

MAAA Treasurers Report – FY2017

I'm pleased to present the MAAA FY2017 Financial report. I'm new to the role, having been elected as Treasurer mid-September 2017, a scant two and a half months ago. On my arrival I was provided with the draft FY2017 Financial Reports, an Audit process that had already commenced, the imminent absence of my predecessor on a previously planned trip overseas for four weeks and no Treasury archive.

My initial approach was to conduct a mini due diligence on the key assets of MAAA (cash & land) and the key elements of the P & L (membership income). The results were satisfactory.

At the same time contact was made with the intended Auditor, Mr Peter King from Victoria. First steps were to discuss with the auditor his intended approach and for us to initiate our relationship. Peter's approach was sound & we established a rapport immediately. That done we completed the signing-off of the Audit terms.

We followed the established approach throughout the Audit. The focus of the audit was to explain how key accounting processes worked and to provide key documents requested by the auditor. I had none of this & my predecessor could not help. Fortunately the Secretary was able to provide about 95% of what was required ;

1. Key documents – numerous invoices, emails, contracts of sale, settlement letters, quotes, etc.
2. Explanation of how things worked – approvals processes, payments processes, conduct of meetings, accruals processes, land purchases, etc.

It is worth noting that the audit would have taken much longer to complete, would have been more costly and may have resulted in a qualified audit report if not for Kevin's ability to find the documents and to provide the requested explanations. The fact that Kevin could provide these AND that they were consistent with each other took us to the end result i.e. an audit that was completed on time and to the quoted price and most significantly, with no qualifications by the auditor (no audit qualification = clean slate).

However all was not perfect. Two material issues were uncovered by the audit;

1. We had erroneously deducted GST from the purchase price of the Ballan Field. The amount was \$42.6k. The error occurred in the December 2016 BAS. It has now been corrected and the \$42.6k remitted to the ATO. The ATO have levied an interest bill of \$2.7k as a result of us effectively having an interest free loan for just under one year. We have sought remission of this from the ATO.
2. Conference costs of \$16.2 k were incorrectly charged to Computer Expenses, due probably to the now discontinued habit of describing some costs items as Treasurers Expenses or Secretary's Expenses or Presidents expenses, etc.

These matters have been corrected. I now provide a brief commentary on the key Financial Statements;

Budget Variance Analysis –

- Income was below budget by \$48k due to Affiliations, Interest & AMFD all being under budget.
- Expenditure was below budget by \$90k due to Marketing, Members services & Competition support all being under budget.
- The net result was that our Actual loss for the year of \$50k was materially less than the Budgeted loss of \$93k.

Balance Sheet –

- Current Assets were reduced by \$505k and Non-Current Assets were increased by \$442k, due primarily to the purchase of the Ballan field.
- Total liabilities were slightly reduced by \$11k

Income & Expenditure Statement –

- Total Revenue was down from last year due to reductions in Affiliations income, Interest income and the absence of income from 2016's Sandown event.
- Total Expenses were reduced by \$104k due to absence of the Sandown event costs \$72K, absence of Field Development costs \$61k, no Nationals Grant \$11k and reduced World Champs costs \$7k, offset by increase in legal fees \$30k and Salaries \$18k.
- Overall the loss was reduced by \$23k compared to FY2016

Cash Flow Statement

- While there are some offsetting cash inflows & outflows, this statement is dominated by the use of MAAA cash to purchase the Ballan Field.

This ends the historical view of MAAA's FY2017 results. Looking forward I would like to point out the following, as MAAA continues its policy of using accumulated cash for its intended purpose – the acquisition of flying fields, it should be noted that interest income will materially decline. This fact needs to be borne in mind as future budgets are set and future strategies formulated.

Gary Pope

3 December 2017