

FR 2006/368



THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INCORPORATED
Level 1, 81 Greenhill Road, Wayville SA 5034

GPO BOX 2204, ADELAIDE 5001
TELEPHONE: (08) 8291 2000
FACSIMILE: (08) 8291 2099

INTERNET: <http://www.mta-sa.asn.au>
EMAIL: mta@mta-sa.asn.au

DECLARATION OF AN ASSOCIATION

THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INCORPORATED

I, JOHN CLIFFORD CHAPMAN of Level 1, 81 Greenhill Road, Wayville in the State of South Australia, Secretary DO SOLEMNLY AND SINCERELY DECLARE as follows :

1. THAT I am the Secretary of the Motor Trade Association of South Australia Incorporated (hereinafter referred to as MTA);
2. THAT the registered office of the MTA is Level 1, 81 Greenhill Road, South Australia, phone number (08) 8291 2000 and fax number (08) 8291 2099.
3. THAT the attached document titled "Annual Report" contains "Board of Management Certificate", "Statement of Income and Expenditure (for the year ending 31st March 2006)" and "Balance Sheet (as at 31st March 2006)" is a true and correct record of what it purports to be.
4. THAT the attached documents marked "Schedule A" are true and correct copies of the Minutes of the Annual General Meeting held on the 11th day of July 2006 and that I was present at this Annual General Meeting.

THAT of the 30 persons who actually signed the attendance register, 24 signed as nominated representatives for voting purposes and were members of MTA; there were 11 duly appointed representatives by proxy. THAT all persons were, at that time, financial members of MTA and the attached document marked "Schedule B" is a true and correct copy of the Attendance Register for the Annual General Meeting held on the 11th day of July 2006.

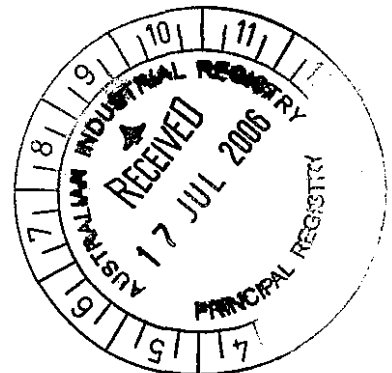
AND I MAKE THIS DECLARATION in accordance with subsection 233(1) of the Registration & Accountability of Organisations Schedule (Schedule 1B to the Workplace Relations Act 1996), conscientiously believing the information contained in this declaration to be true in every particular.

DECLARED AND SUBSCRIBED

At Wayville , South Australia

this 13th day of July 2006

}
}
}.....
}
}





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Schedule "A"

MINUTES OF THE 80th ANNUAL GENERAL MEETING OF THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC. HELD IN MTA HOUSE, LEVEL 1, 81 GREENHILL ROAD, WAYVILLE ON TUESDAY 12th JULY 2006

ATTENDANCE

Thirty members and guests signed the attendance sheet. Twenty four signatories were members of the Association and 11 proxies were noted. A further 40 people attended the meeting as observers at the invitation of the MTA. Six of these signed the attendance sheet.

1. NOTICE OF MEETING AND RECORDING OF APOLOGIES

The Executive Director, Mr John Chapman welcomed members and guests to the 80th Annual General Meeting of the Association and declared the meeting open at 7pm.

He extended a special welcome to Life Members and representatives from CGU Motor Trades, Capricorn Society and AutoConnect.

Mr Chapman then introduced the President, Mr Agostino.

The President said there were 26 apologies in total received; 19 of these were members, 11 proxies were recorded, which he read out.

2. TO ADOPT THE MINUTES OF THE 79th AGM HELD 15th JULY 2005

Moved Mr Shipp seconded Mr Roberts

THAT THE MINUTES OF THE 79th ANNUAL GENERAL MEETING BE ADOPTED CARRIED...

3. TO APPOINT AN AUDITOR OR AUDITORS, AND TO FIX HIS/HER REMUNERATION

Moved Mr Roberts seconded M Shipp

THAT KPMG BE APPOINTED AS AUDITORS AND THEIR REMUNERATION TO BE DETERMINED BY THE BOARD OF MANAGEMENT CARRIED...

4. TO DECLARE THE RESULTS OF THE ELECTION OF OFFICERS

Mr Chapman read out the results of the election and extended a special welcome to Mr Theo Kruys who was appointed as the new Board Member representing the Service Station Division.

5. TO CONSIDER ANY BUSINESS SUBMITTED BY THE BOARD

- (a) to appoint a solicitor to act on behalf of the Motor Trade Association of South Australia Inc.

