



HOME OF THE SEA EAGLES

MANLY

L e a g u e s

2009
ANNUAL
REPORT



CHIEF EXECUTIVE OFFICER'S REPORT

Dear Member

I am pleased to be able to report in a much more positive manner than this time last year 2009 was a memorable year for Manly Leagues and the significant points were:

- The Club recorded a \$1.45 million profit with \$650,000 coming from normal trading activities. An especially pleasing result after returning trading losses in the previous 2 years.
- The final payment of a \$3 million commitment to the Sea Eagles and the Junior League was paid in October. This undertaking was made in late 2005 and although finalised 2 months later than anticipated was a significant contribution during uncertain financial times.
- The Board set financially sensible guidelines for future support of the Sea Eagles.
- The sale of the property at 563 Pittwater Road to Penn Sport Pty Limited. A combination of poorer trading and the impact of the global financial crisis on property prices resulted in the NAB leaving the Board with little option but to sell. The Club purchased the property in late 1999 and it was disappointing to again be a tenant.
- In September 2009 the Club vacated the first floor and now operates solely from the ground floor and Sports Bar.
- The Board engaged the Reed Group to plan a major refurbishment of the ground floor. The plans are exciting but progress is slow and we are working to lodge a development application with Warringah Council in early 2010.

To achieve such an improved financial performance would not have been possible without the commitment of all the staff at Manly Leagues. A special thank you to all staff and especially to the management team of Craig Dickson, Dave Nelson, Mandi Corbett, Warwick Hamlin, Gareth Smith and my assistant Teresa Chivers. Their support and willingness to make and accept hard decisions has been vital.

The Directors of the Club have been outstanding during recent times. Since mid 2008 there has been a range of new challenges which have threatened the existence of the Club. These have been addressed in a professional manner and the Board remains determined to achieve a bright future for Manly Leagues. Our Chairman, Bob Reilly has devoted an amazing amount of time to the role and has been invaluable in helping me manage the Club. I have greatly appreciated the support and guidance of Bob and his fellow Directors.

The Sea Eagles endured a tough year in 2009. The task of defending the premiership was always going to be difficult but after winning the World Club Challenge in February our hopes were high. However, a poor start to the season, on and off the field, was never really overcome and the team did well to ultimately finish fifth before bowing out to the eventual premiers in the first week of the semi final series. Good luck to the Sea Eagles for the coming season.

The loyalty and patronage of the Club's members during 2009 has again been excellent and a key factor in our trading performance. The feedback and encouragement I regularly receive from the members is greatly appreciated and I look forward to working with the Board and staff to deliver you better facilities in 2010.

PETER SPRAY
CHIEF EXECUTIVE OFFICER

Club Management

Chief Executive Officer :	Peter Spray
Operations Manager :	Craig Dickson
Gaming Manager :	Dave Nelson
Human Resources Manager :	Mandi Corbett
Senior Duty Manager :	Warwick Hamlin

Supervisors

Dennis Flyght
Wayne Parratt
Gareth Smith
Wes Stuart

Auditors

W.R. Edmondson & Co. Brookvale

Bankers

Manly Warringah Credit Union

BOARD OF DIRECTORS 2008-2010

AS AT 31 OCTOBER 2009

R.W. REILLY



Chairman

R.W. REILLY

Director of Manly-Warringah Rugby League Club for four years and Chairman for two years. Chairman of the Manly Warringah Rugby League Football Club and Deputy Chairman of Manly Warringah Sea Eagles. Member of the General Committee of the NSW Rugby League.

Occupation:

Executive Director of a National Company based locally dealing with the Finance & Insurance Industry.

P.H. BRYANT



P.H. BRYANT

Director of Manly-Warringah Rugby League Club for two years and Director of Manly-Warringah Rugby League Football Club Limited.

