

16 July 2024

John Young
President
Motor Traders' Association of New South Wales

Sent via email stavros.yallouridis@mtansw.com.au

CC: stephen.jenkins@mtansw.com.au
Peter.kanellis@rsm.com.au

Dear John Young

Motor Traders' Association of New South Wales
Financial Report for the year ended 31 December 2023 t FR2023/208

I acknowledge receipt of the financial report for the year ended 31 December 2023 for the Motor Traders' Association of New South Wales (the reporting unit). The documents were lodged with the Fair Work Commission (the Commission) 4 June 2024.

The financial report has not been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under sections 253, 265, 266 and 268 of the Fair Work (Registered Organisations) Act 2009 (RO Act) have been satisfied, all documents required under section 268 of the RO Act were lodged and various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The Commission will confirm these matters have been addressed prior to filing next year.

1. Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timelines can be found on the Commission website, in particular, the fact sheet 'financial reporting process' which explains the timeline requirements, and the fact sheet 'summary of financial reporting timelines' which sets out the timelines in diagrammatical format. The Commission's [Compliance Calculator](#) provides a summary of the reporting timelines.

I note that the following timescale requirements were not met:

Documents must be lodged with the Commission within 14 days after general meeting

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lodged with the Commission within 14 days after the general meeting of members referred to in section 266.

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documents should have been lodged with the Commission by 31 May 2024

The full report was not lodged until June 2024

If this date is correct, the reporting unit should have applied to the General Manager of the Fair Work Commission for an extension of time to allow a longer period to lodge the required documents.

Please note that in future financial years if the reporting unit cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made prior to the expiry of the 14 day period.

2. General Purpose Financial Report (GPFR)

Difference in figure reporting in LGD statement and financial report

A loans, grants and donations statement was lodged with the Fair Work Commission under subsection 237(1) of the RO Act on 19 March 2024. Donations that exceeded \$1,000 was disclosed as \$5,015. A figure for donations that exceeded \$1,000 was also disclosed in the financial report at Note 6A \$965. The difference of \$4,640 is made up of donations less than \$1,000.

In future, please ensure that the correct figure is reported in the GPFR and that the LGD and GPFR are reported consistently

If you have any queries regarding this letter, please call 1300 341 665 or email regorgs@fwc.gov.au

Yours sincerely

Fair Work Commission

Certificate of Secretary or Other Authorised Officer

S268 Fair Work (Registered Organisations) Act 2009

I, John Young, being the President of the ORWRU 7UDGHUV† \$VVRFLDWLRQ F
Wales Certify:

- x That the document lodged herewith is a copy of the full financial report for the ORWRU 7UDGHUV† \$VVRFLDWLRQ for the period ended 31 December 2023, referred to in section 268 of the Fair Work (Registered Organisations) Act, 2009 which the Committee of Management resolved at its meeting on 19 April, 2024, to adopt the report and to provide members with a copy to be published on the MTA NSW website including an electronic link via the MTA NSW eJournal; and
- x That the full financial report was provided to members on 24 April, 2024 ; and
- x That the full financial report was presented and made available to the & RPPLWWHH RI 0DQDJHPHQW 0HHWLQJ RI WKH ORWRU South Wales on 19 April, 2024 in accordance with section 266(1) of the Fair Work (Registered Organisations) Act 2009; and
- x That the full financial report was presented at the Annual General Meeting held on the 17 May 2024 in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature of Prescribed designated officer: _____

Name of prescribed designated officer: JOHN YOUNG

Title of prescribed designated officer: PRESIDENT

Date: 4 June, 2024

Motor Traders' Association of New South Wales

ABN 63 000 008 088

Consolidated general purpose financial report for the year
ended - 31 December 2023

Motor Traders' Association of New South Wales
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Motor Traders' Association of New South Wales
Directors' report/operating report
31 December 2023

Your officers submit their report on Motor Traders' Association of New South Wales (the "Association") and its controlled entities (the "Group") for the year ended 31 December 2023.

Executive board members

The current Executive Board Members were declared as elected on 3 September 2021 from the AEC election results and took office on 13 May 2022.

John Young (President)
Mark Victor Beard (Country Vice-President)
Geoffrey Lowe (Country Vice-President)
Lindsay Vidler (Country Vice-President)
Mark Van Ryswyk (Country Vice-President) - resigned on 17 May 2023
Donna Axiak (Honorary Treasurer)
David Marston (Metropolitan Vice-President)
Darren John Spinks (Metropolitan Vice-President)
Adrian Carlson (Metropolitan Vice-President)

Directors

The names of the Association's directors during the financial year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

John Young
Stavros Yallouridis

Principal activities

Founded in 1910, the Motor Traders' Association of New South Wales (MTA or MTA NSW) is an employers' Association dedicated to representing owners and business principals in the NSW automotive industry. MTA is also a Registered Training Organisation (RTO) delivering a broad range of training qualifications for the training of apprentices and trainees.

The Association's aim is to help the motor industry across all its divisions. We achieve this by assisting our Members in the daily running of their businesses, as well as lobbying governing bodies to ensure a long and viable automotive industry in NSW. MTA is well-placed to represent the interests of our Members, being in constant contact with politicians and Government officials. Our Association regularly offers advice on matters affecting the industry and MTA is proud to be the principal consultative party and a leader in industrial relations issues influencing the retail motor industry. MTA lobbies State and Federal Government on behalf of Members and the industry. Our policy interests are varied and designed to ensure a strong automotive industry in NSW. Our policies cover taxation, fair trading, vehicle repair standards, employment relations, the environment, industry skilled training, and more. Our submissions to government at a State and Federal level cover duties and taxation, fair trading, vehicle repair standards, licencing, Australian consumer law, codes of conduct, employment relations, the environment, industry skilled training and more.

The Association also works to ensure the public has confidence in dealing with MTA Members through our Code of Ethics. MTA's Code of Ethics is a landmark statement that sets out the standard of behaviour MTA Members must follow in their dealings with the public. The framework of principles under which its Members trade with the public is to protect consumers and safeguard the reputation of legitimate motor traders. It concerns the relationship between customers and suppliers of goods and services - the code addresses acceptable standards, not just legal obligations.

Training delivered by MTA occurs at the workplace through qualified trainers facilitating one-on-one theory and practical sessions. This allows the employer to become actively involved in the training of their learners. Employers also benefit from the exchange of feedback with the MTA trainers during the workplace visits. MTA delivers training and assessment at regular intervals throughout the entire duration of the qualification.

