

# MANLY-WARRINGAH RUGBY LEAGUE CLUB LTD

## 2018 ANNUAL REPORT

for the year ended 31 October 2018



# MANLY

— LEAGUES —

## CHAIRMAN'S REPORT



Dear Members,

2018 was another difficult trading year for the Club. On the back of increased competition across our core revenue generators of food, beverage and gaming and the sudden loss of three members of the Club's senior executive team, including the Chief Executive Officer, the Club found itself in under operational stress for a period of time. The staff changes also created a number of un-planned, 'one-off payments' which the Club was obliged to fund.

My congratulations and thanks go out to our new General Manager, Julien Bova, who has done an outstanding job in 'steadying the ship' and introducing some much-needed operational and cultural change to the business.

Sadly, the North Manly amalgamation came to an unfortunate conclusion when the Northern Beaches Council did not select Manly Leagues Club as the preferred tenderer for an extension to the North Manly Club's lease. As you may be aware the North Manly property represented a key plank in the Club's 'rebuilding' strategy and the lost opportunity (after over 60 years of occupancy by the bowling club) was disappointing. Even more disappointing is the fact that Council's preferred tenderer has since withdrawn from the process leaving an empty clubhouse, disgruntled members and overgrown greens.

Concurrent with the North Manly tender process, the Club had entered into negotiations with the Leagues Club building's owners seeking an extension to the existing lease. I'm pleased to report that a three year extension has now been confirmed. This lease means that we now have certainty of occupation in the current premises until May 2022. This is great news for our members. It also gives the Board more time to develop a long term solution to the seemingly inevitable demolition of the Club's spiritual home at 563 Pittwater Road Brookvale.

Finally, I wish to thank my fellow Board members for the determination, integrity and dedication they have demonstrated throughout another challenging year. In particular I'd like to acknowledge the efforts of two Directors who have recently resigned. Warren Jowett was invited to join the Board 3 years ago and very quickly established himself as highly valued member of the Board by virtue of his extensive business acumen, attention to detail and common sense approach to all Board matters. Also stepping down is Peter Peters. Peter has been actively involved with the Manly Sea Eagles brand for 50 years. As a player, the Sea Eagles NRL Media Manager, Leagues Club and Football Club Board member and Life Member of the Football Club, Peter's passion for, and dedication to the Sea Eagles has been clearly evident for each of those 50 years. On behalf of the members we extend our sincere thanks to each of these gentlemen and wish them well in the next phase of their respective lives.

2019 is shaping as a better year for the Club. The experience acquired by our new management team and plans for further marketing initiatives has us well positioned for future success.

On behalf of the Board I would also like to extend our thanks for the support of our members, who are the 'beating heart' of the Club.



Ian Thomson  
Chairman

---

## MANLY-WARRINGAH RUGBY LEAGUE CLUB LIFE MEMBERS

1965: Mr J.L. Martin (Dec)	1977: Mr W.J. Poole (Dec)	2001: Mrs N.A. Geddes (Dec)
1965: Mr A.B. Stehr (Dec)	1980: Mr G.V. Willoughby (Dec)	2004: Dr D.S. Biddle, AM
1965: Mr E.A. Langford (Dec)	1983: Mr E.R. Bull (Dec)	2005: Mr I.J. Fitzgibbon
1969: Mr R.E. Hudson, Snr (Dec)	1983: Mr S.L. Wallace (Dec)	2005 : Mr B.J. Smith
1971: Mr J.W. Cameron B.E.M. (Dec)	1985: Mr W.A. Lough (Dec)	2006: Mr G.M. Miller
1972: Mr G.M. Houston	1993: Mr D.J. Daley (Dec)	2013: Mr G.A. Clark
1973: Mr K.R. Arthurson, AM	1994: Mr R.K. Rainey (Dec)	2013: Mrs K.E. Hudson
1973: Mr R.O. Hudson Jnr, OAM (Dec)	1997: Mr C.A. Dempster	

## DIRECTOR'S REPORT

The Directors have pleasure in presenting their Annual Report for the twelve months ended 31 October 2018.

### 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

Wayne Honeywood has been the Secretary of Manly-Warringah Rugby League Club for 2 years.