Moved Mr Paech seconded Mr Clark

THAT TOWNSEND SOLICITORS BE APPOINTED TO ACT AS SOLICITORS OF THE MOTOR TRADE ASSOCIATION CARRIED...

6. TO CONSIDER ANY OTHER BUSINESS (under Rule 32)

There was no Other Business.

7. TO RECEIVE THE FINANCIAL STATEMENT OF THE YEAR ENDED 31st MARCH 2006

The Treasurer spoke to his report and referred to the consolidation of MTA and MTA GTS. He was pleased to report that the Association continues to operate profitably.

The Treasurer then moved

THAT THE FINANCIAL REPORT FOR THE YEAR ENDED 31st MARCH 2006

Seconded Mr Polley

CARRIED...

Acclamation followed...

8. BOARD OF MANAGEMENT REPORT

The President delivered the 2004/05 Annual Report and then moved

**THAT THE REPORT OF THE BOARD OF MANAGEMENT FOR THE 2005/06 YEAR BE RECEIVED
Seconded Mr Clark CARRIED...**

Acclamation followed...

9. CLOSURE


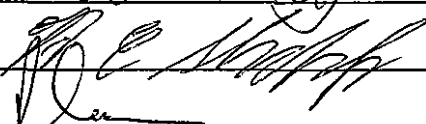
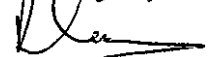
Mr Chapman closed the formal part of the evening at 7.30pm and invited all to remain for an informal gathering.

Confirmed this day of 2007.

President

REGISTRATION

Please sign

MEMBER NAME	MEMBER BUSINESS
DALE JOHN	WEAR Party Ltd
Colin Clark	TRACTION Tires
MICHAEL CURRIDGE	CURRIDGE HOLDEN
Peter Roberts	O.G Roberts & Co
ARMOUR WALKER	GILBERT MOTOR BOUTHERPE
Neville Gibbs	GIBBS & SONS PTY LTD
ALLEN MOORE'S	WILKINSHIRE MOTOR TRIMMERS
BOB AYRES	AWA.
TIFFANY AYRES	AWA.
R. F. PAECH	PAECH MOTORS
JOHN ZULIAN	KESWICK CRASH REPAIRS
Lem Miller	Life member
DAVID BEARD	ACCESS RENT A CAR.
DANNY SITHANG	SOUTH COAST AUTO REPAIRS.
George Bolton	BOLTONS KAWASAKI
Eve Vanderwoude	Eve Vander Woude
	Chris Vander Woude
CAROLYN MORELL	MARS TRANSPORT EQUIPMENT.
Peter Morell	— — —
Paul GIBBINS	PULSAR PARTS.
Wendy Polley	Independent components
	SHIPP BROS PTY LTD
	SOUTHCOAST ENGINEERS
ARCH BOONEN	? ? ?
THEO KEWIS	AUTOZAI (RAF) MOBIL
BRUCE McFARLANE	HAS BEEN
REX WALLACE	SAGE

REGISTRATION

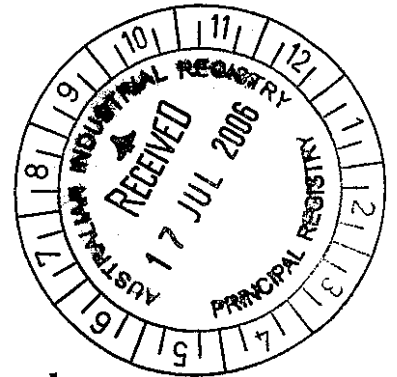
Please sign

MEMBER NAME	MEMBER BUSINESS
B J NEACK	-
J KENZER	TUNE RETAIL
COLIN HENNING	Anger - NORMAN



The Motor Trade Association of SA Inc

ABN 76 267 492 138



Consolidated Financial Report

For the year ended

31 March 2006



**Independent audit report to the members of the
The Motor Trade Association of SA Incorporated**

Scope

We have audited the financial report of The Motor Trade Association of SA Incorporated (“the Association”) for the financial year ended 31 March 2006, consisting of the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes 1 to 23, and the statement by the Board of Management. The Association’s Board of Management are responsible for the financial report. The Board of Management are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Association and its controlled entities. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and requirements of the Associations Incorporation Act, 1985 as amended and the Workplace Relations Act 1996, so as to present a view which is consistent with our understanding of the Association’s and the consolidated entity’s financial position, and the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial statements of The Motor Trade Association of SA Incorporated are properly drawn up:

- a) so as to present fairly the Association’s and consolidated entity’s financial position as at 31 March 2006 and the results of their operations and their cash flows for the year ended on that date;
- b) in accordance with the Associations Incorporation Act 1985 as amended;
- c) in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia;
- d) so as to give a true and fair view of the financial affairs of the Association and the economic entity as at 31 March 2006 and the income and expenditure and any surplus or deficit for the year in accordance with the Workplace Relations Act 1996.



