



2011 ANNUAL REPORT

for the year ended 31 October 2011





CHIEF EXECUTIVE OFFICER'S REPORT

Dear Member

The 2011 year was a challenging one characterised by many highs and lows. At times it was difficult but looking back there are many aspects that are satisfying and augur well for the Club's future. There are too many to list them all in this report but I consider the following as the most significant.

- The long promised renovations were completed in August after 5 months of major building work. The disruption to our business was significant and I am sure tested even our most loyal member. We are pleased with the end result and Manly Leagues can now offer a much improved hospitality venue. If you have not visited the Club since the completion I would encourage you to come and see the new facilities.
- The Club recorded a small operating profit for the financial year. As mentioned above the building work had a major impact on trade and to achieve a break even trading result was a reasonable achievement. It was however disappointing to again have losses in individual months and this did put pressure on the Club's cash reserves. To improve the Club's cash position it was necessary to sell the majority of our shares in the Sea Eagles. After having fought so hard to become a part owner of the Sea Eagles this was disappointing but necessary and in the best interest of the League Club.
- The Sea Eagles won their eighth premiership and grand final day at the League Club was a highly memorable occasion. Thousands of fans joined together to create an unbelievable atmosphere that continued into the following day. The players were outstanding, firstly on the field and later, in the manner in which they greeted the loyal supporters who waited so patiently for their late night arrival at the Club. Unfortunately, our elation was short lived and within a few days controversy cut short our celebrations. Much has been written about what took place and I will take this opportunity, based on my experiences on the Sea Eagles Board, to say that most media reports were inaccurate and many good people were unfairly criticised. On a positive note, our new Head Coach, Geoff Toovey is an outstanding individual and we wish him well in his new role. The coming season will start early with the World Club Challenge in February and I look forward to the Sea Eagles adding to their achievements in 2012.

Throughout the disruptions of the past 12 months the Club's staff have been excellent. Their efforts are so important to our success and I greatly appreciated their commitment. A special thanks to Craig Dickson, Dave Nelson, Mandi Corbett, Warwick Hamlin, Gareth Smith, my assistant Teresa Chivers and our new Marketing Manager, Brad Martin. These people make up our management team and not only do a great job but offer great support to the Board and myself.

During 2011 there were several changes to the Directors of the Club with Cliff Lyons, Max Krilich and David Costello joining the Board. Cliff and Max are well known to all rugby league fans but many may not remember David. He was for many years an employee of Manly Leagues and recently retired as CEO of ClubsNSW. David brings an enormous amount of club experience to the Board. The Directors are determined to build a bright future for our Club and their efforts tend to go unnoticed. Our Chairman, Bob Reilly puts in a considerable amount of time in this position and is also the Chairman of the District Rugby League Football Club and Deputy Chairman of the Sea Eagles. I have greatly appreciated his support and guidance and that also of all the League Club Directors.

The support of the Club's members during 2011 has been amazing. Despite the renovations and all the adverse Sea Eagles media which at times hurt Manly Leagues you kept patronising your Club. Thank you for this loyalty and it is the goal of the Board and staff to reward you by making Manly Leagues a better club.



PETER SPRAY
Chief Executive Officer

CLUB MANAGEMENT

Chief Executive Officer :	Peter Spray
Operations Manager :	Craig Dickson
Marketing Manager :	Brad Martin
Gaming Manager :	David Nelson
Assistant Gaming Manager :	Gareth Smith
Human Resources Manager :	Mandi Corbett
Senior Duty Manager :	Warwick Hamlin

Supervisors
Dennis Flyght
Wayne Parratt
Nikki Pichon
Wes Stuart

Auditors
W.R. Edmondson & Co. Brookvale

Bankers
Northern Beaches Credit Union

BOARD OF DIRECTORS 2010-2012 as at 31 October 2011

R.W. REILLY



Chairman **R.W. REILLY**

Director of Manly-Warringah Rugby League Club for six years and Chairman for four 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 four years and Director of Manly-Warringah Rugby League Football Club Limited. Resigned as Director of Manly-Warringah Rugby League Club Ltd on 1 December 2011.

