



**MANLY**  
L e a g u e s

HOME OF THE SEA EAGLES.  
HEART OF THE COMMUNITY.

# 2013 ANNUAL REPORT

for the year ended 31 October 2013

## ClubGRANTS

Since the introduction of the Community Development Support Expenditure (CDSE) in 1999, now known as ClubGRANTS Manly Leagues has contributed over \$2,750,000 to community based projects and local junior sport.

### MANLY LEAGUES CONGRATULATES OUR MAJOR 2013 ClubGRANT RECIPIENTS

Manly Warringah Sea Eagles  
Learning Links  
M-W Junior Rugby League  
Men of League  
St John's First Aid

Red Cross First Aid  
Rotary Club of Brookvale  
Brookvale Ladies Probus  
Autism Network  
Autism Spectrum



## CHIEF EXECUTIVE OFFICER'S REPORT



Hello Members

The financial year 2012/2013 was a year that has provided the Club with continued financial challenge. While I would like to present my first report under somewhat better circumstances, the fact is, the accounts presented at this AGM can only be considered unsatisfactory.

The Club's financial stability is the Club Boards main focus and to this end a great many hours have been invested in planning. The Board are soon to release a five year strategic plan which will then be shared with Club members.

### Our Community

The Club continues to support our community and it is with interest I note that the Club has now contributed since 1999, over \$2,750,000 through Club grants to thoroughly deserving community based projects and local junior sporting groups. Clearly the Club will continue to support the NRL Sea Eagles and junior rugby league in the Manly Warringah area.

Our position of support within our community remains one of our major focuses.

### Our Members

We have many entertainment avenues open and invite you the member to support your Club. Promotions are run over many periods of the week and we are confident that there is something for everyone.

The Club's catering offering is top notch and I would encourage all our members to place the Club's Sea Change Brasserie on their immediate itinerary.

I encourage all members to use the Club; we can only succeed with your support.

### Our People

I would like to publicly thank the staff of the Club for their efforts over the last twelve months, they dig in every shift, sometimes under extremely trying conditions. They are all great individuals and we are lucky to have them in our employ, so a big thank you to all staff members.

My thanks and appreciation goes to our Chairman, Ian Thomson and to all fellow Directors, who have given me and the staff of Manly Leagues Club absolute support and encouragement over the year.

I would also like to record my thanks to Rick, Heather and Scott Penn (the Penn Group) for their support of the Club over the last twelve months, while I know that this family at times receives negative publicity, be assured that the Club would not be here without their incredible support – thanks again.

On a personal note I would like to thank so many of the members here at the Club for the welcome I have received since starting here in March and the wonderful support they project daily.

**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 MANAGEMENT

Chief Executive Officer	Craig Norman
Operations Manager	Craig Dickson
Gaming Manager	David Nelson
Head Chef	Matt Stafford-Brown

<b>Auditors</b>
W.R. Edmondson & Co. Brookvale
<b>Bankers</b>
Northern Beaches Credit Union

## BOARD OF DIRECTORS AS AT 31 OCTOBER 2013



### **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:** General Manager



### **BRIAN SMITH : DEPUTY CHAIRMAN**

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

**Occupation:** Retired



### **PETER PETERS**

Director of Manly-Warringah Rugby League Club for twelve years, Life Member of Manly Warringah District Rugby League Club and Director of Manly Sea Eagles.

**Occupation:** Sporting Journalist



### **MAX KRILICH**

Director of Manly-Warringah Rugby League Club for one year. Life Member and former Director of Manly Warringah District Rugby League Football Club.

**Occupation:** Sports Administrator



### **GRAHAM HOUSTON**

Life Member and Director of Manly-Warringah Rugby League Club for one year. Former Director of Manly-Warringah Rugby League Club for 46 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 one year. Life Member of Manly Warringah District Rugby League Football Club, Life Member of Manly Warringah Junior League and Manager of the Manly Sea Eagles Toyota Cup team.

**Occupation:** Retired



### **GARRY THOROUGHGOOD**

Director of Manly-Warringah Rugby League Club for one year. 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

## CHAIRMAN'S REPORT



Dear Member

It is indeed my pleasure to present the Annual Report 2013, my first as Chairman, to Members.