### Names of Directors

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

Warwick Bulmer  
Wayne Honeywood  
Warren Jowett (resigned 19 February 2019)  
Max Krilich  
Peter Peters (resigned 19 February 2019)  
Alan Thompson  
Ian Thomson  
Garry Thoroughgood

### Operating Result

The Club recorded a trading loss of \$911,744 before paying support to the community of \$237,667 and a net operating loss for the year of \$1,149,411.

### 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.



**IAN THOMSON**  
**DIRECTOR**

Dated at Brookvale, 26 February 2019

#### DIRECTOR'S ATTENDANCE AT BOARD MEETINGS

During the period the Board met on 12 occasions. The attendances at these meetings were as follows:

	Attended	Possible
W. Bulmer	11	12
W. Honeywood	10	12
W. Jowett	10	12
M. Krilich	12	12
P. Peters	10	12
A. Thompson	11	12
I. Thomson	10	12
G. Thoroughgood	12	12

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

## GENERAL MANAGER'S REPORT



Dear Members,

2018 was an extremely challenging year from a number of standpoints.

The financial result for the year was a profit of \$624,057 before depreciation (loss of \$407,411 after depreciation).

During the year the Club underwent a complete management restructure following the sudden loss of the senior executive team. This was a very difficult period for the Club with a lot of uncertainty amongst the members and staff regarding the future direction of the Club. Stability was soon restored to the management team with some experienced managers stepping up into some key roles. The experience and skillset of the executive team was further expanded with a couple of experienced club managers joining the team shortly after.

The North Manly site was a major component in the Club's long-term plans for the future, however in 2018 these plans were squashed when the Northern Beaches Council did not select Manly Leagues Club as the preferred tenderer for the long-term lease of the site. The result of Council's decision is that we were forced to close down the Manly Leagues North Manly (North Manly Bowling Club) site.

Coming off a trading loss in 2017, the new management team soon set to implementing some new initiatives to increase revenue while controlling costs. Some of these initiatives include:

- Bringing in experienced Club contract caterers to take over all the catering operations. This has improved the quality of the food available for our members and the feedback has been overwhelmingly positive. If you have not dined at the Club recently, I urge you to do so. The food is fantastic!
- Reviewing the Club's promotions and introducing a few new and exciting promotions. Throughout the year we have had two car giveaways and have given away over \$1.1 million in cash and prizes to our members!
- Strengthening the relationship between Manly Leagues Club and the Sea Eagles with the players returning to the Club for their post-match function after most of the home games. The Sea Eagles also held two public signing sessions at the Club for our members.

While we have achieved a lot throughout the year, there were a number of ideas and initiatives that we were unable to implement due to the rapidly approaching lease expiry and ongoing negotiations. The negotiations with the current landlord GSW Property Holdings took longer than anticipated and had not yet been finalised as of the end of our financial year (we were successful in securing an additional three years on top of our current lease period shortly before Christmas). While this secures the short-term future for the Club, this was only the first step and the top priority of the Board and Management of the Club is to focus on securing the long-term future of the Club.

Throughout the year, the Club continued to support our local community through a number of initiatives. This support remains a focus of the Board as they acknowledge the importance of this Club plays within the local Community. During the 2018 financial year the Club has provided over \$237,000 to local community and junior sporting groups.

I would like to express my sincere thanks to all the staff here at Manly Leagues Club. Their hard work and passion for the Club is experienced every day by our loyal Members. A special thank you to our management team consisting of Warwick Hamlin and Stephen Hales as well as our new additions Chantelle Caffyn and Syed Alam. This group have all worked extremely hard to implement some positive change in the Club to ensure its long-term future.

My special thanks go to the Board of Directors, and in particular our Chairman Ian Thomson for the opportunity they have afforded me in my role as General Manager. The Board have been extremely supportive throughout a very trying time and have a deep seeded passion for the Club and its role in the community. The Board continues to investigate opportunities to secure and strengthen the Club's long-term future.



Julien Bova  
General Manager

**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 2018, 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 2018, 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, 26 February 2019

### 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 2018 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**

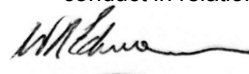
Dated at Brookvale, 26 February 2019.