Occupation:

Solicitor ~ B.Bus, LLB (Hons)

M.P. DELMEGE



M.P. DELMEGE

Director of Manly-Warringah Rugby League Club for five years and Shareholder of Manly Warringah Sea Eagles Ltd. Major Sponsor of the Manly Sea Eagles for seven years.

Occupation:

Managing Director of Delmege Commercial Mona Vale, North Sydney, Brisbane and Delmege Residential Northern Beaches.

P.J. PETERS



P.J. PETERS

Director of Manly-Warringah Rugby League Club for eight years and a life member of the Manly Warringah District Rugby League Football Club. Sporting journalist and radio broadcaster.

Occupation:

General Manager Media & Events

K.W. SIBRAA, AO



K. W. SIBRAA, AO

Director of Manly-Warringah Rugby League Club. Life Member and Co-Patron of Manly Warringah Rugby League Football Club. Former Chairman and Director of Manly Warringah Rugby League Football Club.

Occupation:

Company Director

B.J. SMITH



B.J. SMITH

Director of Manly-Warringah Rugby League Club for two years and a life member of the Manly-Warringah Rugby League Club. Former General Manager of Manly-Warringah League Club for eleven years. Director & Treasurer of the Leagues Clubs of Australia and Justice of the Peace.

Occupation:

Retired

D.E. SMITH



D.E. SMITH

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

Occupation:

Chief Executive Officer, Rate City Pty Ltd



CHAIRMAN'S REPORT

Dear Member

Well, what a turbulent 12 months it has been for the Board, management and you the members of Manly Leagues. In this period of time we needed to deal with the sale of the League Club building, and an aggressive bank, the global financial crises and well documented issues at the Sea Eagles. I can report to members that through this challenging period of time the Board and management has held its resolve and managed to work through each of these issues. The Club has recorded a profit in the last 12 months of \$1.45 million with a significant amount of that generated through trading activities. This would not have been achieved if wasn't for the diligent action by my fellow Board members and especially Peter Spray and his management team. To enable the Club to trade in a positive, when so many other clubs have fallen by the wayside throughout the last two years has been a remarkable achievement. The Board and management of the Club saw the challenge and executed restraint and sensible business practices and level headed thinking in order to achieve such a fantastic result. It doesn't stop there the Club has exciting times ahead. We are currently awaiting the sign off by our landlords to proceed with our much awaited and anticipated renovations to the ground floor of our Club. The Board and management have set up a business plan that should deliver to our members, vibrant and exciting premises which will enable us to continue our positive trading position. Once again I cannot speak highly enough of Peter Spray and his management team who have gone to extraordinary lengths to deliver these positive results.

I would like to thank Geoff Toovey for his participation on the Board over the past few years and make the members aware that his contribution has been significant. Geoff's business skills along with his commitment and passion to the peninsula and to Manly are unquestionable. Geoff left the Board late last year to concentrate on family and his assistant coaching position at the Sea Eagles and we wish him all the best. To replace him Kerry Sibraa has agreed to join us on the League Club Board and is well known to the local people on the peninsula. Kerry has been involved with the Sea Eagles over a life time and we are looking forward to his contribution as a League Club Director.

The Sea Eagles finished 5th in the 2009 competition and whilst getting off to a disappointing start managed to turn that around and compete in the final series. We are looking forward to Des and the side having a very competitive 2010 and I would like to thank Matt Orford our Sea Eagles captain over the past few years for his contribution to the Club and wish him all the best in his new venture in the UK. I know he joins a long list of former Manly players in the UK. These include Steve Menzies and I know he is in good company and will play well in that Super League Competition. I would like to announce to the members formally that the League Club has taken up an equity position within the Sea Eagles. Over the past 15 years the League Club has poured almost \$36 million into the Sea Eagles and has helped keep the Sea Eagles on the Northern Beaches. In 2004 the Sea Eagles needed to be privatized and as a result of that Max Delmege and the Penn family had brought in over the past few years into the Manly Warringah Sea Eagles Limited. They joined the Manly Warringah Football Club as equity partners and I am proud to announce that this year the League Club will also become an equity partner in the Sea Eagles. It was only fitting for our members that we pursued this line as that whilst the Sea Eagles is a private company the League Club who having devoted so much towards the Sea Eagles did not in fact have any ownership within that company. Well that has now changed and the League Club will take up over 1.3 million shares during the 2010 season. The Board was unanimous at the Sea Eagles and at the League Club in accepting the League Club members as equity partners. I would also take this opportunity to welcome Graham Lowe back to the Sea Eagles and wish him well in his role as CEO.