Occupation:

Solicitor ~ B.Bus, LLB (Hons)

C. LYONS



C. LYONS

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

Occupation:

Manager in the Construction Industry

P.J. PETERS



P.J. PETERS

Director of Manly-Warringah Rugby League Club for ten years and a life member of the Manly Warringah District Rugby League Football Club.

Occupation:

Sporting Journalist and Radio Broadcaster

K.W. SIBRAA, AO



K. W. SIBRAA, AO

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

Occupation:

Retired



CHAIRMAN'S REPORT

Dear Member

What a rollercoaster year 2011 turned out to be. We have received great accolades and seen great achievements, but then experienced depressing lows throughout the 12 months.

August saw our long awaited renovations finally completed with the new Club looking fantastic. If you haven't been to the Club lately it is well worth a visit! The Board and I were delighted to be able to finally deliver the much overdue renovations and the naming of the Menzies Bar completed these improvements. It was great to see Steve Menzies visit the Bar when he was recently in Australia and enjoy a beer with myself and other members. It is a fitting tribute for such a great player. The renovations took longer than anticipated and trade during this time was severely affected. The accumulated downturn ultimately led to the Club needing to sell its shares in the Sea Eagles to cover the shortfall. I am pleased to report we still remain a minor shareholder in the Sea Eagles and are still part of the Sea Eagles Deed of Subscription.

I would like to thank CEO, Peter Spray and League Club staff for their support and commitment to the Club throughout this period. Their support was very important and without it the Club would have found it difficult to get through what was eventually accomplished.

I would like to thank the outgoing Directors for their support throughout the year. A special thanks to Peter Bryant for his contribution to the League Club and the Sea Eagles and to Damian Smith with his keen business sense who helped the Club through our renovations period. To Max Delmege, thanks for his contribution over the many years he was a Director. I would also like to welcome new Directors, Max Krilich, Cliff Lyons and David Costello to the Board.

Congratulations to the Manly Sea Eagles on winning their 8th premiership against the Auckland Warriors! The Club was a sea of maroon & white and the atmosphere was electric. I would also like to take this opportunity to thank Graham Lowe for his support of the League Club whilst he was CEO of the Manly Sea Eagles and welcome David Perry to this role. David has already proven he is a determined leader and has not balked at any of the challenges that have been thrown at him to date. I am confident that he and new coach Geoff Toovey will drive the Sea Eagles into a successful new era.

On a personal note I had found myself unfairly targeted as a result of some of the turmoil around the Sea Eagles. I always believed the truth would prevail. Change is never an easy thing to deal with but it is very important not to be left behind when things are moving so fast around us.

I would like to thank the members for their patience and support of our great Club and look forward to a healthy and prosperous New Year.

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 (Dec)
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 2011.

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 ~ P. R. Spray

Peter Spray has been the Secretary of Manly-Warringah Rugby League Club for 7½ 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.

Names of Directors

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

P. H. Bryant (resigned 1 December 2011)
M. P. Delmege (vacated 18 October 2011)
C. Lyons (appointed 18 October 2011)
P. J. Peters
R. W. Reilly
B. J. Smith
D. E. Smith (resigned 6 October 2011)
K. W. Sibraa AO

Operating Result

The Club recorded a trading profit of \$7,389 before income tax and support to the community of \$383,793. The net amount of the operating loss after provision for income tax was \$579,215.

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 establish 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 maintain an active involvement in the Manly Warringah Sea Eagles, in order to give our members input to the strategy and leadership of the organisation, and to safeguard our direct commercial interests involving the Sea Eagles presence at Brookvale Oval.
- 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.
- Ensure the League Club's nominee to the Sea Eagles Board actively participates in the strategic direction of the Sea Eagles.
- 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.



