



Whittlesea Pacers Basketball (WCBA)

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ABN 92 675 241 543

5th June 2023

Dear Member,

WCBA FINANCIAL INVESTIGATION BY BASKETBALL VICTORIA

Earlier this year, we advised that Basketball Victoria's Chief Financial Officer, Ben Pahl, along with two members of the Current WCBA board would be conducting an investigation regarding the historical financial data of Mill Park Pacers Pty Ltd.

We recently received the report which is attached for your information.

As per the recommendations, we have attached copies of the financials for Mill Park Pacers from 01/07/2013 to 30/06/2018.

An Extraordinary General Meeting has been called and will take place on 22 June 2023 of which one of the motions on the liquidation of Mill Park Pacers Pty Ltd will be put to a vote.

The WCBA board have accepted the findings of this report and have now closed this investigation.

Any questions you may have need to be forwarded to both emails listed below by Wednesday 14 June 2023.

treasurer@wcba.org.au

secretary@wcba.org.au

We look forward to seeing you at the EGM.

For and on Behalf of
WCBA Board

Rosie Boca





**Whittlesea City Basketball Association Inc (WCBA)
Financial Review Report completed by Ben Pahl (Basketball Victoria CFO)
08/05/2023**

Following discussions with the WCBA Board, Basketball Victoria was invited to conduct a review of the Association, including a review of the current and historical financial documents of the Association.

Details of the scope and findings of the review follow below –

Scope

- Review of creation of Mill Park Pacers Pty Ltd (MPP) entity
- Review of historic loan and equity transactions between MPP and WCBA
- Review of historic financial statements of WCBA

Findings

David Hughes (DH), Rosie Boca (RB), Michelle Venn (MV) and Ben Pahl (BP) met to discuss historical financials.

Creation of Mill Park Pacers Pty Ltd (MPP)

- Why was the MPP entity created in 1995?
 - DH advised the entity was created to avoid WCBA hitting the GST Threshold. Creating 2 entities would double the income threshold before requiring registration for GST.
 - **This reasoning is not valid as GST was not introduced until July 2000.**
 - When queried on this, DH suggested the only other reason for creating MPP was to separate Domestic operations from Representative Operations at the time or to separate all the operations from the Association Membership to reduce the liability to the membership.
 - ***The 2013 WCBA Audit Letter notes WCBA is above the GST Threshold limit and requires urgent consideration to register for GST, it is noted that this has been reported for the 3 years prior by the auditors.***

Shareholdings

- Initial Share Allotment for MPP – 6/3/1995
 - 98 shares valued at \$1 each allotted for cash to WCBA
 - 2 additional shares (\$1 each) allotted to David Hughes and Geoff McIvenna creating 100 ordinary shares valued at \$100
 - **The additional 2 shares were not reported to ASIC until Jan 1997 – timing not explained.**
 - **DH advised he was not aware that WCBA was the majority shareholder of MPP prior to the share transaction in 2018 despite DH signing the initial share allotment in 1995.**
 - **Given WCBA's majority ownership of MPP from the creation of the entity, the financials of MPP should have been presented to the WCBA members annually from 1995.**



- **Recommendation - top line financials be prepared for MPP and presented to members for the years 2013-2018 to provide transparency on operations during this time. (Limited by MYOB file)**

- Shareholder Capital increased to \$100,000 – 14/10/2018
 - Additional 99,900 shares allocated to WCBA
 - **Incorrectly recorded as \$99,998 however \$98 shares were already owned by WCBA**
 - \$100,000 Shareholder Capital balance shown in MPP MYOB file at 1/7/2013 (earliest version available)
 - DH explained that it was highlighted by the Auditor that this transaction was not posted into the MPP accounts, and as we had already closed the FY18 Financial year in MYOB, it was decided to enter this as an opening balance transaction (opening of the MYOB file) as this was the only way we could have the transaction in the books for the end of the year without restoring from a backup and then re keying 4 months of transactions.
 - **It is unclear how the auditor highlighted this when the MPP accounts were not audited and the shareholding in MPP was not shown in the WCBA financials until the 2019 year, raising further questions around the need to adjust opening balances.**
 - **ASIC Form 484 registering change in shareholding of 99,900 shares not submitted until 9/3/2022 and dated 1/7/2021**
 - Reason provided for converting debt to equity was to dilute the shareholding percentage of Geoff and David from 1% each to 0.001%
 - **Board minutes requested from the time the decision to convert this to equity would have been made – these were not able to be found.**