### 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 2018 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 2018

	Notes	2018 \$	2017 \$
Membership		51,605	61,639
Poker Machines		7,125,762	7,175,686
Beverage		1,994,219	1,735,552
TAB & Keno		102,597	99,690
Catering		687,242	1,059,656
Rental income		341,752	343,635
Profit/(Loss) on sale of non current assets		12,875	-
Interest on invested funds		19,520	43,236
Other revenue	2(a)	474,058	408,976
<b>Revenue</b>		<b>10,809,630</b>	<b>10,928,070</b>
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(1,225,339)	(1,212,874)
Employee benefits expense	2(c)	(3,283,262)	(3,277,990)
Depreciation expense and amortisation expense	2(d)	(1,031,468)	(973,660)
Impairment of non-current assets		-	-
Other expenses	2(e)	(6,146,277)	(5,983,806)
Finance costs	2(f)	(35,028)	(22,798)
<b>Operating Profit/(Loss) before income tax and support to the community</b>		<b>(911,744)</b>	<b>(543,058)</b>
Propagation of Sport : Football related grants		(43,636)	(41,673)
Donations & other support to community groups		(156,340)	(154,586)
MWRLC sporting and cultural clubs including cash donations		(37,691)	(40,756)
<b>Total support to the community</b>		<b>(237,667)</b>	<b>(237,015)</b>
<b>Profit/(Loss) before income tax</b>		<b>(1,149,411)</b>	<b>(780,073)</b>
Income tax expense	3	-	-
<b>Profit/(Loss) after tax</b>		<b>(1,149,411)</b>	<b>(780,073)</b>
Other comprehensive income - Revaluation gain on Poker Machine Licenses		742,000	1,272,000
<b>Total comprehensive income/(loss) for the year</b>		<b>(407,411)</b>	<b>491,927</b>

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

## Statement of Financial Position for the year ended 31 October 2018

<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents		551,521	1,546,070
Trade & other receivables	4	70,381	31,366
Inventories	5	68,930	103,574
Prepayments		152,824	148,140
<b>Total current assets</b>		<b>843,656</b>	<b>1,829,150</b>
<b>Non-current assets</b>			
Investments		761	761
Property, plant & equipment	6	2,361,047	2,867,654
Intangible assets	7	4,240,000	3,498,000
<b>Total non-current assets</b>		<b>6,601,808</b>	<b>6,366,415</b>
<b>TOTAL ASSETS</b>		<b>7,445,464</b>	<b>8,195,565</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables	8	1,151,015	1,188,154
Provisions	9	197,313	354,319
Unearned income	10(a)	90,647	109,091
Finance lease & hire purchase liabilities	11	371,467	410,835
<b>Total current liabilities</b>		<b>1,810,442</b>	<b>2,062,399</b>
<b>Non-current liabilities</b>			
Other Payables	8	25,000	-
Unearned income	10(b)	1,535,587	1,595,301
Finance lease & hire purchase liabilities	11	231,329	287,348
<b>Total non-current liabilities</b>		<b>1,791,916</b>	<b>1,882,649</b>
<b>TOTAL LIABILITIES</b>		<b>3,602,358</b>	<b>3,945,048</b>
<b>NET ASSETS</b>		<b>3,843,106</b>	<b>4,250,517</b>
<b>MEMBERS' FUNDS</b>		<b>3,843,106</b>	<b>4,250,517</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 2018

	Retained Earnings	Total Members' Equity
As at 31 October 2016	3,693,197	3,693,197
Profit/(loss) for the year	491,927	491,927
Gain of Net assets on North Manly merger	65,393	65,393
As at 31 October 2017	4,250,517	4,250,517
Profit/(loss) for the year	(407,411)	(407,411)
<b>At 31 October 2018</b>	<b>3,843,106</b>	<b>3,843,106</b>

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

## Cash Flow Statement for the year ended 31 October 2018

	2018 \$	2017 \$
<b>Cash from operating activities</b>		
Receipts from customers	11,531,998	11,668,383
Payments to suppliers and employees	(11,928,054)	(11,423,373)
Interest received	19,517	43,216
Interest paid	(10,637)	(6,126)
<b>Net cash flows from operating activities</b>	<b>(387,176)</b>	<b>282,100</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant & equipment	22,000	-
Proceeds from sale of property	-	-
Payment for purchase of property, plant & equipment	(533,986)	(560,061)
Payment of net liabilities of North Manly Bowling Club	-	(60,607)
<b>Net cash flows used in investing activities</b>	<b>(511,986)</b>	<b>(620,668)</b>
<b>Cash flows from financing activities</b>		
Increase/(decrease) in loans	-	-
Increase/(decrease) in lease borrowings	(95,387)	(156,021)
<b>Net cash used in financing activities</b>	<b>(95,387)</b>	<b>(156,021)</b>
Net increase/(decrease) in cash & cash equivalents	(994,549)	(494,589)
Cash & cash equivalents at beginning of year	1,546,070	2,040,659
<b>Cash &amp; cash equivalents at end of year</b>	<b>551,521</b>	<b>1,546,070</b>