The MTA trainers are constantly monitoring and guiding the learners throughout the delivery of their training. As the training is taking place within the workplace, employers and learners have a far greater choice in terms of how to engage with the learning and assessment resources, order of delivery and unit selection within the qualification.

There have been no other significant changes in the nature of these activities during the year.

Operating results for the year

The surplus after tax of the Group for year ended 31 December 2023 was \$142,574 (2022: deficit of \$1,297,061).

In 2023, MTA NSW has continued its growth, continuing to meet the needs of our Members and expand training of students.

In the second half of the year we acquired another RTO, Career Options Australia Pty Ltd trading as My Trade Start (MTS) with the completion of the purchase on 31 August 2023. Together with ongoing organic growth our overall employee numbers have increase from 83 as at the end of 2022 to 100 at the end of 2023.

MTA NSW has focused in growing our membership to 2,870 a net increase of 2.5%, growing in a declining market with the number of businesses reducing due largely to consolidation and members retiring. Training has grown organically and through acquisition our number of students to 2,288 an increase of 21.6%.

We saw the increase in Motor Trades Care (MTC) revenue with the commencement of the icare agreement from the beginning of 2023 and from growing the volume of workplace health and safety services provided directly to businesses.

Our results in 2023 were back to a positive net comprehensive income of \$319,633 reflecting the turnaround of MTC of \$1,352,607 and a significant improvement in fair market movements reflecting improvement of \$937,805. Adding back these items and the net positive contribution from the rest of our services of \$87,028 we achieved a \$2,377,440 improvement on the comparative result for 2022 loss of \$2,057,807.

MTA NSW reported a cash balance of \$5.8 million reflecting a strong cash position. During 2023 we carried out the following significant cashflow events:

- F Significantly reduced our portfolio of investments converting \$8,765,995 to cash and reducing our exposure to market volatility and freeing up cash for other investments;
- F Invested \$606,365 across our vehicle fleet, computer, office equipment and training equipment. We supported the growth in our field force in membership and training, with 21 new vehicles to replace and grow our fleet from 62 vehicles to 74 vehicles;
- F Invested \$1,107,937 in the purchase of MTS and \$5,107,750 on the purchase and development of Girraween building.

During 2023 it is worth noting several key financial highlights:

- F The Association holds Total Assets of \$23.1m with \$8.9m of Current Assets. This includes the Burwood office which is recorded at cost price. Based on a recent independent property valuation which supported a valuation of \$9.6 million should the fair value option be taken, there would be an expected increase in net assets of \$4.0 million;
- F We Installed a Solar, Green Energy and EV charging solution in our Head Office, partnering with NRN. In 2023 we generated 94,694 kWh (107% solar generation compared to our MTA load and our EV charger delivered >35,000 kms of range.

Objectives

The short-term objectives of the Association are to represent the best interests of the Members of MTA to the Government, the corporate sector, the media and the public at large and to provide a range of services to the Members that will enhance their individual businesses. Our goal is to continue to develop and grow and be recognised as the industry Association for providing knowledge, education, services and solutions for a sustainable future of the motor industry.

The long-term objective is to become a leading organisation, providing innovative business services of superior values and to facilitate the creation and sustainability of an industry sector that is prosperous and which provides a high level of service to Members, trainees, businesses and the motoring public in Australia.

Strategy for achieving the objectives

The strategy for achieving these objectives is to build lasting and beneficial relationships with all stakeholders and to progressively increase the business and thus income of the Association so as to be able to provide the widest range of quality services to the membership. We have developed an effective sustainability strategy for our Association and carefully plan on how to implement the strategy into practice. We will continue to invest in people and develop on workforce skills focussing on training and having the right people in realising our goals. We will constructively establish a culture of sustainability in the workplace and encourage our staff to contribute unitedly to the planning for the future of the Motor Traders' Association of New South Wales.

**Motor Traders' Association of New South Wales Directors' report/operating report
31 December 2023**

Signed in accordance with a resolution of the officers.

A handwritten signature in black ink, appearing to read 'J Young', written in a cursive style.

John Young
President of the Executive Board

25 March 2024
Sydney

Motor Traders' Association of New South Wales
Report under subsection 255(2A)
31 December 2023

The Executive Board presents the Expenditure Report in accordance with subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* for the Group for the year ended 31 December 2023.

	Consolidated	
	2023	2022
	\$	\$
<i>Categories of expenditure:</i>		
Remuneration and other employment-related costs and expenses - employees	11,645,293	8,947,122
Advertising	553,202	457,989
Operating costs	4,903,733	3,869,078
Donations	11,855	19,050
Legal costs	88,860	12,417
	<u>17,202,943</u>	<u>13,305,656</u>

For and on behalf of the Executive Board of Motor Traders' Association of New South Wales Group



John Young
President of the Executive Board

25 March 2024
Sydney

Motor Traders' Association of New South Wales
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Consolidated 2023 \$	2022 \$
Revenue from contracts with customers	5	16,555,988	11,347,013
Expenses	6	<u>(17,197,059)</u>	<u>(13,305,656)</u>
Operating deficit		(641,071)	(1,958,643)
Other income	7	645,464	642,341
Finance income		131,203	21,551
Finance costs	6	<u>(5,884)</u>	<u>-</u>
Surplus/(deficit) before income tax benefit/(expense)		129,712	(1,294,751)
Income tax benefit/(expense)		<u>12,862</u>	<u>(2,310)</u>
Surplus/(deficit) after income tax benefit/(expense) for the year		142,574	(1,297,061)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain/(loss) on investments		<u>177,059</u>	<u>(760,746)</u>
Other comprehensive income/(loss) for the year, net of tax		<u>177,059</u>	<u>(760,746)</u>
Total comprehensive income/(loss) for the year		<u><u>319,633</u></u>	<u><u>(2,057,807)</u></u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Motor Traders' Association of New South Wales
Consolidated statement of financial position
As at 31 December 2023