Last but not least I would like to thank our loyal patrons and members for their attendances at the Club. As stated the Club has gone through very tough times in recent years but we not only have seen the light at the end of the tunnel but we are now pushing through all of our issues and are now in a better position than what we have been in for such a long time. I look forward to the next 12 months as we build a bright and healthy future for us and our Club in renovated premises.

Bob Reilly

BOB REILLY
CHAIRMAN

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)
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
1997: Mr C. A. Dempster
2001: Mrs N.A. Geddes
2004: Dr D.S. Biddle AM
2005: Mr I.J. Fitzgibbon
2005: Mr B.J. Smith
2006: Mr G.M. Miller

DIRECTOR'S REPORT

The Directors have pleasure in presenting their Annual Report for the twelve months ended 31 October 2009.

Names of Directors

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

P H Bryant
 M P Delmege
 P J Peters
 R W Reilly
 B J Smith
 D E Smith
 K W Sibraa AO (appointed 27 October 2009)
 G R Toovey (resigned 22 September 2009)

Company Secretary ~ P R Spray

Peter Spray has been the Secretary of Manly-Warringah Rugby League Club for 5½ years. Mr Spray holds a Bachelor of Economics and is a Certified Practising Accountant (CPA). Prior to his employment at Manly-Warringah Rugby League Club Mr Spray was Financial Controller & Company Secretary for companies within the Reed Publishing Group in Australia.

Principal Activity

The principal activity of the Company was that of a Licensed Club. The Club is prevented by its Constitution from paying dividends.

Significant Changes in Activity

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

Profit/(Loss)

The Club recorded a trading profit of \$1,458,071 before income tax (\$3,309) and support to the community (\$917,926). The net amount of the operating profit after provision for income tax was \$536,836

Review of Operations and Results

During the year the Company continued its trading activities. The Club recorded an operating profit before income tax and support to the community of \$1,458,071 (2008 loss \$58,255).

Environmental Regulations

The Club's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory that applies at the date of this report.

Likely Developments

The Directors are not aware of any likely developments in the operations of the Club, the results of those operations or the state of affairs of the Club or any change in expected results of those operations in the subsequent financial years other than those stated herein.

Significant Change - State of Affairs

The Directors are not aware of any significant change in the Company's state of affairs, not otherwise dealt with in the accounts, having occurred that financial year.

Matters or circumstances arising since the end of that Financial Year

The Directors are not aware of any matter or circumstance, not otherwise dealt with in this report of the accounts that has significantly affected or may significantly affect the operations of the Company, or the state of affairs of the Company in financial years subsequent to the financial year.

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.

Directors' Indemnity

The Company has provided for and paid premiums during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' liability insurance, as such disclosure is prohibited under the terms of the contracts.

Signed in accordance with a Resolution of Directors.



R.W REILLY, DIRECTOR

Directors Attendance at Board Meetings

During the period the Board met on 14 occasions. The attendances at these meetings were as follows:

	<i>Attended</i>	<i>Possible</i>
P H BRYANT	13	14
M P DELMEGE	7	14
P J PETERS	13	14
R W REILLY	14	14
B J SMITH	12	14
D E SMITH	12	14
G R TOOVEY	10	14

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

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 2009, 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. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101, Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 auditor's judgment 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 13 November 2009 would be in the same terms if provided to the Directors as at the date of this Auditors' Report.

