,280	540,922	325,782	547,154
<b>Total Financial Liabilities</b>						<b>528,280</b>	<b>6,540,922</b>	<b>325,782</b>	<b>547,154</b>

## NOTE 12. 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.

## BOARD OF DIRECTORS AS AT 31 OCTOBER 2016

### **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

### **GARRY THOROUGHGOOD : DEPUTY CHAIRMAN**

Director of Manly-Warringah Rugby League Club for three 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

### **PETER PETERS**

Director of Manly-Warringah Rugby League Club for fourteen 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 three 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 three years. Life Member of Manly-Warringah District Rugby League Football Club. Life Member of Manly-Warringah Junior League.

**Occupation:** Retired

### **ALAN THOMPSON**

Director of Manly-Warringah Rugby League Club for two years. Life Member of Manly-Warringah District Rugby League Football Club.

**Occupation:** General Manager

### **WARREN JOWETT**

Director of Manly-Warringah Rugby League Club for one year. Former Managing Director of a Publicly Listed company, currently operating his own consulting company.

**Occupation:** Self Employed Consultant

### **WAYNE HONEYWOOD**

Director of Manly-Warringah Rugby League Club for one year. Former Financial Controller and Company Secretary of Manly-Warringah Sea Eagles Limited.

**Occupation:** Accountant