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	5,755,719	2,480,156
Trade and other receivables	9	1,620,360	1,068,751
Inventories	10	54,180	84,492
Investments	11	1,493,861	10,071,445
Total current assets		<u>8,924,120</u>	<u>13,704,844</u>
Non-current assets			
Property, plant and equipment	12	12,705,071	7,912,940
Right-of-use assets	13	311,394	-
Intangible assets	14	1,107,937	-
Deferred tax asset		31,865	-
Total non-current assets		<u>14,156,267</u>	<u>7,912,940</u>
Total assets		<u>23,080,387</u>	<u>21,617,784</u>
Liabilities			
Current liabilities			
Trade and other payables	15	1,656,589	1,172,501
Contract liabilities	16	2,258,015	2,182,154
Lease liabilities	17	182,464	-
Current tax liabilities		67,029	-
Employee provisions	18	932,500	715,318
Total current liabilities		<u>5,096,597</u>	<u>4,069,973</u>
Non-current liabilities			
Lease liabilities	17	128,930	-
Employee provisions	18	42,120	54,704
Total non-current liabilities		<u>171,050</u>	<u>54,704</u>
Total liabilities		<u>5,267,647</u>	<u>4,124,677</u>
Net assets		<u>17,812,740</u>	<u>17,493,107</u>
Members' funds			
Reserves	19	(281,898)	(458,957)
Accumulated funds		<u>18,094,638</u>	<u>17,952,064</u>
Total members' funds		<u>17,812,740</u>	<u>17,493,107</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Motor Traders' Association of New South Wales
Consolidated statement of changes in members' funds
For the year ended 31 December 2023

Consolidated	Reserves \$	Accumulated funds \$	Non- controlling interest \$	Total members' funds \$
Balance at 1 January 2022	301,789	19,249,125	3,434	19,554,348
Deficit after income tax expense for the year	-	(1,297,061)	-	(1,297,061)
Other comprehensive loss for the year, net of tax	(760,746)	-	-	(760,746)
Total comprehensive loss for the year	(760,746)	(1,297,061)	-	(2,057,807)
<i>Transactions with Equity holders of the parent in their capacity as Equity holders of the parent:</i>				
Others	-	-	(3,434)	(3,434)
Balance at 31 December 2022	<u>(458,957)</u>	<u>17,952,064</u>	<u>-</u>	<u>17,493,107</u>

Consolidated	Reserves \$	Accumulated funds \$	Non- controlling interest \$	Total members' funds \$
Balance at 1 January 2023	(458,957)	17,952,064	-	17,493,107
Surplus after income tax benefit for the year	-	142,574	-	142,574
Other comprehensive income for the year, net of tax	177,059	-	-	177,059
Total comprehensive income for the year	177,059	142,574	-	319,633
Balance at 31 December 2023	<u>(281,898)</u>	<u>18,094,638</u>	<u>-</u>	<u>17,812,740</u>

The above consolidated statement of changes in members' funds should be read in conjunction with the accompanying notes

Motor Traders' Association of New South Wales
Consolidated statement of cash flows
For the year ended 31 December 2023

	Note	Consolidated 2023 \$	2022 \$
Operating activities			
Receipts from customers		15,985,689	11,983,257
Payments to suppliers and employees		(15,401,649)	(13,846,692)
Interest received		131,203	21,551
Interest paid		(5,884)	-
Net cash from/(used in) operating activities	8	<u>709,359</u>	<u>(1,841,884)</u>
Investing activities			
Payment for purchase of business, net of cash acquired	28	(810,992)	-
Net movements of investments	11	8,754,643	(51,669)
Proceeds from disposal of property, plant and equipment		182,247	103,507
Net purchase of property, plant and equipment	12	(5,714,977)	(1,409,151)
Investment income received		215,770	428,441
Net cash from/(used in) investing activities		<u>2,626,691</u>	<u>(928,872)</u>
Financing activities			
Repayment of borrowings		-	(973,339)
Repayment of lease liabilities		(60,487)	-
Net cash used in financing activities		<u>(60,487)</u>	<u>(973,339)</u>
Net increase/(decrease) in cash and cash equivalents		3,275,563	(3,744,095)
Cash and cash equivalents at the beginning of the financial year		<u>2,480,156</u>	<u>6,224,251</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>5,755,719</u></u>	<u><u>2,480,156</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 1. Corporate information

The consolidated financial statements of Motor Traders' Association of New South Wales (the "Association") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the officers on 25 March 2024.

Motor Traders' Association of New South Wales is a public company limited by guarantee registered under the *Fair Work (Registered Organisations) Act 2009*. These consolidated financial statements are for Motor Traders' Association of New South Wales and the entities it controlled during the year ("MTA" or the "Group").

The Governing Council has the vested power, authority and discretion to manage the business and control the affairs of the Association on behalf of its members. All of the powers, authorities and discretions vested in the Governing Council are also conferred on and vested in the Executive Board, save always that the Executive Board does not have power or authority to rescind, alter or vary any previous resolution or decision of the Council. No regulations prescribed by the Association in general meeting or by the Council shall invalidate any prior act of the Executive Board which would have been valid if that regulation had not been made. In the event of a vacancy occurring on the Executive Board, the Executive Board does not have the power to elect a replacement.

The registered office and principal place of business of the Association is:

214 Parramatta Road,
Burwood, NSW 2134

A description of the nature of the Association's operations and its principal activities are included in the officers' report, which is not part of the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Association are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, the *Corporations Act 2001*, the *Associations Incorporation Act 2009* (New South Wales) and the *Fair Work (Registered Organisations) Act 2009*. For the purposes of preparing the general purpose financial statements, MTA is a not-for-profit entity.

These financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

The financial report is presented in Australian dollars (\$).

New or amended Accounting Standards and Interpretations adopted

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2023 do not materially impact the consolidated financial statements of the Group.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 December 2023. The officers have not early adopted any of these new or amended standards or interpretations.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 2. Material accounting policy information (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Association and its subsidiaries as at 31 December. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 2. Material accounting policy information (continued)

Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventories

Finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial assets and financial liabilities

Recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Note 2. Material accounting policy information (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments under this category.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities at amortised cost

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss, except where the financial assets are considered low risk as the ECL related to these assets is zero. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Property, plant and equipment

Land and buildings are stated at cost. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. All other repair and maintenance costs are recognised in profit or loss as incurred.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 2. Material accounting policy information (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	1% Straight line
Furniture, fittings and equipment	10% to 40% Reducing balance
Motor vehicles	25% Straight line

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 2. Material accounting policy information (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Association's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Association has transferred the goods or services to the customer.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions and employee benefit liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 2. Material accounting policy information (continued)

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The specific recognition criteria described below must be met before revenue is recognised.

Sale of stationery and merchandise

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

Rendering of services

The Group recognises revenue from services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefit provided by the Group.