The 2013 year was again a challenging one for our Club and further challenges lie ahead. In the opinion of Board Members it is important for Members to understand and appreciate that the Club's financial support for our beloved Sea Eagles NRL team has, at times, been to the detriment of the licensed Club. For example in the period 2004 to 2011 Manly Warringah Rugby League Club generated net profits of \$3.265 million yet provided more than \$7.0 million in Rugby League propagation alone. The difference between the two amounts came from borrowings against assets of the licensed club. While the Board recognise that our Club's Charter is to support Rugby League in the community, and rest assured we will continue to support the Sea Eagles at both Senior and Junior levels, this support can no longer be at the expense of the financial security of the Club itself.

In plotting a course for the future the Board is close to finalising a 5 Year Strategic Plan. This plan will be shared with all Members by March 2014. An integral part of the plan is the maintenance of the Club's financial support for the Sea Eagles NRL Team and, very importantly, growth in the financial support afforded the Manly Warringah Junior Rugby League.

May I take this opportunity to thank my fellow Board Members for their ongoing diligence and support throughout my period as Chairman. Board members are required to contribute a large amount of their time towards the corporate and financial governance of the Club. This time demand necessitates many hours away from their respective families and I thank the individual Board Members, their wives and families for willingly making this sacrifice.

At this time may I also extend the thanks of the entire Board to Mr David Costello OAM, the Club's previous Chairman, who stepped down in May 2013. People not closely associated with the Club during David's tenure will not be in a position to appreciate the enormous contribution he made to the financial stability of the Club through a very difficult period. It is worth noting that David's association with Manly Leagues Club goes back to January 1967 when he first started working at the Club as an almost 16 year old - a period of over 47 years.

Also, please join me in publicly welcoming Craig Norman to the role of Chief Executive Officer of the Club. Craig assumed overall management in March 2013 and has worked tirelessly in introducing a number of initiatives that have breathed new life, operationally, into the Club. Turning the fortunes of any business around is always a frustratingly slow experience but Craig has produced a number of internal and external business measures that provide real belief in the future prosperity of your Club.

To the Club's loyal staff, a hearty "Thank you". You are the very public face of the club. It is you who set the tone and create the atmosphere that Members enjoy within the four walls that constitute the Club's physical environment. In today's very competitive hospitality sector it is the staff who can, and in our case do, make a real difference.

Thanks also to our growing membership. We thank you for your patronage and assure you that the Club values each and every one of you and looks forward to many, many more years of shared enjoyment.

Finally, I invite you all, Club Members, Staff and the Rugby League community, to join us on our journey to a bright future that sees the Manly-Warringah Rugby League Club valued as a superior contributor to our wonderful Northern Beaches community.



**Ian Thomson**  
Chairman

### LIFE MEMBERS

1965: Mr J. L. Martin (Dec)	1977: Mr W. J. Poole	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	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)	2012: 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	1997: Mr C. A. Dempster	

## DIRECTOR'S REPORT

The Directors have pleasure in presenting their Annual Report for the twelve months ended 31 October 2013.

### 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 6 months.

### Names of Directors

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

Warwick Bulmer  
David Costello OAM (resigned 27 May 2013)  
Graham Houston  
Max Krilich  
Peter Peters  
Brian Smith  
Ian Thomson (appointed 27 May 2013)  
Garry Thoroughgood

### Operating Result

The Club recorded a trading loss of \$579,191 before paying support to the community of \$272,756 resulting in a net operating loss for the year of \$851,947

