

Finance Committee Report to Directors and Members Historical Summary 2002-2011 prepared 15 November 2011



**SYDNEY FLYING
SQUADRON LTD**
ABN 70 000 487 230

There have been certain assertions by some Club Members that the current Board and in particular some of the long serving directors have “put the Club into debt”. This is untrue and needs to be corrected. The abridged history of the Club’s debt position (as indicated in the annual reports) dating back to 2002 is as follows:

| Year | Total Liabilities (Debt) \$000 | Amount Secured \$000 |
|------|-----------------------------------|-------------------------|
| 2002 | 377 | 340 |
| 2003 | 508 | 340 |
| 2004 | 496 | 340 |
| 2005 | 620 | 340 |
| 2006 | 920 | 340 |
| 2007 | 920 | 340 |
| 2008 | 832 | 832 |
| 2009 | 777 | 777 |
| 2010 | 832 | 832 |
| 2011 | 760 | 760 |

The above table demonstrates that the Club has historically carried a secured debt of \$340,000 for many years. Then from 2003 to 2005 the total debt rose to \$620,000. But, only \$340,000 was secured. During the early part of 2006 due to various circumstances the Board was left without a working quorum. Bill Loader and I were invited to fill the casual vacancies. Shortly after taking up this position, we started to question the accuracy of the accounts presented by the Secretary Manager.

With the help of Bill Hughes (Hon. Treasurer at that time) and forensic accountants appointed by the Board, it was revealed that the Club had a substantial debt to the ATO and was short in its Super payments. There were also numerous smaller trade creditors, some of whom had obtained Court Orders which could have resulted in the Club being declared bankrupt.

Events moved swiftly and the Board sought to replace the Secretary Manager resulting in the appointment of Anita McMahon in November of 2006. During 2007 the Board set out to identify and regularise the Club’s financial position. This required negotiations with the ATO, application to our banker for a Business Loan and placating the trade creditors.

After more than two years of hard work by Bill Hughes, Bill Loader, Bob Sadler, Jill Atherton and other Directors, we were able to obtain a bank loan for \$850,000 (which has never been fully drawn down), have a further overdraft facility for \$50,000 (which also has never been used).

By diligent and strict fiscal control and using funds from the sale of poker machines, the Club managed to work its way out of near financial ruin. At the same time we were able to settle with all trade creditors, cover the extra costs of accounting and legal fees (abt. \$80,000), pay for the urgent stage 1 repairs to the Club’s foundations (\$55,000), pay for the new roof to Pattons and urgent repairs to the slip rails (\$63,000).

All this was achieved by using the Club’s income stream and limiting the borrowings to only that amount needed to cover the inherited debt as at 2006. Without the work and devotion to the Club by Anita McMahon none of this would have been achieved.

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Today the Club is paying its way, the Bank debt stands at \$730,000 and reducing and our trade creditors all “current”.

I am proud to be able to hand over to future Boards a Club in a strong financial position and wish to thank all my fellow directors, past and present, for their help and contribution to this result. This could only have been achieved by collegial effort and let no person be allowed to say that “we put the Club into debt”.

Denny Linker
Vice President,
Acting Treasurer