Loans between WCBA and MPP

- Loans from WCBA to MPP pre-date the MYOB file (1/7/2013)
 - Opening balance \$22k – 1/7/13
 - Balance \$22k – 1/7/14
 - Balance \$21k – 1/7/15 - 1/7/17
 - Balance \$42k - 1/7/18
 - Balance \$39k – 1/7/19
 - Balance \$96k – 1/7/20
 - Balance \$191k – 1/7/21
 - Current balance \$201,902
 - 2021 and 2022 Audit Letter raises the following to the attention of the WCBA Committee –
 - *The association has invested significant funds in a related entity represented by loans and equity, yet no formal documentation has been provided. Setting repayment terms and interest charges is required. In addition, we note that the ledger has classified a large amount as equity in a related entity.*
 - This recommendation was not taken.
 - 2022 Audit Letter also raised concern regarding going concern capacity due to reduced cash reserves.
 - **Board minutes requested regarding the ongoing loaning of funds to MPP without any agreement in place – these were not able to be found.**



- **2019 Audited Financials**

- Cash Flow Statement presented to members different to that provided by Auditors.
- DH advised the accounts were altered to show more detail to members with the correct dates.
- **Altering Audited Financials effectively makes them null and void as the auditor has signed off on the report they provide. There should not be any changes made by the audited entity or its management.**

While the findings of this review do not include any suggestion of theft, fraud or unlawful behaviour they do present a historic lack of good governance, poor financial management decisions and a lack of acting on issues raised by the organisation's auditors.

As mentioned within the report, I suggest preparing top line MPP financials for the years 2013-2018 to provide members with visibility of operational performance. Moving forward I suggest the winding up of MPP and simplified trading under the single entity, WCBA structure.

Balance Sheet

As of June 2014

Assets		
Current Assets		
Bank Accounts	\$161,503.50	
Clearing Accounts	\$165.00	
Other Current Assets	\$30,988.88	
Total Current Assets		\$192,657.38
Non-Current Assets		
Equipment	\$1,261.59	
Computers	\$7,534.98	
Total Non-Current Assets		\$8,796.57
Total Assets		\$201,453.95
Liabilities		
Current Liabilities		
GST Liabilities	\$6,244.64	
Other Current Liabilities	\$13,296.28	
Total Current Liabilities		\$19,540.92
Non-Current Liabilities		
Loan From WCBA	\$22,757.80	
Tribunal Bonds	\$1,100.00	
Total Non-Current Liabilities		\$23,857.80
Total Liabilities		\$43,398.72
Net Assets		\$158,055.23
Equity		
Owner's/Shareholder's Capital	\$100,000.00	
Retained Earnings	-\$49,397.51	
Current Year Earnings	\$107,452.74	
Total Equity		\$158,055.23

This report includes Year-End Adjustments.

Profit & Loss [With Year to Date]

July 2013 To June 2014

	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
General Association	\$758.40	0.1%	\$0.00	NA
Competition Revenue	\$222,643.97	36.1%	\$0.00	NA
Representative	\$337,698.60	54.7%	\$0.00	NA
WCBA Tournament	\$55,730.92	9.0%	\$0.00	NA
Total Income	\$616,831.89	100.0%	\$0.00	NA
Cost Of Sales				
Freight In	\$65.00	0.0%	\$0.00	NA
Gross Profit	\$616,766.89	100.0%	\$0.00	NA
Expenses				
General Association	\$140,181.30	22.7%	\$0.00	NA
Competition Expenses	\$15,801.42	2.6%	\$0.00	NA
Representative	\$324,926.29	52.7%	\$0.00	NA
WCBA Tournament	\$28,409.63	4.6%	\$0.00	NA
Total Expenses	\$509,318.64	82.6%	\$0.00	NA
Operating Profit	\$107,448.25	17.4%	\$0.00	NA
Other Income				
G Interest Income	\$4.49	0.0%	\$0.00	NA
Total Other Income	\$4.49	0.0%	\$0.00	NA
Total Other Expenses	\$0.00	0.0%	\$0.00	NA
Net Profit/(Loss)	\$107,452.74	17.4%	\$0.00	NA

This report includes Year-End Adjustments.

Balance Sheet

As of June 2015

Assets		
Current Assets		
Bank Accounts	\$140,124.29	
Clearing Accounts	\$2,063.50	
Other Current Assets	\$32,646.74	
Total Current Assets		\$174,834.53
Non-Current Assets		
Equipment	\$995.44	
Computers	\$4,965.52	
Motor Vehicles	\$888.89	
Total Non-Current Assets		\$6,849.85
Total Assets		\$181,684.38
Liabilities		
Current Liabilities		
GST Liabilities	\$12,479.89	
Other Current Liabilities	\$33,771.82	
Total Current Liabilities		\$46,251.71
Non-Current Liabilities		
Loan From WCBA	\$20,917.80	
Tribunal Bonds	\$1,000.00	
Total Non-Current Liabilities		\$21,917.80
Total Liabilities		\$68,169.51
Net Assets		\$113,514.87
Equity		
Owner's/Shareholder's Capital	\$100,000.00	
Retained Earnings	\$58,055.23	
Current Year Earnings	-\$44,540.36	
Total Equity		\$113,514.87

This report includes Year-End Adjustments.