### 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, 31 January 2014

## Statement of Comprehensive Income for the year ended 31 October 2013

	Notes	2013 \$	2012 \$
Membership		61,808	73,381
Poker machines		7,545,983	7,837,774
Beverage		1,494,744	1,493,607
TAB & Keno		76,679	84,551
Catering		1,208,700	1,057,791
Rental income		203,805	179,269
Profit on sale of non-current assets		-	13,617
Interest on invested funds		361	2,645
Other revenue	2(a)	413,628	419,291
<b>Revenue</b>		<b>11,005,708</b>	<b>11,161,926</b>
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(1,080,187)	(1,029,733)
Employee benefits expense	2(c)	(3,227,775)	(3,303,513)
Depreciation expense	2(d)	(929,661)	(917,771)
Impairment of non-current assets		-	-
Other expenses	2(e)	(5,796,704)	(5,871,505)
Finance costs	2(f)	(550,572)	(473,687)
<b>Operating Profit/(Loss) before income tax and support to the community</b>		<b>(579,191)</b>	<b>(434,283)</b>
Propagation of Sport : Football related grants		(121,704)	(132,731)
Donations & other support to community groups		(101,397)	(134,787)
MWRLC sporting and cultural Clubs including cash donations		(49,655)	(50,483)
<b>Total support to the community</b>		<b>(272,756)</b>	<b>(318,001)</b>
<b>Profit/(Loss) before income tax</b>		<b>(851,947)</b>	<b>(752,284)</b>
Income tax expense	3	-	(22,568)
<b>Profit/(Loss) after tax</b>		<b>(851,947)</b>	<b>(774,852)</b>
Other comprehensive income/(expense)		-	146,169
<b>Total comprehensive income/(loss) for the year</b>		<b>(851,947)</b>	<b>(628,683)</b>

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

## Statement of Financial Position as at 31 October 2013

<b>Assets</b>			
<b>Current Assets</b>			
Cash & cash equivalents		177,146	221,576
Cash at Bank		28,177	31,652
Trade & other receivables	4	41,684	27,831
Inventories	5	78,375	53,221
Prepayments		99,396	124,861
<b>Total current assets</b>		<b>424,778</b>	<b>459,141</b>
<b>Non-current assets</b>			
Investments		761	761
Property, plant & equipment		13,873,170	14,449,509
<b>Total non-current assets</b>	6	<b>13,873,931</b>	<b>14,450,270</b>
<b>TOTAL ASSETS</b>		<b>14,298,709</b>	<b>14,909,411</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & other payables		2,137,108	1,328,522
Provisions	7	451,466	563,231
Unearned income	8	122,702	129,114
Finance lease & hire purchase liabilities	9	454,464	409,032
<b>Total current liabilities</b>	10	<b>3,165,740</b>	<b>2,429,899</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		6,000,000	6,000,000
Other Payables	7	-	200,000
Unearned income	7	1,236,641	1,308,841
Finance lease & hire purchase liabilities	9	214,108	436,505
<b>Total non-current liabilities</b>	10	<b>7,450,749</b>	<b>7,945,346</b>
<b>TOTAL LIABILITIES</b>		<b>10,616,489</b>	<b>10,375,245</b>
<b>NET ASSETS</b>		<b>3,682,220</b>	<b>4,534,166</b>
<b>MEMBERS' FUNDS</b>			
Retained earnings		3,682,220	4,534,166
<b>TOTAL MEMBERS' FUNDS</b>		<b>3,682,220</b>	<b>4,534,166</b>

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

## Statement of Cash Flows for the year ended 31 October 2013

	2013 \$	2012 \$
<b>Cash from operating activities</b>		
Receipts from customers	12,104,892	12,260,230
Payments to suppliers and employees	(10,874,380)	(11,128,239)
Interest received	361	2,645
Interest paid	(513,158)	(448,954)
<b>Net cash flows from operating activities</b>	<b>717,715</b>	<b>685,682</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant & equipment	-	17,707
(Increase)/decrease in investments	-	627,198
Payment for purchase of property, plant & equipment	(388,653)	(1,322,941)
<b>Net cash flows used in investing activities</b>	<b>(388,653)</b>	<b>(678,036)</b>
<b>Cash flows from financing activities</b>		
Increase/(decrease) in loans	(200,000)	(605,422)
Increase/(decrease) in lease borrowings	(176,967)	596,410
<b>Net cash used in financing activities</b>	<b>(376,967)</b>	<b>(9,012)</b>
Net increase/(decrease) in cash & cash equivalents	(47,905)	(1,366)
Cash & cash equivalents at beginning of year	253,228	254,594
<b>Cash &amp; cash equivalents at end of year</b>	<b>205,323</b>	<b>253,228</b>

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

## Reconciliation of Cash

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

Cash	175,965	185,576
Deposits at call	1,181	36,000
Cash at Bank	28,177	31,652
	<b>205,323</b>	<b>253,228</b>