AUDIT OPINION

In our opinion

- (a) the financial report of Manly-Warringah Rugby League Club Limited is in accordance with the Corporations Act 2001, including
- giving a true and fair view of the Company's financial position as at 31 October 2009, and of its performance for the year ended on that date; and
 - complying with Accounting Standards (including the Australian Accounting Interpretations) & the Corporations Regulations 2001; and

- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

EDMONDSON & CO
Chartered Accountants



W.R. EDMONDSON
Registered Company Auditor

658 Pittwater Road, BROOKVALE NSW 2100
Dated at Brookvale, 21 January 2010

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- the financial statements and notes of the Club
 - are in accordance with the Corporations Act 2001; and comply with Accounting Standards and Corporations Regulations 2001; and
 - give a true and fair view of the financial position as at 31 October 2009 and performance for the year ended on that date of the Company.
- 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:



R.W. REILLY, DIRECTOR
Dated at Brookvale, 21 January 2010

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 2009 there have been :

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

EDMONDSON & CO
Chartered Accountants



W.R. EDMONDSON, Registered Company Auditor

INCOME STATEMENT FOR THE YEAR ENDING 31 OCTOBER 2009

	Notes	2009 \$	2008 \$
Membership		125,681	131,438
Poker Machines		9,453,919	9,767,936
Beverage		1,614,613	1,838,567
TAB & Keno		77,713	76,619
Catering		1,148,037	1,235,607
Rental Income		205,242	296,388
Profit on sale of non-current assets		808,342	475,014
Interest on invested funds		5,616	214
Other revenue	2(a)	338,578	495,156
Revenue		13,777,741	14,316,939
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(1,053,159)	(1,232,462)
Employee benefits expense	2(c)	(3,565,321)	(3,857,439)
Depreciation expense	2(d)	(880,145)	(1,211,581)
Other expenses	2(e)	(6,317,293)	(7,208,484)
Finance costs	2(f)	(503,752)	(865,228)
Profit/(Loss) before income tax, impairment of non-current assets & support to the community		1,458,071	(58,255)
Impairment of non-current assets		0	(9,284,820)
Propagation of Sport : Football related grants		(727,402)	(632,908)
Donations & other support top community groups		(129,957)	(131,578)
MWRCLC sporting and cultural clubs including cash donations		(60,657)	(81,889)
Total support to the community		(917,926)	(846,375)
Profit/(Loss) before income tax		540,145	(10,189,450)
Income tax expense	3	(3,309)	(3,003)
Profit/(Loss) after tax		536,836	(10,192,453)

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

BALANCE SHEET AS AT 31 OCTOBER 2009

	Notes	2009 \$	2008 \$
Assets			
Current Assets			
Cash & cash equivalents		288,986	164,571
Cash at Bank		105,239	
Trade & other receivables	4	52,955	56,539
Inventories	5	74,367	99,850
Prepayments		190,328	191,783
Deferred tax asset		27,373	30,682
Total current assets		739,248	543,425
Non-current assets			
Investments		760	750
Property, plant & equipment	6	11,732,699	18,988,379
Total non-current assets		11,733,459	18,989,129
TOTAL ASSETS		12,472,707	19,532,554
LIABILITIES			
Current Liabilities			
Bank overdraft			122,259
Trade & other payables	7	1,054,595	2,421,281
Interest bearing liabilities - Bank bills	7	0	9,500,000
Provisions	8	593,814	617,091
Unearned income	9	135,698	141,029
Finance lease & hire purchase liabilities	10	329,695	393,406
Total current liabilities		2,113,802	13,195,066
Non-current liabilities			
Interest bearing liabilities - Bank bills	7	3,500,000	0
Unearned income	9	1,350,013	1,428,209
Finance lease & hire purchase liabilities	10	322,163	259,386
Total non-current liabilities		5,172,176	1,687,595
TOTAL LIABILITIES		7,285,978	14,882,661
NET ASSETS		5,186,729	4,649,893
MEMBERS' FUNDS			
Retained earnings		5,186,729	4,649,893
Asset revaluation reserve		0	0
TOTAL MEMBERS' FUNDS		5,186,729	4,649,893