R.W. REILLY,
DIRECTOR

Statement of Comprehensive Income for the year ended 31 October 2011

	Notes	2011 \$	2010 \$
Membership		96,974	115,279
Poker machines		8,007,917	9,010,934
Beverage		1,642,399	1,526,193
TAB & Keno		85,180	81,238
Catering		1,125,326	1,013,064
Rental income		150,800	123,684
Profit on sale of non-current assets		63,410	212,782
Interest on invested funds		8,262	3,288
Other revenue	2(a)	461,298	331,125
Revenue		11,641,566	12,417,587
Purchases net of movement in inventories of finished goods & work in progress	2(b)	(1,045,441)	(961,281)
Employee benefits expense	2(c)	(3,367,899)	(3,347,665)
Depreciation expense	2(d)	(601,090)	(539,477)
Impairment of non-current assets		-	-
Other expenses	2(e)	(6,122,018)	(6,215,556)
Finance costs	2(f)	(497,729)	(343,772)
Operating Profit before income tax and support to the community		7,389	1,009,836
Propagation of Sport : Football related grants		(226,508)	(226,846)
Donations & other support to community groups		(106,320)	(165,700)
MWRCLC sporting and cultural clubs including cash donations		(50,965)	(57,924)
Total support to the community		(383,793)	(450,470)
Profit/(Loss) before income tax		(376,404)	559,366
Income tax expense	3	(774)	(4,031)
Profit/(Loss) after tax		(377,178)	555,335
Other comprehensive income/(expense) - Write-off of lapsed option		(202,037)	-
Total comprehensive income/(loss) for the year		(579,215)	555,335

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

Statement of Financial Position as at 31 October 2011

Assets			
Current Assets			
Cash & cash equivalents		187,534	214,301
Cash at Bank		67,060	149,771
Trade & other receivables	4	33,411	63,041
Inventories	5	65,665	66,012
Prepayments		237,866	361,073
Deferred tax asset		22,568	23,342
Total current assets		614,104	877,540
Non-current assets			
Investments		627,959	547,440
Property, plant & equipment	6	14,508,765	11,563,207
Total non-current assets		15,136,724	12,110,647
TOTAL ASSETS		15,750,828	12,988,187
LIABILITIES			
Current Liabilities			
Trade & other payables	7	1,369,874	1,169,334
Interest bearing liabilities-loans	7	1,405,422	-
Provisions	8	579,112	617,631
Unearned income	9	102,133	126,382
Finance lease & hire purchase liabilities	10	190,030	291,065
Total current liabilities		3,646,571	2,204,412
Non-current liabilities			
Interest bearing liabilities	7	5,600,000	3,500,000
Unearned income	9	1,282,311	1,292,584
Finance lease & hire purchase liabilities	10	59,097	249,127
Total non-current liabilities		6,941,408	5,041,711
TOTAL LIABILITIES		10,587,979	7,246,123
NET ASSETS		5,162,849	5,742,064
MEMBERS' FUNDS			
Retained earnings		5,162,849	5,742,064
Asset revaluation reserve		-	-
TOTAL MEMBERS' FUNDS		5,162,849	5,742,064

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 2011

	2011 \$	2010 \$
Cash from operating activities		
Receipts from customers	12,726,883	13,421,669
Payments to suppliers and employees	(12,012,331)	(12,308,264)
Interest received	8,262	3,288
Interest paid	(482,893)	(331,297)
Net cash flows from operating activities	239,921	785,396
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	276,637	227,443
(Increase)/decrease in investments	(80,519)	(546,680)
Payment for purchase of property, plant & equipment	(3,759,874)	(384,646)
Net cash flows used in investing activities	(3,563,756)	(703,883)
Cash flows from financing activities		
Increase/(decrease) in loans	3,505,422	-
Increase/(decrease) in lease borrowings	(291,065)	(111,666)
Net cash used in financing activities	3,214,357	(111,666)
Net increase/(decrease) in cash & cash equivalents	(109,478)	(30,153)
Cash & cash equivalents at beginning of year	364,072	394,225
Cash & cash equivalents at end of year	254,594	364,072

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	187,034	183,801
Deposits at call	500	30,500
Cash at Bank	67,060	149,771
	254,594	364,072

Cash Flow Statement Reconciliation

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

Profit after tax	(579,215)	555,335
Adjustments for :		
Operating depreciation	601,090	539,477
Net (profit)/loss on disposal of property, plant & equipment	63,410	(212,782)
Changes in assets & liabilities		
(Increase)/decrease in trade & other receivables	29,630	(10,086)
(Increase)/decrease in inventories	347	8,355
(Increase)/decrease in prepayments	123,207	(170,745)
(Increase)/decrease in deferred tax assets	774	4,031
(Decrease)/increase in trade & other payables	200,539	114,739
(Decrease)/increase in provision	(38,519)	23,817
(Increase)/decrease in income in advance	(34,522)	(66,745)
Net cash flows from operating activities	239,921	785,396