## Cash Flow Statement Reconciliation

<b>Reconciliation of profit/(loss) after tax to net cash flows from operations</b>		
Profit/(loss) after tax (including GST)	(888,400)	(516,473)
Adjustments for :		
Operating depreciation	929,661	917,771
Net (profit)/loss on disposal of property, plant & equipment	-	(13,617)
Changes in assets & liabilities		
(Increase)/decrease in trade & other receivables	(15,238)	6,138
(Increase)/decrease in inventories	(27,669)	13,688
(Increase)/decrease in prepayments	28,012	124,306
(Increase)/decrease in deferred tax assets	-	528
(Decrease)/increase in trade & other payables	889,587	110,360
(Decrease)/increase in provision	(111,765)	(15,881)
(Increase)/decrease in income in advance	(86,473)	58,862
<b>Net cash flows from operating activities</b>	<b>717,715</b>	<b>685,682</b>

## Statement of Changes in Equity for the year ended 31 October 2013

	Retained Earnings	Asset Revaluation Reserve	Total Members' Funds
At 31 October 2011	5,162,850	0	5,162,850
Profit/(loss) for the year	(628,683)	0	(628,683)
At 31 October 2012	4,534,167	0	4,534,167
Profit/(loss) for the year	(851,947)	0	(851,947)
<b>At 31 October 2013</b>	<b>3,682,220</b>	<b>0</b>	<b>3,682,220</b>

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

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*. 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 Directors recognise that the company has continuing trading losses and an uncertainty as to the company's ability to meet all of its liabilities on their due dates, and therefore there is the existence of doubt as to the company's status as a going concern. The Directors advise that the company is putting in place, new financing arrangements, a restructuring of operations and the sale of unused assets. These measures have not been finalised at the date of this report, however the Directors are confident that they can be achieved and will be successful in mitigating the trading losses. These financial statements have been prepared on the basis that the company will be able to continue as a going concern.

The financial statements were authorised for issue on 30 January 2014 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 based on periodic, but at least triennial valuations by external independent valuers.

#### Plant & Equipment

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

### (e) Depreciation

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

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

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

### (f) Impairment of Assets

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

### (g) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments 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. No increase in value has been recognised for any value attributable to the Club's poker machine licences due to the uncertainty of the market value of those licences. The licences have not been shown as a separate asset as there was no historical cost to the Club.

### (h) Lease of Premises

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

- (i) **Revenue**  
Revenue is recognised on receipt or on the rendering of services. Members' subscriptions, which are paid in advance for periods subsequent to this financial year, are not brought to account as revenue in this financial year, but are shown in the balance sheet as subscriptions in advance – liability. Rent received in advance is shown as a liability and is brought to account as income over the period of the lease.
- (j) **Employee Entitlements**  
The amount expected to be paid to employees for their pro-rata entitlement for long service and annual leave are accrued annually at current pay rates having regard to experience of employee periods of service.
- (k) **Comparative Figures**  
Comparative figures, where necessary, have been reclassified in order to comply with the presentation adopted in the 2013 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.

	2013 \$	2012 \$
<b>NOTE 2. Revenue &amp; Expenses:</b>		
<b>(a) Other revenue</b>		
Promotions income	226,413	234,777
Commissions	81,011	79,563
Merchandise sales	559	410
Other income	105,645	104,541
Total other income	<b>413,628</b>	<b>419,291</b>
<b>(b) Purchases net of movement in inventories of finished goods &amp; work in progress</b>		
Beverage	589,521	568,709
Catering	490,666	461,024
	<b>1,080,187</b>	<b>1,029,733</b>
<b>(c) Employee benefits expense</b>		
Wages & salaries	2,972,278	2,953,715
Superannuation expense	260,438	270,304
Provision for leave	(112,303)	(12,614)
Fringe benefits tax	8,275	(315)
Other employee benefit expenses	99,087	92,423
Total employee benefits expense	<b>3,227,775</b>	<b>3,303,513</b>
<b>(d) Depreciation &amp; amortisation expense</b>		
Depreciation of property	479,717	460,938
Depreciation of plant & equipment	449,944	456,833
Total depreciation & amortisation	<b>929,661</b>	<b>917,771</b>
<b>(e) Other expenses</b>		
Hire of equipment & operating lease payments	87,074	81,244
Licences, rates, utilities, subscriptions & taxes	2,522,296	2,588,560
Promotion, advertising & entertainment expenses	1,518,431	1,475,484
Cleaning, repairs & maintenance	498,498	526,070
Other expenses	1,170,405	1,200,147
Total other expenses	<b>5,796,704</b>	<b>5,871,505</b>
<b>(f) Finance costs</b>		
Interest expense	513,158	448,954
Bank fees & fees associated with borrowing	37,414	24,733
Total finance costs	<b>550,572</b>	<b>473,687</b>