The above balance sheet should be read in conjunction with the accompanying notes

	2009 \$	2008 \$
Statement of Cash Flows for financial year ended 31 October 2009		
Cash From Operating Activities		
Receipts from customers	14,260,160	15,758,800
Payments to suppliers and employees	(14,611,645)	(14,658,446)
Interest received	5,616	214
Interest paid	(485,150)	(766,862)
Net cash flows from operating activities	(831,019)	333,706
Cash Flows from Investing Activities		
Proceeds from sale of property, plant & equipment	8,105,867	574,000
(Increase)/Decrease in Investments	(10)	0
Payment for purchase of property, plant & equipment	(921,991)	(587,035)
Net cash flows used in investing activities	7,183,866	(13,035)
Cash Flows from financing activities		
Increase/(Decrease) in bank bill facility borrowing	(6,000,000)	175,000
Increase/(Decrease) in lease borrowings	(934)	(121,173)
Net Cash used in financing activities	(6,000,934)	53,827
Net Increase/(Decrease) in cash & cash equivalents	351,913	374,498
Cash & cash equivalents at beginning of year	42,312	(332,186)
Cash & cash equivalents at end of year	394,225	42,312

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	178,810	164,466
Deposits at Call	110,176	105
Bank Overdraft	105,239	(122,259)
	394,225	42,312

Cash Flow Statement Reconciliation

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

Profit/(Loss) after tax	536,836	(10,192,453)
Adjustments for :		
Operating depreciation	880,145	1,211,581
Impairment of non-current assets	0	7,559,824
Net (profit)/loss on disposal of property, plant & equipment	(808,342)	(475,014)
Changes in assets & liabilities		
(Increase)/Decrease in trade & other receivables	3,584	(17,225)
(Increase)/Decrease in inventories	25,483	34,272
(Increase)/Decrease in prepayments	1,455	1,202,479
(Increase)/Decrease in deferred tax assets	3,309	3,003
(Decrease)/Increase in trade & other payables	(1,366,685)	1,101,142
(Decrease)/Increase in provision	(23,277)	(20,170)
(Increase)/Decrease in income in advance	(83,527)	(73,733)
Net cash flows from operating activities	(831,019)	333,706

Statement of Changes in Members' Funds for the year ended 31 October 2009

	Retained Earnings	Asset Revaluation Reserve	Total Members' Funds
At 31 October 2007	14,842,346	6,129,226	20,971,572
Profit/(loss) for the year	(10,192,453)	0	(10,192,453)
Write-back of revaluation	0	(6,129,226)	(6,129,226)
At 31 October 2008	4,649,893	0	4,649,893
Profit/(loss) for the year	536,836	0	536,836
At 31 October 2009	5,186,729	0	51,86,729

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

NOTE 1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board & the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting standards. Material accounting policies adopted in the preparation of this financial report are presented below.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and liabilities for which the fair value basis of accounting has been applied.

(a) Income Tax

Under present legislation 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.

(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) 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.

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.

(d) 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.

(e) 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.

(f) 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. It is possible but not certain that the licences could be sold for around \$18,000 each.

(g) Lease of Premises

During the year the Club sold the property at 563 Pittwater Road and has entered into a lease with Penn Sport Pty Limited for the ground floor and mezzanine level for a term of 5 years with an option to renew for a further period of up to 5 years.

(h) 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.

(i) Employee Entitlements

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

(j) Comparative Figures

Comparative figures, where necessary, have been reclassified in order to comply with the presentation adopted in the 2009 year.

(k) 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.

(l) 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.