## Reconciliation of Cash

For the purpose 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	200,882	221,131
Deposits at call	150,000	1,250,000
Cash at Bank	200,639	74,939
	<b>551,521</b>	<b>1,546,070</b>

## Cash Flow Statement Reconciliation

<b>Reconciliation of profits/(loss) after tax to net cash flows from operations</b>		
Profit/(loss) after tax	(1,149,411)	(780,073)
Adjustments for :		
Operating depreciation & Amortisation	1,031,468	973,660
Net (profit)/loss on disposal of property, plant & equipment	(12,875)	-
Changes in assets & liabilities		
(Increase)/decrease in trade & other receivables	(39,015)	11,221
(Increase)/decrease in inventories	34,644	(45,649)
(Increase)/decrease in prepayments	(4,684)	7,688
(Decrease)/increase in trade & other payables	(12,139)	122,976
(Decrease)/increase in provisions	(157,006)	84,267
(Increase)/decrease in income in advance	(78,158)	(91,990)
<b>Net cash flows from operating activities</b>	<b>(387,176)</b>	<b>282,100</b>

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2018

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 company has incurred trading losses in successive years and the Directors recognize that there may be an uncertainty as to the company's status as a going concern. The Directors advise that steps have been taken to secure the Club's future accommodation and major restructuring has taken place to substantially reduce costs. The Club has recently sold a small number of poker machines entitlements in order to fund immediate cash flow needs and to enable the Club to meet its future financial obligations. The Directors therefore consider that the Club is a going concern and have reported accordingly in these financial statements.

The financial statements were authorised for issue on 19 February 2018 by the Directors of the company.

(a) The Club ceased trading at the North Manly Bowling Club on 31 August 2018 when it was unable to secure a lease from the Northern Beaches Council.

#### (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.

#### (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 Club's poker machine licences were re-valued at 31 October 2018 by an independent valuer. The licences are shown as a separate intangible asset at an independent fair value based conservatively at \$4,240,000 or \$20,000 each.

**(j) Lease of Premises**

The Club has a lease for the premises at 563 Pittwater Road which expires in May 2019. An extension for a further period of three (3) years was secured in December 2018.

**(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 2018 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

	2018	2017
	\$	\$
<b>(a) Other Income</b>		
Promotions income	217,819	224,001
Commissions	61,551	61,428
Merchandise sales	688	607
Other income	194,000	122,940
Total other income	<b>474,058</b>	<b>408,976</b>
<b>(b) Purchases net of movement in inventories of finished goods &amp; work in progress</b>		
Beverage	866,277	724,201
Catering	359,062	488,673
	<b>1,225,339</b>	<b>1,212,874</b>
<b>(c) Employee benefits expense</b>		
Wages & salaries	3,091,943	2,908,733
Superannuation expense	274,040	267,995
Provision for leave	(157,006)	25,543
Fringe benefits tax	-	-
Other employee benefit expense	74,285	75,719
Total employee benefit expense	<b>3,283,262</b>	<b>3,277,990</b>
<b>(d) Depreciation &amp; amortisation expense</b>		
Amortisation of leasehold improvements	410,311	388,661
Depreciation of plant & equipment	621,157	584,999
Total depreciation & amortisation	<b>1,031,468</b>	<b>973,660</b>
<b>(e) Other expenses</b>		
Hire of equipment & operating lease payments	49,561	37,872
Licences, rates, utilities, subscriptions & taxes	2,579,536	2,485,478
Promotion, advertising & entertainment expenses	1,377,125	1,499,612
Cleaning, repairs & maintenance	438,702	380,060
Other expenses	639,130	545,534
Rent	1,062,223	1,035,250
Total other expenses	<b>6,146,277</b>	<b>5,983,806</b>
<b>(f) Finance costs</b>		
Interest expense	10,637	6,125
Bank fees & fees associated with borrowing	24,391	16,673
Total finance costs	<b>35,028</b>	<b>22,798</b>