Other income

JobKeeper subsidy income

JobKeeper subsidy income is a Commonwealth Government coronavirus economic response package which relates to wages and salaries, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Finance income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 2. Material accounting policy information (continued)

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax consolidation legislation

Motor Traders' Association of New South Wales, the parent entity, is an employer's association registered under the *Fair Work (Registered Organisations) Act 2009*. The Association therefore qualifies for exemption from income tax under section 50-15 of the *Income Tax Assessments Act 1997*. The subsidiary entities within the Group are not exempt from income tax so have losses carried forward.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable;
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2. Material accounting policy information (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Association elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Association acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9. Other contingent consideration that is not within the scope of AASB 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Parent entity financial information

The financial information for the parent entity, Motor Traders' Association of New South Wales, disclosed in note 27, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries and associates are accounted for at cost and equity accounting respectively in the financial statements of MTA.

Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation of assets and liabilities but resulting in no impact to the over all profit for the year.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation charge for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Association's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Association reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Association estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for expected credit losses of trade receivables

Included in accounts receivable at 31 December 2023 is a provision of doubtful debts of \$77,207 (2022: \$54,366). Such estimates are evaluated by the officers based on best available information and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Business combinations

Business combinations, including acquisitions of subsidiaries, are initially accounted for on a provisional basis. The Association is permitted to retrospectively adjust the provisional amounts recognised and also may recognise additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of: (i) 12 months from the date of acquisition; or (ii) when the association receives all the information possible to determine the fair value.

Note 4. Notice to members

Notice required under Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of section 272 (5) of the *Fair Work (Registered Organisations) Act 2009*, the attention of the members is drawn to the provisions of sub-section (1), (2) and (3) of section 272, which reads as follows:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 5. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023	2022
	\$	\$
<i>Type of goods or service</i>		
Training services	11,531,302	7,921,606
Membership subscriptions	2,754,407	2,711,397
Service income	1,578,919	112,026
Stationery and merchandise sales	347,232	311,375
Sponsored advertising income	261,779	220,791
Commission income	69,552	62,395
Other revenue	12,797	7,423
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>16,555,988</u>	<u>11,347,013</u>

	Consolidated	
	2023	2022
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	347,232	311,375
Services transferred over time	16,208,756	11,035,638
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>16,555,988</u>	<u>11,347,013</u>

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 6. Expenses

	Consolidated	
	2023	2022
	\$	\$
Cost of goods sold	227,435	202,853
Employee related expenses - Employees other than office holders:		
- Wages and salaries	10,348,739	7,653,804
- Superannuation	964,634	713,696
- Leave and other entitlements	77,344	245,409
- Separation and redundancies	46,254	61,151
- Other employee expenses	208,322	273,062
Occupancy and equipment expenses	1,255,402	968,798
Lease expense	37,638	31,223
Depreciation expense	900,438	728,136
Depreciation expense on right-of-use assets	60,487	-
Travel expenses	544,861	490,752
Affiliation fees:		
- Motor Traders Association Australia (MTAA) subscriptions and expenses	168,750	187,500
Marketing expenses	553,202	457,989
Administration expenses	488,251	348,823
Training expenses	142,503	141,510
Legal expenses:		
- Related to litigation and compensation	88,860	12,417
Members meetings	129,786	81,284
Member services	284,319	229,416
Professional fees	235,323	223,531
Contractor costs	61,258	146,967
Donations:		
- Total paid that were \$1,000 or less	2,200	17,550
- Total paid that exceeded \$1,000	9,655	1,500
Other expenses:		
- Other	361,398	88,285
	<u>17,197,059</u>	<u>13,305,656</u>
<i>Finance costs</i>		
Interest expense on lease liabilities	5,113	-
Interest expense	771	-
	<u>5,884</u>	<u>-</u>

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 7. Other income

	Consolidated	
	2023	2022
	\$	\$
Gain on disposal of property, plant and equipment	79,060	83,927
Dividend income	215,770	428,441
Other income	339,282	117,000
Gain on disposal of security	11,352	12,973
	<u>645,464</u>	<u>642,341</u>

Note 8. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at banks and on hand	<u>5,755,719</u>	<u>2,480,156</u>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the above.

Cash flow reconciliation

	Consolidated	
	2023	2022
	\$	\$
Surplus/(deficit) for the year	<u>142,574</u>	<u>(1,297,061)</u>
Adjustments for:		
Depreciation expense	960,925	726,522
Gain on disposal of property, plant and equipment	(79,060)	(83,927)
Investment income	(215,770)	(428,441)
Others	22,841	(3,434)
	<u>688,936</u>	<u>210,720</u>
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(719,088)	414,973
Decrease/(increase) in inventories	30,312	(27,199)
Decrease/(increase) in other assets	304,302	(484,976)
Increase/(decrease) in trade and other payables	100,367	(734,632)
Increase in contract liabilities	75,861	91,298
Increase in income tax	67,029	-
Increase/(decrease) in employee provisions	50,931	(15,007)
Increase in deferred tax assets	(31,865)	-
	<u>(122,151)</u>	<u>(755,543)</u>
Net cash flows from operating activities	<u>709,359</u>	<u>(1,841,884)</u>

Changes in liabilities arising from financing activities

	1 January	Cash flows	31 December
	2022		2022
Borrowings	<u>973,339</u>	<u>(973,339)</u>	<u>-</u>

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 8. Cash and cash equivalents (continued)

Non-cash investing and financing activities

	Consolidated	
	2023	2022
	\$	\$
Additions to the right-of-use assets	371,881	-

Note 9. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	1,148,433	283,852
Less: Allowance for expected credit losses	(77,207)	(54,366)
	<u>1,071,226</u>	<u>229,486</u>
Other receivables	93,046	136,572
Prepayments	456,088	702,693
	<u>1,620,360</u>	<u>1,068,751</u>

Note 10. Inventories

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Stationery and merchandise	54,180	84,492

Note 11. Investments

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Listed shares - at fair value	-	9,024
Other investment	1,493,861	10,062,421
	<u>1,493,861</u>	<u>10,071,445</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	10,071,445	10,780,522
Purchase of investments, net	1,796,934	51,669
Disposals of investment	(10,551,577)	-
Fair value adjustments	177,059	(760,746)
Closing fair value	<u>1,493,861</u>	<u>10,071,445</u>

Refer to note 21 for further information on fair value measurement.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 11. Investments (continued)

Listed shares - at fair value

Listed shares - at fair value comprise listed shares in Insurance Australia Group Limited (IAG). These were acquired from the demutualisation of National Roads and Motorists' Association (NRMA), of which MTA was a member, and the associated spin-off of NRMA Insurance which was sold to IAG in August 2000.