Profit & Loss [With Year to Date]

July 2014 To June 2015

	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
Competition Revenue	\$219,727.89	37.8%	\$0.00	NA
Representative	\$301,171.70	51.8%	\$0.00	NA
WCBA Tournament	\$61,010.90	10.5%	\$0.00	NA
Total Income	\$581,910.49	100.0%	\$0.00	NA
Cost Of Sales				
Freight In	\$130.62	0.0%	\$0.00	NA
Gross Profit	\$581,779.87	100.0%	\$0.00	NA
Expenses				
General Association	\$161,624.45	27.8%	\$0.00	NA
Competition Expenses	\$100,622.76	17.3%	\$0.00	NA
Representative	\$322,614.56	55.4%	\$0.00	NA
WCBA Tournament	\$41,464.04	7.1%	\$0.00	NA
Total Expenses	\$626,325.81	107.6%	\$0.00	NA
Operating Profit	-\$44,545.94	(7.7)%	\$0.00	NA
Other Income				
G Interest Income	\$5.58	0.0%	\$0.00	NA
Total Other Income	\$5.58	0.0%	\$0.00	NA
Total Other Expenses	\$0.00	0.0%	\$0.00	NA
Net Profit/(Loss)	-\$44,540.36	(7.7)%	\$0.00	NA

This report includes Year-End Adjustments.

Balance Sheet

As of June 2016

Assets		
Current Assets		
Bank Accounts	\$131,720.05	
Clearing Accounts	\$155.00	
Other Current Assets	\$36,670.46	
Total Current Assets		\$168,545.51
Non-Current Assets		
Equipment	\$663.66	
Computers	\$8,253.54	
Motor Vehicles	\$472.62	
Total Non-Current Assets		\$9,389.82
Total Assets		\$177,935.33
Liabilities		
Current Liabilities		
Credit Cards	-\$2,000.00	
Other Current Liabilities	\$106,606.76	
Total Current Liabilities		\$104,606.76
Non-Current Liabilities		
Loan From WCBA	\$42,658.60	
Tribunal Bonds	\$300.00	
Total Non-Current Liabilities		\$42,958.60
Total Liabilities		\$147,565.36
Net Assets		\$30,369.97
Equity		
Owner's/Shareholder's Capital	\$100,000.00	
Retained Earnings	\$13,514.87	
Current Year Earnings	-\$83,144.90	
Total Equity		\$30,369.97

This report includes Year-End Adjustments.

Profit & Loss [With Year to Date]

July 2015 To June 2016

	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
General Association	\$136.36	0.0%	\$0.00	NA
Competition Revenue	\$229,043.95	37.6%	\$0.00	NA
Representative	\$329,040.67	54.0%	\$0.00	NA
WCBA Tournament	\$50,944.23	8.4%	\$0.00	NA
Total Income	\$609,165.21	100.0%	\$0.00	NA
Cost Of Sales				
Freight In	\$265.69	0.0%	\$0.00	NA
Gross Profit	\$608,899.52	100.0%	\$0.00	NA
Expenses				
General Association	\$172,178.66	28.3%	\$0.00	NA
Competition Expenses	\$112,132.26	18.4%	\$0.00	NA
Representative	\$375,987.81	61.7%	\$0.00	NA
WCBA Tournament	\$31,749.74	5.2%	\$0.00	NA
Total Expenses	\$692,048.47	113.6%	\$0.00	NA
Operating Profit	-\$83,148.95	(13.6)%	\$0.00	NA
Other Income				
G Interest Income	\$4.05	0.0%	\$0.00	NA
Total Other Income	\$4.05	0.0%	\$0.00	NA
Total Other Expenses	\$0.00	0.0%	\$0.00	NA
Net Profit/(Loss)	-\$83,144.90	(13.6)%	\$0.00	NA

This report includes Year-End Adjustments.

Balance Sheet

As of June 2017

Assets		
Current Assets		
Bank Accounts	\$123,721.63	
Cash On Hand	\$800.00	
Clearing Accounts	\$555.00	
Other Current Assets	\$29,898.31	
Total Current Assets		\$154,974.94
Non-Current Assets		
Equipment	\$1,207.52	
Computers	\$11,423.72	
Motor Vehicles	\$4,315.15	
Total Non-Current Assets		\$16,946.39
Total Assets		\$171,921.33
Liabilities		
Accruals		\$4,765.30
Current Liabilities		
Credit Cards	-\$2,000.00	
GST Liabilities	\$7,331.09	
Other Current Liabilities	\$119,044.36	
Total Current Liabilities		\$124,375.45
Non-Current Liabilities		
Loan From WCBA	\$42,658.60	
Tribunal Bonds	\$1,450.00	
Total Non-Current Liabilities		\$44,108.60
Total Liabilities		\$173,249.35
Net Assets		-\$1,328.02
Equity		
Owner's/Shareholder's Capital	\$100,000.00	
Retained Earnings	-\$69,630.03	
Current Year Earnings	-\$31,697.99	
Total Equity		-\$1,328.02

This report includes Year-End Adjustments.