Statement of Changes in Equity for the year ended 31 October 2011

	Retained Earnings	Asset Revaluation Reserve	Total Members' Funds
At 31 October 2009	5,186,729	0	5,186,729
Profit/(loss) for the year	555,335	0	555,335
At 31 October 2010	5,742,064	0	5,742,064
Profit/(loss) for the year	(579,215)	0	(579,215)
At 31 October 2011	5,162,849	0	5,162,849

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

NOTE 1. Statement of Significant Accounting Policies

The financial statements are a general purpose financial statements that have 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 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.

(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

At 31 October 2011, the Club held 1,672,529 shares in Manly Warringah Sea Eagles Ltd for a cost of \$627,198. In December, 2011 the Club sold 1,672,528 shares in Manly Warringah Sea Eagles Ltd. The proceeds of the sale was the same as the original price and the book value at the date of sale.

(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. It is possible but not certain that the licences could be sold for around \$15,000 each.

(h) Lease of Premises

During the 2009 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 up to 26 May 2014 with an option to renew for a further period of up to 5 years.

(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 2010 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.

	2011 \$	2010 \$
NOTE 2. Revenue & Expenses:		
(a) Other revenue		
Promotions income	232,401	252,911
Commissions	122,023	61,671
Merchandise sales	723	1,452
Other income	106,151	15,091
Total other income	461,298	331,125
(b) Purchases net of movement in inventories of finished goods & work in progress		
Beverage	614,199	578,733
Catering	431,242	382,548
	1,045,441	961,281
(c) Employee benefits expense		
Wages & salaries	3,038,221	2,916,858
Defined contribution superannuation expense	279,263	301,099
Provision for leave	(37,596)	24,446
Fringe benefits tax	11,042	10,601
Other employee benefit expenses	76,969	94,661
Total employee benefits expense	3,367,899	3,347,665
(d) Depreciation & amortisation expense		
Depreciation of property	199,450	94,700
Depreciation of plant & equipment	401,640	444,777
Total depreciation & amortisation	601,090	539,477
(e) Other expenses		
Hire of equipment & operating lease payments	129,889	114,129
Licences, rates, utilities, subscriptions & taxes	2,750,007	2,861,071
Promotion, advertising & entertainment expenses	1,458,674	1,462,461
Cleaning, repairs & maintenance	586,163	571,162
Other expenses	1,197,285	1,206,733
Total other expenses	6,122,018	6,215,556
(f) Finance costs		
Interest expense	482,893	331,297
Bank fees & fees associated with borrowing	14,836	12,475
Total finance costs	497,729	343,772

NOTE 3. Income Tax Expense :

Total accounting (loss)/profit for the year	(376,404)	559,366		
Tax at the Statutory Rate of 30%	0	167,810		
Tax effect of :				
Non temporary differences and other adjustments (net)	0	(167,810)		
Provision for employee entitlements	(912)	717		
Opening adjustment for tax and mutuality % change	138	(4,748)		
Income tax expense as per accounts	(774)	(4,031)		
Deferred tax asset	Balance Sheet		Income	
	2011	2010	2011	2010
Comprises:				
Provisions for employee entitlements	21,061	22,506	(1,578)	890
Provision for jackpots	1,507	836	666	(173)
	22,568	23,342	(912)	717

NOTE 4. Trade & Other Receivables :

Trade debtors after providing for doubtful debts of \$0 (2010 \$0)	24,409	23,275
Other debtors	9,002	39,766
	33,411	63,041

NOTE 5. Inventories :

Catering stock at cost	11,221	11,993
Liquor stock at cost	39,678	35,622
Other stock at cost	14,766	18,397
Total inventory at the lower of cost & net realisable value	65,665	66,012

