

# MANLY-WARRINGAH RUGBY LEAGUE CLUB LTD

## 2017 ANNUAL REPORT

for the year ended 31 October 2017



**MANLY**  
Leagues

## CHAIRMAN'S REPORT



Dear Members,

2017 can best be described as a "mixed" year for the Club. While we progressed in several areas relating to the Club's future, the financial results achieved through trading activities were disappointing. Notwithstanding the performance of all other NSW Clubs, generally, was down when measured against previous year's results, the Board and management team had worked extremely hard to reinvigorate the Club's finances over recent times and from that prospective the 2017 result was difficult to accept. The Board has moved to strengthen the Club by the addition of some new, key personnel who will bring additional skills, experience and energy to the management team.

The finalisation of the merger between Manly Leagues Club and the North Manly Bowling Club was strategically significant. The battle to retain the Club's lease on the North Manly site is yet to be resolved. Tenders for an expanded lease that includes the existing Bowling Club site, the Warringah Golf course and the futsal and tennis courts are to be submitted to Council by March 2018. While we remain positive about our prospects of being nominated as the successful tenderer, there will be some strong opposition from a number of existing stakeholders and some new participants.

The Board and management team are also currently locked in lease negotiations with the owners of our existing Club site at 563 Pittwater Road. There have been some encouraging conversations take place to date which may lead to a 36 month extension to the present lease which is set to expire in May 2019.

We also continue to closely follow discussions between our friends at the Sea Eagles NRL team and various levels of government to do with the redevelopment of Brookvale Oval and the potential inclusion of a licensed club as a part of that redevelopment.

Once again in 2017, your club played a significant role in supporting the Northern Beaches community. Manly Warringah's Junior Rugby League program continues to be a key focus here with our stated objective being assisting in the development of the next Steve Menzies, Geoff Toovey or Max Krilich. In addition, the Club provided financial and in-kind support to a range of other cultural, sporting and public interest groups throughout the year.

The continued support of our loyal club members has been a source of motivation for the Board and staff. Your patronage is very much appreciated and a commitment to an improved level of customer service underpins our 2018 objectives.

Thanks to the Club's CEO, Craig Norman and his staff for their continued efforts in 2017. Craig and his team are dedicated to improving the customer experience in 2018 which will deliver benefits to club members and their guests and ultimately, a better financial result.

Finally, many thanks to my fellow Board members. Together we invest considerable time and expertise into driving for a best-of-breed club experience and while the 2017 financial result did not meet expectations, we remain deeply committed to the Manly Leagues Club group remaining a vital contributor to the culture and economy of the Northern Beaches.



Ian Thomson  
Chairman

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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 2017.

### 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

In January 2018 Wayne Honeywood replaced Craig Norman who had been the Secretary of Manly-Warringah Rugby League Club for 4½ years.

### Names of Directors

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

Warwick Bulmer  
Wayne Honeywood  
Warren Jowett  
Max Krilich  
Peter Peters  
Alan Thompson  
Ian Thomson  
Garry Thoroughgood

### Operating Result

The Club recorded a trading loss of \$543,58 before paying support to the community of \$237,015 and a net operating loss for the year of \$780,073.

### 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 14 occasions. The attendances at these meetings were as follows:

	Attended	Possible
W. Bulmer	13	14
W. Honeywood	13	14
W. Jowett	10	14
M. Krilich	14	14
P. Peters	11	14
A. Thompson	13	14
I. Thomson	14	14
G. Thoroughgood	11	14

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

## CHIEF EXECUTIVE OFFICER'S REPORT



Hello Members,

The financial year 2017 has continued to provide the year on year challenge that we expect from this Clubs financial structure.

The result this year a profit after depreciation, propagation and revaluation of \$491,927.

In truth, this year our trade stalled a little, especially in the area of gaming. This being said, the Club continues to focus on identifying efficiencies while maintaining and trying to grow our revenue.

### Profit & Loss 2011-2017

2017	2016	2015	2014	2013	2012	2011
\$491,927	\$111,837	\$128,424	(\$229,282)	(\$851,947)	(\$626,683)	(\$579,215)

### Amalgamation News

The Club during the year has finalised the amalgamation with North Manly Bowling Club.