Other investment

Other investment consists of three components which are Yarra Capital Management (YCM), Shaw and Partners (S&P) and Pitcher Partners Sydney Wealth Management (PPSWM).

YCM is an investment fund which contains an investment product called Yarra Income Plus Fund. The Yarra Income Plus Fund is an Australian domiciled managed investment scheme. The Fund is substantially invested in Yarra Income Plus Pooled Fund ARSN 090 047 448 of which YCM is also the responsible entity. To gain exposure to the relevant asset classes, the Income Plus Pooled Fund may invest in other managed investment schemes or products or hold assets directly.

S&P is an Australian domiciled investment and wealth management firm, which provide management and operation of MTA's investment portfolio under tailored advice arrangement, the investment strategy and performance is reviewed every quarter based on market conditions. A conservative investment approach is adopted, the investments include investing in other managed investment schemes or products and holding assets directly.

PPSWM is an Australian domiciled investment and wealth management firm, which provide management and operation of MTA's investment portfolio under tailored advice arrangement, with a low risk investment strategy to the underlying capital with regular performance reviews based on market conditions. The investment asset allocation covers a variety of asset classes including Australian Equities, International Equities, AREIT Property, Hybrids, Cash & Equivalents, Fixed interest and alternatives.

Note 12. Property, plant and equipment

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Freehold land and buildings - at cost	11,237,484	6,054,652
Less: Accumulated depreciation	(462,859)	(394,951)
	<u>10,774,625</u>	<u>5,659,701</u>
Furniture, fittings and equipment - at cost	2,353,544	2,200,983
Less: Accumulated depreciation	(1,544,333)	(1,169,368)
	<u>809,211</u>	<u>1,031,615</u>
Motor vehicles - at cost	2,622,801	2,336,805
Less: Accumulated depreciation	(1,501,566)	(1,115,181)
	<u>1,121,235</u>	<u>1,221,624</u>
	<u><u>12,705,071</u></u>	<u><u>7,912,940</u></u>

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 12. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Freehold land and buildings* \$	Furniture, fittings and equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2022	5,702,717	738,702	808,472	7,249,891
Additions	-	509,242	899,909	1,409,151
Disposals	-	(10,781)	(8,799)	(19,580)
Depreciation expense	(43,016)	(205,548)	(477,958)	(726,522)
Balance at 31 December 2022	5,659,701	1,031,615	1,221,624	7,912,940
Additions	5,108,180	145,118	461,679	5,714,977
Additions through business combinations (note 28)	12,538	28,265	39,976	80,779
Disposals	-	(3,924)	(99,263)	(103,187)
Transfers in/(out)	57,747	(97,615)	39,868	-
Depreciation expense	(63,541)	(294,248)	(542,649)	(900,438)
Balance at 31 December 2023	<u>10,774,625</u>	<u>809,211</u>	<u>1,121,235</u>	<u>12,705,071</u>

*On 8 February 2024, a property valuation was conducted by an independent property valuer for the purpose of mortgage security which is supported by a valuation of \$9.6 million. As per *AASB 116 Property, Plant and Equipment*, MTA has chosen to retain the land and buildings at 31 December 2023 at depreciate costs. Should the fair value option be taken, there would be an expected increase in net assets of \$4 million.

Note 13. Right-of-use assets

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	371,881	-
Less: Accumulated depreciation	(60,487)	-
	<u>311,394</u>	<u>-</u>

Additions to the right-of-use assets during the year were \$371,881.

The Association leases land and buildings for its offices under an agreement of 2 years with an option to extend. On renewal, the terms of the leases are renegotiated.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 13. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$
Balance at 1 January 2022	-
Balance at 31 December 2022	-
Additions	371,881
Depreciation expense	(60,487)
Balance at 31 December 2023	<u>311,394</u>

Note 14. Intangible assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	<u>1,107,937</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$	
Balance at 1 January 2022	-	
Balance at 31 December 2022	-	
Additions through business combinations (note 28)	1,107,937	
Balance at 31 December 2023	<u>1,107,937</u>	

Note 15. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	589,477	198,100
Other payables and accruals	949,728	874,272
Legal payables:		
- GST payable	117,384	100,129
	<u>1,656,589</u>	<u>1,172,501</u>

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 16. Contract liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Subscriptions received in advance	2,100,363	2,057,002
Sponsored advertising received in advance	<u>157,652</u>	<u>125,152</u>
	<u><u>2,258,015</u></u>	<u><u>2,182,154</u></u>

Note 17. Lease liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>182,464</u>	-
<i>Non-current liabilities</i>		
Lease liability	<u>128,930</u>	-
	<u><u>311,394</u></u>	<u><u>-</u></u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Lease liabilities
	\$
Balance at 1 January 2022	-
Balance at 31 December 2022	<u>-</u>
Additions	371,881
Accretion of interest	5,113
Payments	<u>(65,600)</u>
Balance at 31 December 2023	<u><u>311,394</u></u>

	Consolidated	
	2023	2022
	\$	\$
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	196,800	-
One to five years	<u>131,200</u>	-
	<u><u>328,000</u></u>	<u><u>-</u></u>

Refer to note 20 for further information on financial instruments.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 18. Employee provisions

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Employees other than office holders:		
Provision for annual leave	684,614	550,204
Provision for long service leave	247,886	165,114
	<u>932,500</u>	<u>715,318</u>
<i>Non-current liabilities</i>		
Employees other than office holders:		
Provision for long service leave	42,120	54,704
	<u>974,620</u>	<u>770,022</u>
Average number of employees throughout the year	<u>91</u>	<u>80</u>

Note 19. Reserves

	Consolidated	
	2023	2022
	\$	\$
Financial assets at fair value through other comprehensive income reserve	<u>(281,898)</u>	<u>(458,957)</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Financial assets at fair value through other comprehensive income reserve \$
Balance at 1 January 2022	301,789
Fair value loss on investments	<u>(760,746)</u>
Balance at 31 December 2022	(458,957)
Fair value gain on investments	<u>177,059</u>
Balance at 31 December 2023	<u>(281,898)</u>

Note 20. Financial instruments

The Group holds the following financial instruments:

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 20. Financial instruments (continued)

	Consolidated	Consolidated
	2023	2022
	\$	\$
<i>Current financial assets</i>		
Trade receivables	1,071,226	229,486
<i>Cash and cash equivalents</i>		
Cash at banks and on hand	5,755,719	2,480,156
<i>Investments</i>		
Listed shares - at fair value	-	9,024
Other investment	1,493,861	10,062,421
	<u>8,320,806</u>	<u>12,781,087</u>
<i>Current financial liabilities</i>		
<i>Trade and other payables</i>		
Trade payables	589,477	198,100
Other payables and accruals	949,728	874,272
Lease liability	182,464	-
	<u>1,721,669</u>	<u>1,072,372</u>
<i>Non-current financial liabilities</i>		
Lease liability	128,930	-

Financial risk management objectives

The Group's activities do not expose it to many financial risks, with only credit risk on trade receivables balances and liquidity risk on payables balances needing to be actively managed.