### NOTE 3. Income Tax Expense :

The Company has no income tax expense for the year.

- (22,568)

### NOTE 4. Trade & Other Receivables :

Trade debtors after providing for doubtful debts of \$0  
Other debtors

33,425 21,280  
8,259 6,651  
**41,684 27,831**

### NOTE 5. Inventories :

Catering stock at cost  
Liquor stock at cost  
Other stock at cost  
Total inventory at the lower of cost & net realisable value

15,940 10,095  
44,625 27,938  
17,810 15,188  
**78,375 53,221**

	2013 \$	2012 \$
<b>NOTE 6. Property, Plant &amp; Equipment :</b>		
Core property	8,107,424	8,107,424
Less depreciation	(1,566,410)	(1,472,794)
Net core property	<b>6,541,014</b>	<b>6,634,630</b>
Non-core property	3,523,885	3,523,885
Less depreciation	(372,902)	(372,902)
Net non-core property	<b>3,150,983</b>	<b>3,150,983</b>
Net property	<b>9,691,997</b>	<b>9,785,613</b>
Leasehold improvements	3,006,578	3,002,398
Less accumulated amortisation	(860,638)	(474,537)
	<b>2,145,940</b>	<b>2,527,861</b>
Poker machines (at cost)	4,227,588	3,944,994
Less accumulated depreciation	(2,824,030)	(2,535,408)
	<b>1,403,558</b>	<b>1,409,586</b>
Plant, equipment, furniture and fittings	3,366,447	3,299,899
Less accumulated depreciation	(2,734,772)	(2,573,450)
	<b>631,675</b>	<b>726,449</b>
	<b>13,873,170</b>	<b>14,449,509</b>

### Property, plant & equipment movement summary :

<b>Properties</b>		
Carrying amount at beginning of year	9,785,613	9,879,229
Additions	-	-
Disposals at net book value	-	-
Depreciation	(93,616)	(93,616)
<b>Carrying amount at end of year</b>	<b>9,691,997</b>	<b>9,785,613</b>
<b>Leasehold Improvements</b>		
Carrying amount at beginning of year	2,527,861	3,148,909
Additions	4,180	87,954
Disposals and Cost Adjustments at net book value	-	(341,680)
Amortisation	(386,101)	(367,322)
<b>Carrying amount at end of year</b>	<b>2,145,940</b>	<b>2,527,861</b>
<b>Poker machines, motor vehicles, plant &amp; equipment</b>		
Carrying amount at beginning of year	2,136,034	1,480,627
Additions	349,141	1,114,720
Disposals at net book value	-	(2,480)
Depreciation	(449,944)	(456,832)
<b>Carrying amount at end of year</b>	<b>2,035,231</b>	<b>2,136,035</b>

### NOTE 7. Payables :

Poker machine link jackpot provision	6,171	38,868
Trade creditors	555,716	407,979
Accrued expenses	983,399	681,675
Other payables - unsecured	591,822	400,000
Loans payable - secured over all company assets	6,000,000	6,000,000
	<b>8,137,108</b>	<b>7,528,522</b>
Less non-current secured portion	6,000,000	6,000,000
Less non-current unsecured portion	-	200,000
	<b>2,137,108</b>	<b>1,328,522</b>

### NOTE 8. Provisions :

Employee entitlements	450,627	562,931
FBT	839	300
	<b>451,466</b>	<b>563,231</b>

### NOTE 9. Unearned income :

Members subscriptions in advance	158,973	162,408
Rent received in advance	1,162,666	1,194,667
Other income received in advance	37,704	80,880
	<b>1,359,343</b>	<b>1,437,955</b>