(m) **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:

	2009 \$	2008 \$
(a) Other revenue		
Promotions income	243,660	348,558
Commissions	57,077	78,242
Merchandise sales	2,468	2,324
Other income	35,373	66,032
Total other income	338,578	495,156
(b) Purchases net of movement in inventories of finished goods & work in progress		
Beverage	593,848	719,079
Catering	459,311	513,383
	1,053,159	1,232,462
(c) Employee benefits expense		
Wages & salaries	3,115,459	3,350,710
Defined contribution superannuation expense	328,926	368,452
Provision for leave	(24,017)	(17,097)
Fringe benefits tax	13,281	14,416
Other employee benefit expenses	131,672	140,958
Total employee benefits expense	3,565,321	3,857,439
(d) Depreciation & amortisation expense		
Depreciation of property	369,137	565,835
Depreciation of plant & equipment	511,008	645,746
Total depreciation & amortisation	880,145	1,211,581
(e) Other expenses		
Bad & doubtful debts	350	12,623
Hire of equipment & operating lease payments	105,664	180,819
Licences, rates, utilities, subscriptions & taxes	2,999,951	3,143,968
Promotion, advertising & entertainment expenses	1,561,826	2,167,760
Cleaning, repairs & maintenance	713,830	863,012
Other expenses	935,672	840,302
Total other expenses	6,317,293	7,208,484
(f) Finance costs		
Interest expense	485,150	766,862
Bank fees & fees associated with borrowing	18,602	98,366
Total finance costs	503,752	865,228

NOTE 3. Income Tax Expense :

Prima facie tax payable on Operating Profit after Donations, Subsidies and Other Grants	354,794	0
Add tax effect of :		
Member only and Non-deductible expenses	271,740	334,761
Expenses proportionally applicable to Members	2,761,008	3,146,127
Donations adjustment	29,729	14,296
	3,417,271	3,495,184
Less tax effect of :		
Difference between Accounting Depreciation and Tax Depreciation	9,841	16,870
Tax-free profit on sale of pre-1985 assets	179,240	142,500
Long Service Leave, Annual Leave and Sick Leave	6,148	4,788
Income from Members only	46,851	53,881
Income proportionally applicable to Members	3,172,768	3,278,130
	3,414,848	3,496,169
Income Tax Expense	2,422	(985)
Prior Years Tax Adjustments		
Opening adjustment for tax and mutuality % change	887	3,988
Income Tax Expense as per Accounts	3309	3,003

Deferred Tax Asset	Balance Sheet			Income
	2009	2008	2009	2008
Comprises:				
Provisions for employee entitlements	26,152	28,109	(1,867)	(4,731)
Provision for jackpots	1,221	2,663	(1,442)	1,728
	27,373	30,682	(3,009)	(3,003)

NOTE 4. Trade & Other Receivables :

Trade Debtors after providing for doubtful debts of \$24,013 (2008 \$24,013)	28,105	21,114
Other Debtors	24,850	35,425
	52,955	56,539