### Note 3. Income Tax Expense :

	\$	\$
Total accounting profit for the year	(407,411)	491,927
Tax at the statutory rate of 30%	-	147,578
Tax effect of :		
Mutual & exempt income	-	(147,578)
The company has no income expense for the year	-	-

### Note 4. Trade & Other Receivables :

Trade debtors after providing for doubtful debts of \$0 (2017 \$0)	56,904	21,211
Other debtors	13,477	10,155
	<b>70,381</b>	<b>31,366</b>

### Note 5. Inventories :

Catering stock at cost	-	30,610
Liquor stock at cost	27,880	43,004
Other stock at cost	41,050	29,960
Total inventory at the lower of cost & net realisable value	<b>68,930</b>	<b>103,574</b>

### Note 6. Property, Plant & Equipment :

Core property :	0	0
Less depreciation & impairment	0	0
Net-core property :	<b>0</b>	<b>0</b>
Non-core property	1	1
Less depreciation & impairment	0	0
Net non-core property	1	1
Net property	<b>1</b>	<b>1</b>
Leasehold improvements (at cost)	3,024,476	3,049,091
Less amortisation	(2,799,187)	(2,413,491)
	<b>225,289</b>	<b>635,600</b>
Poker machines (at cost)	6,003,519	5,773,541
Less accumulated depreciation	(4,165,592)	(3,861,574)
	<b>1,837,927</b>	<b>1,911,967</b>
Plant, equipment, furniture & fittings (at cost)	3,643,432	3,600,163
Less accumulated depreciation	(3,345,601)	(3,280,076)
	<b>297,831</b>	<b>320,087</b>
	<b>2,361,047</b>	<b>2,867,654</b>

### Property, plant & equipment movement summary

#### Properties

Carrying amount at beginning of year	1	1
Disposals at net book value	0	0
Depreciation	0	0
Carrying amount at end of year	<b>1</b>	<b>1</b>

#### Leasehold improvements

Carrying amount at beginning of year	635,600	999,646
Additions/disposals	-	24,615
Amortisation	(410,311)	(388,661)
Carrying amount at end of year	<b>225,289</b>	<b>635,600</b>

#### Poker machines, motor vehicles, plant & equipment

Carrying amount at beginning of year	2,232,054	2,281,607
Additions	533,986	537,514
Disposals at net book value	(9,125)	(2,068)
Depreciation	(621,157)	(584,999)
Carrying amount at end of year	<b>2,135,758</b>	<b>2,232,054</b>
Total property, plant & equipment	<b>2,361,047</b>	<b>2,867,654</b>

### Note 7. Intangible Assets :

Poker machine licences at fair value	<b>4,240,000</b>	<b>3,498,000</b>
The Club's 212 poker machine licences at an independent valuation of \$20,000 each. They are determined to have an indefinite life.		

### Note 8. Payables :

Poker machine link jackpot provision	10,169	7,340
Trade creditors	615,396	490,062
Accrued expenses	525,450	650,117
Other payables - unsecured	-	40,635
	<b>1,151,015</b>	<b>1,188,154</b>
Non-current other payables - unsecured	<b>25,000</b>	-

## Note 9. Provisions :

	2018	2017
Employee entitlements	\$ 197,313	\$ 354,319
Fringe Benefits Tax	-	-
<b>Total</b>	<b>197,313</b>	<b>354,319</b>

## Note 10. Unearned Income :

### (a) Current

Members subscriptions in advance	43,226	41,473
Rent received in advance	47,421	47,421
Other income received in advance	-	20,197
<b>Total</b>	<b>90,647</b>	<b>109,091</b>

### (b) Non-current

Members subscriptions in advance	98,940	110,790
Rent received in advance	1,436,647	1,484,511
<b>Total</b>	<b>1,535,587</b>	<b>1,595,301</b>

## Note 11. Lease & Hire Purchase Commitments :

### Finance Leases & Hire Purchase Agreements

- not later than one year	371,467	410,835
- later than one year and not later than two years	173,425	210,401
- later than two years and not later than five years	57,904	76,947
- later than five years	-	-
<b>Total</b>	<b>231,329</b>	<b>287,348</b>
Minimum lease payments	602,796	698,183
Deduct : future finance charges	-	-
<b>Finance lease and hire purchase liability</b>	<b>602,796</b>	<b>698,183</b>