The future challenge for our members now is to try and persuade the local Council to extend the current lease terms at this site to allow our Club to invest and reinvigorate the current North Manly site.

To this end, Council have called for a tender which will close 8/3/2018. This Club has entered into this process. The Board will inform the membership of the outcome of the tender when the information comes to hand.

### Our Members

To you, the members, who have consistently patronised this Club and our new Club, Manly Leagues Club North Manly during the year - Thank You.

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

### Our Community

During the 2017 year, the Club has continued to support the local community. This support remains a focus of the Board as they acknowledge the importance this Club plays within the community. The Club this year provided some \$237,000 through Club Grants to thoroughly deserving community based projects and local junior sporting groups.

### Our Staff

To the Club staff, I would like to again publicly thank all of you for your efforts during the last twelve months. I would especially like to acknowledge the small and extremely hard working management team of David Nelson, Matt Ritson and Kim Peacock. These three work "above and beyond" - Thank You.

### Our Board

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.

### 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



Note: Craig Norman resigned as CEO of the Club on 18 January 2018. The Board would like to thank Craig for his efforts over the past four years and wish him well in his future endeavours. The two new experienced personnel referred to in the Chairman's Report have already joined the Club's management team and are expected to make a significant impact over the medium term.

### **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 2017, 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 2017 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, 12 February 2018.

### 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 2017 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**

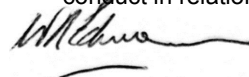
Dated at Brookvale, 12 February 2018.

### 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 2017 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 2017

	Notes	2017 \$	2016 \$
Membership		61,639	52,438
Poker machines		7,175,686	8,117,107
Beverage		1,735,552	1,410,891
TAB & Keno		99,690	83,783
Catering		1,059,656	960,610
Rental income		343,635	293,919
Interest on invested funds		43,236	18,227
Other revenue	2(a)	408,976	388,194
<b>Revenue</b>		<b>10,928,070</b>	<b>11,325,169</b>
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(1,212,874)	(932,533)
Employee benefits expense	2(c)	(3,277,990)	(3,002,181)
Depreciation expense and amortisation expense	2(d)	(973,660)	(1,054,438)
Impairment of non-current assets		-	-
Other expenses	2(e)	(5,983,806)	(5,582,967)
Finance costs	2(f)	(22,798)	(318,667)
<b>Operating Profit/(Loss) before income tax and support to the community</b>		<b>(543,058)</b>	<b>434,383</b>
Propagation of Sport : Football related grants		(41,673)	(25,835)
Donations & other support to community groups		(154,586)	(183,392)
MWRLC sporting and cultural Clubs including cash donations		(40,756)	(54,944)
<b>Total support to the community</b>		<b>(237,015)</b>	<b>(264,171)</b>
<b>Profit/(Loss) before income tax</b>		<b>(780,073)</b>	<b>170,212</b>
Income tax expense	3	-	-
<b>Profit/(Loss) after tax</b>		<b>(780,073)</b>	<b>170,212</b>
Other comprehensive income/(expense) - Prior Period Legal Fees			(58,375)
Other comprehensive income - Revaluation gain on Poker Machine Licences		1,272,000	
<b>Total comprehensive income/(loss) for the year</b>		<b>491,927</b>	<b>111,837</b>