	2011 \$	2010 \$
NOTE 6. Property, Plant & Equipment :		
Core property	8,107,424	8,107,424
Less depreciation	(1,379,178)	(1,285,562)
Net core property	6,728,246	6,821,862
Non-core property	3,523,885	3,725,922
Less depreciation	(372,902)	(372,902)
Net non-core property	3,150,983	3,353,020
Net property	9,879,229	10,174,882
Leasehold improvements	3,256,124	11,834
Less accumulated amortisation	(107,215)	(1,381)
	3,148,909	10,453
Poker machines (at cost)	4,471,312	4,515,048
Less accumulated depreciation	(3,844,141)	(3,717,680)
	627,171	797,368
Plant, equipment, furniture and fittings	3,238,366	2,814,568
Less accumulated depreciation	(2,384,910)	(2,234,064)
	853,456	580,504
	14,508,765	11,563,207

Property, plant & equipment movement summary :

Properties		
Carrying amount at beginning of year	10,174,882	10,239,627
Additions	-	28,574
Disposals at net book value	(202,037)	-
Depreciation	(93,616)	(93,319)
Carrying amount at end of year	9,879,229	10,174,882
Leasehold Improvements		
Carrying amount at beginning of year	10,453	-
Additions	3,244,290	11,834
Amortisation	(105,834)	(1,381)
Carrying amount at end of year	3,148,909	10,453
Poker machines, motor vehicles, plant & equipment		
Carrying amount at beginning of year	1,377,872	1,493,072
Additions	515,584	344,238
Disposals at net book value	(11,190)	(14,661)
Depreciation	(401,639)	(444,777)
Carrying amount at end of year	1,480,627	1,377,872

NOTE 7. Payables :

Poker machine link jackpot provision	41,149	22,960
Trade creditors	462,680	348,540
Accrued expenses	866,045	797,834
Loan secured over company assets & unsecured	7,005,422	3,500,000
	8,375,296	4,669,334
Less non-current portion - secured	5,600,000	3,500,000
	2,775,296	1,169,334

NOTE 8. Provisions :

Employee entitlements	575,161	618,269
FBT	3,951	(638)
	579,112	617,631

NOTE 9. Unearned income :

Members subscriptions in advance	157,778	160,300
Rent received in advance	1,226,666	1,258,666
	1,384,444	1,418,966

NOTE 10. Lease & Hire Purchase Commitments :

Finance Leases and Hire Purchase Agreements		
- not later than one year	202,786	317,796
- later than one year and not later than two years	62,256	202,786
- later than two years and not later than five years	-	62,256
- later than five years	-	-
Minimum lease payments	265,042	582,838
Deduct: future finance charges	15,915	42,646
Finance lease and hire purchase liability	249,127	540,192
Operating Leases		
- not later than one year	188,358	19,523
- later than one year and not later than two years	170,462	19,523
- later than two years and not later than five years	96,236	1,627
- 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			
	2011 %	2010 %	2011 \$	2010 \$	Within 1 Year		1-5 Years	
Financial Assets								
Cash at Bank	0.25%	0.00%	67,060	149,771				
Deposits at call	0.00%	2.50%	500	30,500	-	-	-	-
Total Financial Assets			67,560	180,271	-	-	-	-
Financial Liabilities								
Loans Unsecured	7	15.00%			1,405,422	-	-	-
Loans Secured	7	8.50%					5,600,000	3,500,000
Lease and Hire Purchase Liabilities	10	12.66%			202,786	317,796	62,256	265,042
Total Financial Liabilities					1,608,208	317,796	5,662,256	3,765,042

(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

Total	2011	2010
	\$441,784	\$418,671

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 \$57,122 (2010 \$57,571).

NOTE 14. Company Commitment:

The Company is committed to the financial support of rugby league football during the 2011 financial year.

NOTE 15. Auditors' Remuneration

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

	2011	2010
<i>Amounts received or due and receivable by W.R. Edmondson & Co for :</i>		
• An audit of the financial report of the entity	\$29,400	\$29,400
• Other services in relation to the entity	-	-
	\$29,400	\$29,400

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, 2011:

- (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 2011, 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 2010 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 2011, 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, 24 January 2012

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 2011 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:



R.W. REILLY, DIRECTOR

Dated at Brookvale, 24 January 2012

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 2011 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 12 occasions. The attendances at these meetings were as follows:

	Attended	Possible
P H Bryant	10	12
M P Delmege	3	12
P J Peters	9	12
R W Reilly	11	12
B J Smith	11	12
D E Smith	9	11
K W Sibraa, AO	12	12

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