Market risk

Foreign currency risk

The Group has no foreign currency exposures.

Interest rate risk

As the Group holds significant short-term deposit balances at short-term fixed interest rates and the bank loan is at a floating rate, the Group's profit and members' funds are exposed to risk from changes in interest rate. Management has considered the impact of an estimated reasonably likely movement in interest rates of +/-0.5% on the Group profit or loss and members' funds and has determined the impact to be insignificant.

Other price risk

The Association's equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Investment committee manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Association's investment committee for review and recommendation prior to obtaining approval from the Governing Council regarding all equity investment decisions.

At the reporting date, the exposure to equity investments at fair value was \$1,493,861. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the market index, the Association has determined that an increase/(decrease) of 3% on the market index could have an impact of approximately \$44,816 increase/(decrease) on the income and equity attributable to the Association.

Credit risk

The Group is exposed to credit risk on the financial assets it holds. At the reporting date, the maximum exposure to credit risk on these assets is considered to be their carrying values, net of any expected credit losses as disclosed in the consolidated statement of financial position and notes to the financial statements.

Impairment of financial assets

The following types of financial assets are subject to the expected credit loss model:

- trade receivables for sales of stationery, merchandise, employment related products, and training services provided.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 20. Financial instruments (continued)

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, due to the short-term or on-demand nature of the deposits and the high credit quality of the counterparty banks, the credit risk on these balances has been assessed as low risk. Therefore no loss allowance has been provided on these balances.

The expected loss rates are based on the payment profiles of sales and services delivered over the preceding 12 month period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on changes to collection process and the expected timing for issue of completed training certification.

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for trade receivables:

	Current	30 days	31-180 days	More than	Total
	\$	\$	\$	180 days	\$
				\$	
31 December 2023					
Expected credit loss rate	-	-	-	93%	
Gross carrying amount	865,269	148,558	51,311	83,295	1,148,433
Loss allowance	-	-	-	(77,207)	(77,207)
	Current	30 days	31-180 days	More than	Total
	\$	\$	\$	180 days	\$
				\$	
31 December 2022					
Expected credit loss rate	-	-	-	67%	
Gross carrying amount	59,336	134,429	8,732	81,355	283,852
Loss allowance	-	-	-	(54,366)	(54,366)

Balances are considered uncollectible and are written-off when all avenues of recovery have been exhausted.

The closing loss allowances for trade receivables reconcile to the opening loss allowances as follows:

	Consolidated	
	2023	2022
	\$	\$
Opening loss allowance as at 1 January	54,366	69,632
Increase in loss allowance recognised in profit or loss during the year	22,841	72,000
Receivables written off during the year as uncollectible	-	(87,266)
Closing loss allowance at 31 December	<u>77,207</u>	<u>54,366</u>

Liquidity risk

Prudent liquidity risk management requires management to ensure sufficient liquid assets are available to meet the Group's financial obligations as they fall due.

Management manages liquidity risk by continuously monitoring actual and forecast cash flows, ensuring sufficient cash balances are available through managing the maturity profiles of the Group's short-term deposits, and utilising the bank loan to fund non-current asset purchases.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 20. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2023	2022
	\$	\$
Bank facilities	2,139,999	200,000

Remaining contractual maturities

The following table details the Group's contractual maturity profile for its financial instrument liabilities. The table shows the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are or could be required to be paid (on-demand facilities). The table includes cash flows of both principal and interest and therefore these totals may differ from the carrying amounts of the financial liabilities recognised in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 5 years	2023
	%	\$	\$	\$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	-	589,477	-	589,477
Other payables and accruals	-	949,728	-	949,728
<i>Interest-bearing - fixed rate</i>				
Lease liability	6.00%	196,800	131,200	328,000
Total non-derivatives		<u>1,736,005</u>	<u>131,200</u>	<u>1,867,205</u>
			1 year or less	2022
			\$	\$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables			198,100	198,100
Other payables and accruals			874,272	874,272
Total non-derivatives			<u>1,072,372</u>	<u>1,072,372</u>

Note 21. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 21. Fair value measurement (continued)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Consolidated	
	2023	2022
Investments	\$	\$
<i>Level 1</i>		
Listed shares - at fair value	-	9,024
Investment - at fair value	1,493,861	10,062,421
	<u>1,493,861</u>	<u>10,071,445</u>

Due to their short-term nature, the carrying values of trade receivables, trade payables, other payables and accruals, and legal payables are considered to be the same as their fair values. The carrying values of cash and cash equivalents (including short-term bank deposits) and the bank loan are considered to be the same as their fair values due to their short-term or on demand maturity profiles and the high credit quality of the counterparty banks.

Note 22. Group information

The consolidated financial statements of the Association include:

Name	Principal activities	Country of incorporation	% equity interest 2023	% equity interest 2022
			%	%
Motor Traders' Association of New South Wales	Employers' Association dedicated to representing owners and business principals in the NSW automotive industry	Australia	100.00%	100.00%
Motor Trades Care Pty Ltd	Provision of advisory services related to Workers compensation program management and consulting, claims management, work health & safety consulting and training and occupational rehabilitation consulting	Australia	100.00%	100.00%
Service Station Association Ltd	To help the Service station industry by assisting members in the daily running of their businesses as well as lobbying governing bodies to ensure a long and viable industry	Australia	100.00%	100.00%
MTA Vehicle Inspections Pty Limited	Offers independent mobile vehicle inspection services	Australia	100.00%	100.00%
E-MTA Australia Pty Limited	Dormant	Australia	100.00%	100.00%
Career Options Training Australia Pty Ltd	Provides assistance to both employers and employees on the journey through pre-apprenticeship to apprenticeship and training.	Australia	100.00%	-

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 23. Related party disclosures

The following are the total amount of transactions that have been entered into with related parties for the relevant financial year.