### NOTE 10. Lease & Hire Purchase Commitments :

<b>Finance Leases and Hire Purchase Agreements</b>		
- not later than one year	408,293	412,191
- later than one year and not later than two years	206,082	319,358
- later than two years and not later than five years	54,196	117,147
- later than five years	-	-
Minimum lease payments	668,571	848,696
Deduct: future finance charges	-	3,159
Finance lease and hire purchase liability	668,571	845,537
<b>Operating Leases</b>		
- not later than one year	45,408	68,734
- later than one year and not later than two years	11,854	33,554
- later than two years and not later than five years	4,939	-
- later than five years	-	-

## NOTE 11. Superannuation Commitments :

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

## NOTE 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			
	2013 %	2012 %	2013 \$	2012 \$	Within 1 Year		1-5 Years	
<b>Financial Assets</b>					2013 %	2012 %	2013 %	2012 %
Cash at Bank		0.25%	28,177	31,652				
Deposits at call		2.50%	1,181	36,000	-	-	-	-
<b>Total Financial Assets</b>			<b>29,358</b>	<b>67,652</b>	-	-	-	-
<b>Financial Liabilities</b>								
Loans Secured	7	8.50%					6,000,000	6,000,000
Lease and Hire Purchase Liabilities	10	0.82%			260,278	412,191	260,278	436,505
<b>Total Financial Liabilities</b>					<b>260,278</b>	<b>412,191</b>	<b>6,260,278</b>	<b>6,436,505</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.

## NOTE 13. Key Management Personnel

Compensation of Key Management Personnel

<b>Total</b>	2013 <b>\$503,140</b>	2012 <b>\$479,707</b>
--------------	--------------------------	--------------------------

In the course of attending the Club and/or representing the Club in an official capacity, Directors were provided with meals and liquor. Other out of pocket expenses were reimbursed by the Club as agreed by resolution at a previous Annual General Meeting. The total amount charged to Directors' honorariums and other Director expenses was \$32,365 (2012 \$32,098).

## NOTE 14. Company Commitment:

The Company is committed to the financial support of rugby league football during the 2014 financial year. The company is committed to the purchase of poker machines under a finance arrangement in November 2013 for \$138,512.

## NOTE 15. Auditors' Remuneration

The auditor of Manly-Warringah Rugby League Club is W.R. Edmondson & Co.

	2013	2012
<i>Amounts received or due and receivable by W.R. Edmondson &amp; Co for :</i>		
• An audit of the financial report of the entity	\$20,000	\$20,000
• Other services in relation to the entity	\$13,457	\$14,400
	<b>\$33,457</b>	<b>\$34,400</b>

## NOTE 16. Contingent Liability

The Club has a contingent liability of \$561,228 which may arise if the Club fails to meet a schedule of payments totaling \$200,000 due to the receivers of The Reed Group Ltd. The company's cash flow budgets show that the payments can be met on time.

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

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 31 October, 2013:

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

## 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 2013, 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 2012 would be in the same terms if provided to the Directors as at the date of this Auditors' Report.

### EMPHASIS OF MATTER REGARDING GOING CONCERN STATUS

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company has been incurring continuing trading losses and there is the existence of a material uncertainty about the company's status as a going concern.

### 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 2013, and of its performance for the year ended on that date; and

- ii) complying with Accounting Standards (including the Australian Accounting Interpretations) & the Corporations Regulations 2001.

**EDMONDSON & CO**, Chartered Accountants



**W.R. EDMONDSON**, Registered Company Auditor  
658 Pittwater Road, BROOKVALE NSW 2100  
Dated at Brookvale, 31 January 2014

### 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 2013 and performance for the year ended on that date of the Company.
- (2) in the Director's 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, 31 January 2014

### 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 2013 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

### DIRECTORS 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	11	15
D. Costello OAM	9	9
G. Houston	13	15
M. Krilich	13	15
P. Peters	15	15
B. Smith	15	15
G. Thoroughgood	14	15
I. Thomson	7	7

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