### Operating Leases

- not later than one year	678,477	1,183,985
- later than one year and not later than two years	-	678,477
- later than two years and not later than five years	-	-
- later than five years	-	-

## 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			
	2018	2017	2018	2017	Within 1 Year		1-5 Years	
	%	%	\$	\$	%	%	%	%
<b>Financial Assets</b>								
Cash at Bank	0.15	0.15	50,260	74,939				
Deposits at call	2.75	2.75	300,379	1,250,000	-	-	-	-
Cash on Hand	0	0	200,882	221,131				
<b>Total Financial Assets</b>			<b>551,521</b>	<b>1,546,070</b>	-	-	-	-
<b>Financial Liabilities</b>								
Lease & Hire Purchase Liabilities	11	0.00%	0.00%		371,467	410,835	231,329	287,348
<b>Total Financial Liabilities</b>					<b>371,467</b>	<b>410,835</b>	<b>231,329</b>	<b>287,348</b>

### (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 2018

### **IAN THOMSON : CHAIRMAN**

Director and Chairman of Manly-Warringah Rugby League Club for five 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 six 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:** Retired

### **PETER PETERS**

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

### **MAX KRILICH**

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

### **WARWICK BULMER**

Director of Manly-Warringah Rugby League Club for six 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 four 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 three 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 three years. Former Financial Controller and Company Secretary of Manly-Warringah Sea Eagles **Occupation:** Accountant

## MANLY LEAGUES SPORTING CLUBS

### **BRIDGE**

There are three regular sessions of duplicate bridge each week held on Sundays at 12.30pm, Wednesdays at 10.15am and Thursdays at 7.30pm. Please arrive 15 minutes before the start of the session. New members are very welcome and beginners lessons are held.

**W:** [www.northernbeachesbridge.info](http://www.northernbeachesbridge.info)

**Contact :** Jan Chivers **E:** [chiversjanice@gmail.com](mailto:chiversjanice@gmail.com)

### **CAMERA**

We hold the camera meetings every 2nd and 4th Thursday of each month at 7.45pm. Whether experienced or beginner in B&W or colour, you will be welcome. Junior members are very welcome.

**W:** [www.manly.photographynsw.org.au/index.php](http://www.manly.photographynsw.org.au/index.php)

**Contact :** Vic Boase **E:** [mwcamclub@gmail.com](mailto:mwcamclub@gmail.com)

### **CRICKET CLUB**

Senior and Junior (U/18) teams are entered in the MWCA Saturday afternoon competition. New players of all standards welcome. Good competition and plenty of social activities.

**Contact :** Marty Paikea **E:** [mpaikea@me.com](mailto:mpaikea@me.com)

### **DARTS CLUB**

Competition Darts held in Lyon's Den Sports Bar 7.30pm Wednesday.

**Contact :** Kathie Chapple **E:** [gypsy.nugget1@bigpond.com](mailto:gypsy.nugget1@bigpond.com)

### **GOLF - MENS**

Outings are held on the last Sunday of each month at Warringah Golf Club. Simply place your name and card number on the starting sheet on the notice board at Manly Leagues.

**Contact :** Jim Mayo **E:** [mjmaydo@optusnet.com.au](mailto:mjmaydo@optusnet.com.au)

### **STAMPS**

Meetings held on the 2nd Tuesday of every month at 8pm. Junior members welcome.

**W:** [www.philas.org.au/mwrlcstampclub/index.html](http://www.philas.org.au/mwrlcstampclub/index.html)

**Contact :** Rod Sell **E:** [rodsell@rodsell.com](mailto:rodsell@rodsell.com)

### **SWIMMING CLUB**

Manly Leagues Swimming Club is held every Tuesday from 7.30pm - 9.15pm in the In2Swim facility below the club. Manly Leagues Swim Club is an adult community swimming club catering for members of the Manly Leagues Club.

**Contact :** Noel Erickson **E:** [noel.erickson@bigpond.com.au](mailto:noel.erickson@bigpond.com.au)

### **TOASTMASTERS**

Meetings are held in the Encores Annex on the 1st and 3rd Monday of the month at 7pm.

**W:** [www.setm.org.au](http://www.setm.org.au)

**Contact :** Greg O'leary **E:** [gregoryoleary@bigpond.com](mailto:gregoryoleary@bigpond.com)