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

## Statement of Financial Position as at 31 October 2017

<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents		1,546,070	2,040,659
Trade & other receivables	4	31,366	42,587
Inventories	5	103,574	57,925
Prepayments		148,140	178,302
<b>Total current assets</b>		<b>1,829,150</b>	<b>2,319,473</b>
<b>Non-current assets</b>			
Investments		761	761
Property, plant & equipment	6	2,867,655	3,281,253
Intangible assets	7	3,498,000	2,100,000
<b>Total non-current assets</b>		<b>6,366,416</b>	<b>5,382,014</b>
<b>TOTAL ASSETS</b>		<b>8,195,566</b>	<b>7,701,487</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	1,188,154	1,087,753
Provisions	9	354,319	269,951
Unearned income	10(a)	109,091	148,726
Finance lease & hire purchase liabilities	11	410,835	528,250
<b>Total current liabilities</b>		<b>2,062,400</b>	<b>2,034,680</b>
<b>Non-current liabilities</b>			
Unearned income	10(b)	1,595,301	1,647,656
Finance lease & hire purchase liabilities	11	287,348	325,953
<b>Total non-current liabilities</b>		<b>1,882,649</b>	<b>1,973,609</b>
<b>TOTAL LIABILITIES</b>		<b>3,945,049</b>	<b>4,008,289</b>
<b>NET ASSETS</b>		<b>4,250,517</b>	<b>3,693,198</b>
<b>MEMBERS' FUNDS</b>		<b>4,250,517</b>	<b>3,693,198</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 2017

	Retained Earnings	Total Members' Equity
At 31 October 2015	3,581,361	3,581,361
Profit/(loss) for the year	111,837	111,837
At 31 October 2016	3,693,198	3,693,198
Profit/(loss) for the year	491,927	491,127
Gain of net assets on North Manly Merger	65,393	65,393
<b>At 31 October 2017</b>	<b>4,250,517</b>	<b>4,250,517</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 2017

	2017 \$	2016 \$
<b>Cash from operating activities</b>		
Receipts from customers	11,668,383	12,118,024
Payments to suppliers and employees	(11,423,373)	(11,013,899)
Interest received	43,216	18,227
Interest paid	(6,126)	(303,021)
<b>Net cash flows from operating activities</b>	<b>282,100</b>	<b>819,331</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of Plant & Equipment	-	4,386
Proceeds from sale of Property	-	7,500,000
Payment for purchase of property, plant & equipment	(560,061)	(404,616)
Payment of net liabilities of North Manly Bowling Club	(60,607)	
<b>Net cash flows used in investing activities</b>	<b>(620,668)</b>	<b>7,099,770</b>
<b>Cash flows from financing activities</b>		
Increase/Decrease in Loans	-	(6,000,000)
Increase/(decrease) in lease borrowings	(156,021)	(233,372)
<b>Net cash used in financing activities</b>	<b>(156,021)</b>	<b>(6,233,372)</b>
Net increase/(decrease) in cash & cash equivalents	(494,589)	1,685,729
Cash & cash equivalents at beginning of year	2,040,659	354,930
<b>Cash &amp; cash equivalents at end of year</b>	<b>1,546,070</b>	<b>2,040,659</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	221,131	196,595
Deposits at call	1,250,000	1,682,389
Cash at Bank	74,939	161,675
	<b>1,546,070</b>	<b>2,040,659</b>

## Cash Flow Statement Reconciliation

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

Profit/(loss) after tax	(780,073)	111,837
Adjustments for :		
Operating depreciation & amortisation	973,660	1,054,438
Net (profit)/loss on disposal of property, plant & equipment		
Changes in assets & liabilities		
(Increase)/decrease in trade & other receivables	11,221	(9,486)
(Increase)/decrease in inventories	(45,649)	7,362
(Increase)/decrease in prepayments	7,688	(30,163)
(Decrease)/increase in trade & other payables	122,976	(188,615)
(Decrease)/increase in provision	84,267	(63,408)
(Increase)/decrease in income in advance	(91,990)	(62,634)
<b>Net cash flows from operating activities</b>	<b>282,100</b>	<b>819,331</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

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 12 February 2018 by the Directors of the company.

(a) The Club has this year taken over the North Manly Bowling Club Limited on 17th April 2017. The members of that Club have been granted membership of Manly Warringah Rugby League Club Limited. The Club has absorbed the assets and liabilities of the North Manly Bowling Club being a net asset worth of \$65,393. This included 12 Poker Machine Licences at a value of \$10,500 each. The trading activities after 17th April 2017 have been incorporated into the trading of Manly Warringah Rugby League Club Ltd.

#### (b) 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.

#### (c) 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.

#### (d) Investments

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

#### (e) 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 is shown at its fair value. 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.