During the year, Motor Traders' Association of New South Wales (MTA) recognised current year membership subscriptions totalling \$5,566 (2022: \$7,072) for motor traders entities associated with the Executive Board Members.

Total cash received by MTA from these entities for 2023 subscriptions paid in advance of the 2024 subscription year was \$6,019 (received 2022 for 2023 subscriptions: \$6,567).

Sales of stationery, merchandise, and employment related products from MTA to these entities during the year totalled \$nil (2022: \$nil). There are no trade receivables balances at reporting date relating to these transactions (2022: \$nil).

There are no reimbursement of out-of-pocket expenses owed by MTA to individual Executive Board Members as at 31 December 2023 (2022: \$nil).

Terms and conditions of transactions with related parties

All transactions with related parties are undertaken on the basis of normal member pricing, terms and conditions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. All amounts receivable or payable are due within 30 days of the reporting date. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023, the Association did not recognise any provision for expected credit losses of relating to amounts owed by related parties (2022: \$nil).

Compensation of key management personnel of the Group

During the year, the Executive Board Members provided all Board governance services to the Parent and subsidiaries for \$285,000 remuneration (2022: \$32,333).

Board Member	2023 - MTA \$	2023 - MTC \$	Total \$
John Young (Chair)	25,000	20,000	45,000
Adrian Carlson	20,000	-	20,000
Darren Spinks	20,000	20,000	40,000
David Marston	20,000	20,000	40,000
Donna Axiak	20,000	-	20,000
Geoff Lowe	20,000	20,000	40,000
Lindsay Vidler	20,000	20,000	40,000
Mark Beard	20,000	20,000	40,000
	<u>165,000</u>	<u>120,000</u>	<u>285,000</u>
Board Member	2022 - MTA \$	2022 - MTC \$	Total \$
John Young (Chair)	-	5,389	5,389
Adrian Carlson	-	-	-
Darren Spinks	-	5,389	5,389
David Marston	-	5,389	5,389
Donna Axiak	-	-	-
Geoff Lowe	-	5,389	5,389
Lindsay Vidler	-	5,389	5,389
Mark Beard	-	5,389	5,389
	<u>-</u>	<u>32,334</u>	<u>32,334</u>

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 23. Related party disclosures (continued)

Employee key management personnel compensation

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	<u>2,101,388</u>	<u>1,752,690</u>

Note 24. Commitments and contingencies

Capital commitments

The Group had no commitments as at 31 December 2023.

At 31 December 2022, the Group had entered into a contract to purchase building for training centre amounting to \$4.92 million.

Contingencies

There are no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Group's consolidated financial statements as at 31 December 2023 (2022: \$nil).

Note 25. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Association:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit of the financial statements	<u>54,500</u>	<u>47,500</u>
<i>Other services - RSM Australia Partners</i>		
Preparation of financial reports	<u>7,500</u>	<u>7,000</u>
	<u><u>62,000</u></u>	<u><u>54,500</u></u>

Auditors remuneration is included in professional fees disclosed in note 6.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 27. Information relating to Motor Traders' Association of New South Wales (the Parent)

	2023 \$	2022 \$
Current assets	9,831,236	13,745,763
Non-current assets	13,761,042	8,893,141
Total assets	<u>23,592,278</u>	<u>22,638,904</u>
Current liabilities	4,534,481	3,978,571
Non-current liabilities	42,120	54,704
Total liabilities	<u>4,576,601</u>	<u>4,033,275</u>
Revaluation reserve	(281,898)	(458,957)
Accumulated funds	19,297,575	19,064,586
	<u>19,015,677</u>	<u>18,605,629</u>
Deficit of the Parent	(232,989)	(34,499)
Other comprehensive loss of the Parent	(177,059)	(760,745)
Total comprehensive loss of the Parent	<u>(410,048)</u>	<u>(795,244)</u>

Contingent liabilities and commitments of the Parent

The parent entity had no contingent liabilities as at 31 December 2023 (2022: \$nil).

There were no future minimum lease payments due under non-cancellable operating leases as at 31 December 2023 (2022: \$nil).

There were no future minimum lease amounts receivable under non-cancellable operating leases as at 31 December 2023 (2022: \$nil).

Note 28. Business combinations

On 31 August 2023 Motor Traders' Association of New South Wales, acquired 100% of the ordinary shares of Career Options Training Pty Ltd for the total consideration transferred of \$845,607. This is a training academy business and the goodwill of \$1,107,937 represents the expected synergies from merging this business with Motor Traders' Association of New South Wales. The acquired business contributed revenue of \$702,452 and loss after tax of \$74,509 to the Association for the period from 1 September 2023 to 31 December 2023. If the acquisition occurred on 1 January 2023, the full year contributions would have been revenue of \$2,386,520, and loss after tax of \$611,766.

The amounts in the table below have been measured on a provisional basis.

Motor Traders' Association of New South Wales
Notes to the consolidated financial statements
31 December 2023

Note 28. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	34,615
Trade receivables	101,967
Prepayments	25,592
Plant and equipment	80,779
Other assets	32,105
Trade and other payables	(266,063)
Accrued expenses	(14,642)
Employee benefits	(153,667)
Other liabilities	(103,016)
	<hr/>
Net liabilities acquired	(262,330)
Goodwill	1,107,937
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>845,607</u>
Representing:	
Cash paid or payable to vendor	<u>845,607</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	845,607
Less: cash and cash equivalents	<hr/> (34,615)
Net cash used	<u>810,992</u>

Motor Traders' Association of New South Wales
Executive Board statement
31 December 2023

On 25 March 2024, the Executive Board of Motor Traders' Association of New South Wales passed the following resolution in relation to the general purpose financial report for the year ended 31 December 2023:

The Executive Board declares that in its opinion:

- (a) the consolidated financial statements and notes comply with the Australian Accounting Standards;
- (b) the consolidated financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the consolidated financial statements and the notes give a true and fair view of the financial performance, financial position and cash flows of the Association and its controlled entities for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 31 December 2023 and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the Association have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the Association have been kept and maintained in accordance with the *RO Act*; and
 - (iv) where information has been sought in any request by a member of the reporting unit or the General Manager duly made under section 272 of the RO Act, that information has been provided to the member of General Manager; and
 - (v) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the *RO Act*, there has been compliance.
- (f) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (g) a record has been kept of all monies paid by, or collected from, members and all monies so paid or collected have been credited to the bank account to which these monies are to be credited, in accordance with the rules of the Association;
- (h) with regard to funds of the Association raised by compulsory levies or voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (i) there were no loans and all other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules;
- (j) the register of members of the Association was maintained in accordance with the Act;
- (k) meetings of the Executive Board were held during the year ended 31 December 2023 in accordance with the rules of the Association.