	2009 \$	2008 \$
NOTE 5. Inventories :		
Catering stock at cost	14,087	15,355
Liquor stock at cost	38,289	53,526
Other stock at cost	21,991	30,969
Total inventory at the lower of cost & net realisable value	74,367	99,850
NOTE 6. Property, Plant & Equipment :		
Core Property	8,280,887	33,502,140
Less depreciation	(1,192,243)	(5,777,125)
Less depreciation & impairment	0	(13,316,148)
Net Core Property	7,088,644	14,408,867
Non-Core Property	3,523,885	3,523,885
Less depreciation	-	-
Less impairment	(372,902)	(372,902)
Net Non-Core Property	3,150,983	3,150,983
Net Property	10,239,627	17,559,850
Poker Machines (at cost)	4,919,065	4,613,907
Less accumulated depreciation	(4,166,935)	(3,923,857)
	752,130	690,050
Motor Vehicles (at cost)	4,803	4,803
Less accumulated depreciation	(4,803)	(4,803)
	-	-
Plant, equipment, furniture and fittings	2,798,263	6,520,472
Less accumulated depreciation	(2,057,321)	(5,781,993)
	740,942	738,479
	11,732,699	18,988,379
Property, plant & equipment movement summary :		
Properties		
Carrying amount at beginning of year	17,559,850	31,673,077
Additions	202,037	141,658
Disposals at net book value	(7,153,123)	0
Depreciation	(369,137)	(565,835)
Revaluation & impairment	0	(13,689,050)
Carrying amount at end of year	10,239,627	17,559,850
Poker machines, motor vehicles, plant & equipment		
Carrying amount at beginning of year	1,428,529	1,727,864
Additions	636,137	393,215
Disposals at net book value	(60,586)	(46,804)
Depreciation	(511,008)	(645,746)
Carrying amount at end of year	1,493,072	1,428,529
NOTE 7. Payables :		
Poker machine link jackpot provision	27,716	58,712
Trade creditors	316,604	666,096
Accrued expenses	710,275	1,696,473
Bills payable - secured over all company assets	3,500,000	9,500,000
	4,554,595	11,921,281
Less non-current portion	3,500,000	-
	1,054,595	11,921,281
NOTE 8. Provisions :		
Employee Entitlements	593,824	617,841
Income Tax	-	-
FBT	(10)	(750)
	593,814	617,091
NOTE 9. Unearned income :		
Members subscriptions in advance	195,045	246,572
Rent received in advance	1,290,666	1,322,666
	1,485,711	1,569,238
NOTE 10. Lease & Hire Purchase Commitments :		
Finance Leases and Hire Purchase Agreements		
- not later than one year	419,043	439,341
- later than one year and not later than two years	214,200	230,474
- later than two years and not later than five years	92,525	45,542
- later than five years	-	-
Minimum lease payments	725,767	715,357
Deduct: future finance charges	73,909	62,565
Finance Lease and Hire Purchase liability	651,858	652,792
Operating Leases		
- not later than one year	24,193	34,177
- later than one year and not later than two years	6,048	24,193
- later than two years and not later than five years	-	6,048
- 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			
	2009 %	2008 %	2009 \$	2008 \$	Within 1 Year		Within 1-5 Years	
Financial Assets								
Cash at Bank	0.25%	0.00%	105,239					
Deposits at call	2.50%	0.00%	110,176	105	-	-	-	-
Total Financial Assets			215,415	105	-	-	-	-
Financial Liabilities								
Bank Overdraft Secured		11.83%		122,259				
Bank Bills Secured	6	8.50%	3,500,000	9,500,000	-	-	-	-
Lease and Hire Purchase Liabilities	9	10.70%			354,490	393,406	371,277	259,386
Total Financial Liabilities				9,622,239	354,490	393,406	371,277	259,386

(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

	2009	2008
Total	\$414,733	\$401,971

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 was \$67,070 (2008 \$57,750).

NOTE 14. Company Guarantee & Commitment:

The Company is committed to pay propagation amounts for rugby league football during the 2010 financial year.

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, 2009:

- (a) the following properties are core property of the Club;
- (i) The defined premises of the Club
 - (ii) Car Park area
 - (iii) 11 Victor Road Brookvale
- (b) the following properties are non-core property of the Club;
- (i) 9 Victor Road Brookvale
 - (ii) The land occupied by Travelodge at 10 Victor Road, Brookvale

Notes to Members

- Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.
- Core property is any real property owned or occupied by the Club that comprises:
 - the defined premises of the Club; or
 - any facility provided by the Club for use of its members and their guests; or
 - any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.
- Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
- The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
 - the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval; and
 - any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.
- These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above do not apply to core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer and the requirements in paragraph 4(c) do not apply to a disposal of core property if the terms and nature of the disposal are disclosed to the ordinary members of the Club, and the disposal is approved at a general meeting of the ordinary members of the Club.
- The requirement to specify core property and non core property in the Annual Report of the Club came into effect on 21 December, 2007 which is why this information has not previously appeared in the Annual Report.