#### (f) 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.

#### (g) 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.

#### (h) 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.



**(i) Poker Machine Licences**

The Clubs poker machine licences were re-valued at 31 October 2017 by an independent valuer. The Club had 200 licences and acquired an additional 12 from North Manly Bowling Club Limited in April 2017. The licences are shown as a separate intangible asset at an independent fair value based conservatively at \$3,488,000 or \$16,500 each.

**(j) Lease of Premises**

The Club has a lease for the premises at 563 Pittwater Road which expires in May 2019.

**(k) 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.

**(l) 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.

**(m) Comparative Figures**

Comparative figures, where necessary, have been reclassified in order to comply with the presentation adopted in the 2017 year.

**(n) 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.

**(o) 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.

**(p) 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.

**NOTE 2. Revenue & Expenses:**

**(a) Other revenue**

	2017 \$	2016 \$
Promotions income	224,001	226,213
Commissions	61,428	71,904
Merchandise sales	607	114
Other income	122,940	89,549
Profit on sale of non-current assets	-	414
<b>Total other income</b>	<b>408,976</b>	<b>388,194</b>

**(b) Purchases net of movement in inventories of finished goods & work in progress**

Beverage	724,201	542,106
Catering	488,673	390,427
	<b>1,212,874</b>	<b>932,533</b>

**(c) Employee benefits expense**

Wages & salaries	2,908,733	2,735,452
Superannuation expense	267,995	248,949
Provision for leave	25,543	(64,120)
Fringe benefits tax	0	0
Other employee benefit expenses	75,719	81,900
<b>Total employee benefits expense</b>	<b>3,277,990</b>	<b>3,002,181</b>

**(d) Depreciation & amortisation expense**

Amortisation of leasehold improvements	388,661	385,801
Depreciation of plant & equipment	584,999	668,637
<b>Total depreciation &amp; amortisation</b>	<b>973,660</b>	<b>1,054,438</b>

**(e) Other expenses**

Hire of equipment & operating lease payments	37,872	39,852
Licences, rates, utilities, subscriptions & taxes	2,485,478	2,315,266
Promotion, advertising & entertainment expenses	1,499,612	1,400,973
Cleaning, repairs & maintenance	380,060	529,228
Other expenses	545,534	477,548
Rent	1,035,250	820,101
<b>Total other expenses</b>	<b>5,983,806</b>	<b>5,582,967</b>

**(f) Finance costs**

Interest expense	6,125	303,021
Bank fees & fees associated with borrowing	16,673	15,646
<b>Total finance costs</b>	<b>22,798</b>	<b>318,667</b>

### NOTE 3. Income Tax Expense :

	2017	2016
	\$	\$
Total Accounting Profit for the year	491,927	111,837
Tax at the Statutory rate of 30%	147,578	33,551
Tax effect of :		
Mutual and Exempt Income	(147,578)	(33,551)
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 (2016 \$0)	21,211	32,999
Other debtors	10,155	9,588
	<b>31,366</b>	<b>42,587</b>

### NOTE 5. Inventories :

Catering stock at cost	30,610	14,897
Liquor stock at cost	43,004	31,645
Other stock at cost	29,960	11,383
Total inventory at the lower of cost & net realisable value	<b>103,574</b>	<b>57,925</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)	3,049,091	3,024,476
Less amortisation	(2,413,491)	(2,024,830)
	<b>635,600</b>	<b>999,646</b>
Poker machines (at cost)	5,773,541	5,347,857
Less accumulated depreciation	(3,861,574)	(3,422,030)
	<b>1,911,967</b>	<b>1,925,827</b>
Plant, equipment, furniture and fittings (at cost)	3,600,163	3,556,400
Less accumulated depreciation	(3,280,076)	(3,200,621)
	<b>320,087</b>	<b>355,779</b>
	<b>2,867,655</b>	<b>3,281,253</b>