This declaration is made in accordance with a resolution of the Executive Board.



John Young
President of the Executive Board
25 March 2024
Sydney

**Motor Traders' Association of New South Wales
Officers' declaration
31 December 2023**

I, being the President of the Motor Traders' Association of New South Wales Group, declare that the activities below did not occur during the reporting periods ended 31 December 2023 and 31 December 2022:

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern;
- agree to provide financial support to another reporting unit to ensure they continue as a going concern;
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission;
- receive capitation fees from another reporting unit;
- receive any other revenue from another reporting unit;
- receive revenue via compulsory levies;
- receive donations or grants;
- receive revenue from undertaking recovery of wages activity;
- incur fees as consideration for employers making payroll deductions of membership subscriptions;
- pay capitation fees to another reporting unit;
- pay compulsory levies;
- pay a grant that was \$1,000 or less;
- pay a grant that exceeded \$1,000;
- pay any wages and salaries employee expenses related to holders of office;
- pay any superannuation employee expenses related to holders of office;
- pay any leave and other entitlements employee expenses related to holders of office;
- pay any separation and redundancy employee expenses related to holders of office;
- pay any other employee expenses related to holders of office;
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit;
- pay a penalty imposed under the *RO Act* or the *Fair Work Act 2009*;
- have a receivable with another reporting unit;
- have a payable with another reporting unit;
- have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions;
- have a payable in respect of legal costs relating to other legal matters;
- have any annual leave employee provisions in respect of holders of office;
- have any long service leave employee provisions in respect of holders of office;
- have any separation and redundancy employee provisions in respect of holders of office;
- have any other employee provisions in respect of holders of office;
- have a fund or account for compulsory levies, voluntary contributions, or as required by the rules of the organisation;

Motor Traders' Association of New South Wales

Officers' declaration

31 December 2023

- in relation to funds or accounts for compulsory levies, voluntary contributions, or as required by the rules of the organisation, transfer to or withdraw from a fund (other than the general fund), or an account, asset or controlled entity;
- in relation to funds or accounts for compulsory levies, voluntary contributions, or as required by the rules of the organisation, have a balance within the general fund;
- have another entity administer the financial affairs of the reporting unit;
- make a payment to a former related party of the reporting unit;
- have any employee provisions in respect of employees (other than holders of offices) for separation and redundancy;
- have any employee provisions in respect of employees (other than holders of offices) for other employee provisions.

Signed for and on behalf of the Executive Board of Motor Traders' Association of New South Wales



John Young
President of the Executive Board
25 March 2024
Sydney

Motor Traders' Association of New South Wales
Directors' declaration
31 December 2023

In accordance with a resolution of the directors of Motor Traders' Association of New South Wales, I state that:

In the opinion of the directors:

- (a) the consolidated financial statements and notes of Motor Traders' Association of New South Wales for the financial year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Association's financial position as at 31 December 2023 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Executive Board of Motor Traders' Association of New South Wales



John Young
President of the Executive Board

25 March 2024
Sydney

RSM Australia Pty Ltd

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Motor Traders' Association of New South Wales for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PTY LTD



Peter Kanellis
Director

Sydney, NSW
Dated: 25 March 2024

RSM Australia Pty Ltd

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INDEPENDENT AUDITOR'S REPORT To the Members of Motor Traders' Association of New South Wales

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Motor Traders' Association of New South Wales and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in members' funds and the consolidated statement of cash flows for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies, the Executive Board Statement, the report under subsection 255(2A) of the Fair Work (Registered Organisations) Act 2009 (The RO Act), the officers' declaration and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (iii) Any other requirements imposed by the reporting guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009 (The RO Act)*.

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, RO Act and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Peter Kanellis who is an approved registered auditor, a member of Chartered Accountants Australia and New Zealand and holds a current Certificate of Public Practice.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PTY LTD

A solid black rectangular redaction box covering the signature area.

Peter Kanellis
Director

Sydney, NSW
Dated: 26 March 2024

Registration number (as registered by the RO Commissioner under the RO ACT): AA2021/43

Motor Traders' Association of New South Wales
Detailed income statement of the Parent entity
For the year ended 31 December 2023

	2023	2022
	\$	\$
Revenues		
Membership subscriptions	2,754,407	2,711,397
Commission income	2,090	3,535
Stationery and merchandise sales	347,232	311,375
Interest received	132,210	19,841
Training services	10,828,850	7,921,606
Other income*	596,725	642,341
Sponsored advertising income	261,779	220,791
Partner income	751,021	626,096
Other revenue	12,797	7,423
	15,687,111	12,464,405
Expenses		
Cost of goods sold	226,180	202,853
Employee related expenses - Employees other than office holders:		
- Wages and salaries	9,189,365	6,964,775
- Superannuation	866,344	661,118
- Leave and other entitlements	84,921	260,390
- Separation and redundancies	46,254	61,151
- Other employee expenses	200,499	272,533
Occupancy and equipment expenses	1,128,925	904,324
Lease expense	37,638	31,223
Depreciation expense	854,548	726,522
Travel expenses	520,974	486,424
Affiliation fees:		
- Motor Traders Association Australia (MTAA) subscriptions and expenses	168,750	187,500
Marketing expenses	543,928	452,254
Administration expenses	356,921	338,806
Training expenses	142,503	141,510
Legal expenses:		
- Related to litigation and compensation	88,283	11,765
Members meetings	126,569	81,284
Member services	284,319	229,416
Professional fees	186,550	186,056
Contractor costs	61,258	146,967
Donations:		
- Total paid that were \$1,000 or less	2,200	10,773
- Total paid that exceeded \$1,000	9,655	8,277
Other expenses:		
- Business restructuring	-	(260,000)
- Insurance	120,548	105,538
- Other	206,990	217,207
Total expenses	15,454,122	12,428,666
(Deficit)/surplus before tax	232,989	35,739

*Other income includes the non-recurring COVID-19 related benefits of the JobSaver payment received from the NSW Government.