Profit & Loss [With Year to Date]

July 2016 To June 2017

	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
General Association	\$60,403.41	8.4%	\$0.00	NA
Competition Revenue	\$250,593.31	34.9%	\$0.00	NA
Representative	\$367,601.37	51.2%	\$0.00	NA
WCBA Tournament	\$39,970.02	5.6%	\$0.00	NA
Total Income	\$718,568.11	100.0%	\$0.00	NA
Cost Of Sales				
Freight In	\$270.17	0.0%	\$0.00	NA
Gross Profit	\$718,297.94	100.0%	\$0.00	NA
Expenses				
General Association	\$223,103.07	31.0%	\$0.00	NA
Competition Expenses	\$108,905.22	15.2%	\$0.00	NA
Representative	\$391,425.72	54.5%	\$0.00	NA
WCBA Tournament	\$26,561.96	3.7%	\$0.00	NA
Total Expenses	\$749,995.97	104.4%	\$0.00	NA
Operating Profit	-\$31,698.03	(4.4)%	\$0.00	NA
Other Income				
G Interest Income	\$0.04	0.0%	\$0.00	NA
Total Other Income	\$0.04	0.0%	\$0.00	NA
Total Other Expenses	\$0.00	0.0%	\$0.00	NA
Net Profit/(Loss)	-\$31,697.99	(4.4)%	\$0.00	NA

This report includes Year-End Adjustments.

Balance Sheet

As of June 2018

Assets		
Current Assets		
Bank Accounts	\$131,880.05	
Cash On Hand	\$1,350.00	
Clearing Accounts	\$454.00	
Other Current Assets	\$69,628.37	
Total Current Assets		\$203,312.42
Non-Current Assets		
Equipment	\$807.19	
Computers	\$18,100.95	
Motor Vehicles	\$2,876.91	
Total Non-Current Assets		\$21,785.05
Total Assets		\$225,097.47
Liabilities		
Current Liabilities		
Credit Cards	-\$2,000.00	
GST Liabilities	\$2.18	
Payroll Liabilities	\$2,874.29	
Other Current Liabilities	\$142,275.70	
Total Current Liabilities		\$143,152.17
Non-Current Liabilities		
Loan From WCBA	\$41,601.70	
Tribunal Bonds	\$1,600.00	
Total Non-Current Liabilities		\$43,201.70
Total Liabilities		\$186,353.87
Net Assets		\$38,743.60
Equity		
Owner's/Shareholder's Capital	\$100,000.00	
Retained Earnings	-\$101,328.02	
Current Year Earnings	\$40,071.62	
Total Equity		\$38,743.60

This report includes Year-End Adjustments.

Profit & Loss [With Year to Date]

July 2017 To June 2018

	Selected Period	% of Sales	Year to Date	% of YTD Sales
Income				
General Association	\$162,331.11	18.3%	\$0.00	NA
Competition Revenue	\$252,246.17	28.5%	\$0.00	NA
Representative	\$427,068.93	48.2%	\$0.00	NA
WCBA Tournament	\$44,838.45	5.1%	\$0.00	NA
Total Income	\$886,484.66	100.0%	\$0.00	NA
Cost Of Sales				
Freight In	\$303.55	0.0%	\$0.00	NA
Gross Profit	\$886,181.11	100.0%	\$0.00	NA
Expenses				
General Association	\$317,098.25	35.8%	\$0.00	NA
Competition Expenses	\$124,051.81	14.0%	\$0.00	NA
Representative	\$377,683.25	42.6%	\$0.00	NA
WCBA Tournament	\$27,276.18	3.1%	\$0.00	NA
Total Expenses	\$846,109.49	95.4%	\$0.00	NA
Operating Profit	\$40,071.62	4.5%	\$0.00	NA
Other Income				
G Other Income	\$160.00	0.0%	\$0.00	NA
Total Other Income	\$160.00	0.0%	\$0.00	NA
Other Expenses				
G Other Expense	\$160.00	0.0%	\$0.00	NA
Total Other Expenses	\$160.00	0.0%	\$0.00	NA
Net Profit/(Loss)	\$40,071.62	4.5%	\$0.00	NA

This report includes Year-End Adjustments.