### Property, plant & equipment movement summary :

<b>Properties</b>		
Carrying amount at beginning of year	1	1
Disposals at Net Book value	0	0
Depreciation	0	0
<b>Carrying amount at end of year</b>	<b>1</b>	<b>1</b>
<b>Leasehold Improvements</b>		
Carrying amount at beginning of year	999,646	1,385,447
Additions/Disposals	24,645	0
Amortisation	(388,661)	(385,801)
<b>Carrying amount at end of year</b>	<b>635,600</b>	<b>999,646</b>
<b>Poker machines, motor vehicles, plant &amp; equipment</b>		
Carrying amount at beginning of year	2,281,606	2,550,014
Additions	537,514	404,616
Disposals at net book value	(2,068)	(4,386)
Depreciation	(584,999)	(668,638)
<b>Carrying amount at end of year</b>	<b>2,232,054</b>	<b>2,281,606</b>
<b>Total Property, Plant and Equipment</b>	<b>2,867,655</b>	<b>3,281,253</b>

	2017 \$	2016 \$
<b>NOTE 7. Intangible Assets :</b>		
Poker machine licenses at fair value	3,498,000	2,100,000
The Club's 212 poker machine licences at an independent valuation of \$16,500 each. They are determined to have an indefinite useful life.		
<b>NOTE 8. Payables :</b>		
Poker machine link jackpot provision	7,340	8,238
Trade creditors	490,062	316,681
Accrued expenses	650,117	677,136
Other payables - unsecured	40,634	85,698
	<b>1,188,153</b>	<b>1,087,753</b>
<b>NOTE 9. Provisions :</b>		
Employee entitlements	354,319	270,053
FBT	0	(102)
	<b>354,319</b>	<b>269,951</b>
<b>NOTE 10. Unearned income :</b>		
<b>(a) Current</b>		
Members subscriptions in advance	41,473	47,016
Rent received in advance	47,421	47,421
Other income received in advance	20,197	54,289
	<b>109,091</b>	<b>148,726</b>
<b>b) Non-Current</b>		
Members subscriptions in advance	110,790	115,280
Rent received in advance	1,484,511	1,532,376
	<b>1,595,301</b>	<b>1,647,656</b>

## NOTE 11. Lease & Hire Purchase Commitments :

### Finance Leases and Hire Purchase Agreements

- not later than one year	410,835	528,421
- later than one year and not later than two years	210,401	261,815
- later than two years and not later than five years	76,947	64,108
- later than five years	0	0
Minimum lease payments	698,183	854,344
Deduct: future finance charges	0	(141)
Finance lease and hire purchase liability	698,183	854,203
<b>Operating Leases</b>		
- not later than one year	1,183,985	1,292,563
- later than one year and not later than two years	678,477	1,344,854
- later than two years and not later than five years	0	1,899,656
- 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			
	2017 %	2016 %	2017 \$	2016 \$	Within 1 Year		1-5 Years	
					2017 %	2016 %	2017 %	2016 %
<b>Financial Assets</b>								
Cash at Bank	0.25%	0.25%	74,939	344,064	-	-	-	-
Deposits at call	2.55%	2.55%	1,250,000	1,500,000	-	-	-	-
Cash on Hand	0.00%	0.00%	221,131	196,595	-	-	-	-
<b>Total Financial Assets</b>			<b>1,546,070</b>	<b>2,040,659</b>	-	-	-	-
<b>Financial Liabilities</b>								
Lease and Hire Purchase Liabilities	10	0.00%	0.00%		410,835	528,280	287,348	325,383
<b>Total Financial Liabilities</b>					<b>410,835</b>	<b>528,280</b>	<b>287,348</b>	<b>325,383</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 2017

### **IAN THOMSON: CHAIRMAN**

Director and Chairman of Manly-Warringah Rugby League Club for 4 years. Former Chairman of the Northern Eagles and former CEO of Manly-Warringah Sea Eagles.

**Occupation:** Director: Sales

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

Director of Manly-Warringah Rugby League Club for five 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 fifteen 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 six 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 five 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 three years. Life Member and current Director of Manly-Warringah District Rugby League Football Club.

**Occupation:** Retired

### **WARREN JOWETT**

Director of Manly-Warringah Rugby League Club for two years. 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 two years. Former Financial Controller and Company Secretary of Manly-Warringah Sea Eagles

**Occupation:** Accountant