In addition we report the following:

- e) the Association maintained satisfactory accounting records during the year ended 31 March 2006 detailing the sources and nature of income (including income from members) and the purpose and nature of expenditure of the Association; and
- f) we received all the information and explanations we required for the purpose of our audits.

KPMG

KPMG



Gary Savage
Partner

Adelaide

6.4 May 2006

MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC. AND CONSOLIDATED ENTITIES

ABN 76267492138

Operating Report

Your Board of Management present their report together with the financial report of The Motor Trade Association of SA Inc. (the Association) and of the Consolidated Entity, being the Association and its controlled entities, for the financial year ended 31 March 2006.

The names of the Members of the Board of Management who held office at any time during or since the end of the year are:

Frank Agostino	Colin Butcher
Peter Roberts	Arch Boonen
Colin Clark	George Bolton
Michael Claridge	Shawn Noack
Arthur Walker	Harold Shipp
Neville Gibb	Roger Paech
Alan Biggs	Dale John
LeRoy Uren	Mathew East
Brian Weeks	Eve vander Woude
John Zulian	Danny Shane
Clive Polley	Peter Barrows
Peter Cox	John Hitchcock

Principal Activities

The principal activities of the consolidated entity during the financial year were to serve the interests of employers and members of the Retail Motor Trade in SA.

No significant changes in the nature of these activities occurred during the year.

Operational and financial review

Changes made to the constitution of The MTA Group Training Scheme Inc (MTA - GTS) on 23 November 2005, resulted in the Association (as the sole member) being deemed to have control over MTA – GTS. Accordingly, and consistent with the concurrence of our Auditors, KPMG, the results of the two entities are required to be consolidated. The financial statements for the Association cover the twelve months ended 31 March 2006, and the Consolidated Entity include the financial results of MTA - GTS from 23 November 2005 to 31 March 2006.

Income Statement

The Associations profit for ordinary activities in the financial year ended 31 March 2006 was MTA \$142,014 (2005 \$152,537) and for the Consolidated Entity \$4,436,954 (2005 \$154,940). The Association's result was achieved due to increased commissions received as a result of additional MTA membership marketing in conjunction with CGU Motor Trades Insurance and the first distribution from our investment in MTAA House.

The consolidated result includes a once off accounting adjustment on the consolidation of the MTA – GTS of \$4,299,554 which reflects the net assets of MTA – GTS at 23 November 2005.

Balance Sheet

The financial position of the Association and its Consolidated Entity was improved by the operating profit noted above. Equity increased to \$8,480,650 for the Association and to \$12,788,195 for the Consolidated Entity.

The Association's cash flow from operations was \$476,470 and the Consolidated Entity \$728,807. This was largely the result of the operating profit of the Association which included a depreciation charge of \$309,109 and the Consolidated Entity of \$441,591.

Events since balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Members

Members' rights to resign is set out in Item 13 of the constitution, in summary a member may resign from membership by written notice addressed and delivered to the offices of the Motor Trade Association.


At the end of the financial year there were 1,138 members of the Motor Trade Association of SA Inc, (2005: 1,177).

Staffing


The Association employed 18 staff at the end of the financial year, (2005: 18). The Consolidated Entity employed 580 staff at year end.

Signed in accordance with the resolution of the Board of Management.

Board Member



Board Member



Dated this 16th day of May 2006.

**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.
AND CONSOLIDATED ENTITY**
ABN 76267492138

**DISCUSSION AND ANALYSIS OF PRINCIPAL FACTORS AFFECTING THE FINANCIAL PERFORMANCE,
FINANCIAL POSITION AND FINANCIAL AND INVESTING ACTIVITIES**

The financial statements and disclosures in the financial report have been derived from the 2006 Financial Report of the Motor Trade Association of SA Inc. and Consolidated Entity.

A copy of the full financial report and auditor's report will be sent to all members, free of charge.

The following discussion and analysis is provided to assist the understanding of members of the MTA of SA Inc. The discussion and analysis is based on the general purpose financial report of the Association and Consolidated Entity.

Operational and financial review

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**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.
AND CONSOLIDATED ENTITIES**

ABN 76267492138

Income Statement

For the year ended 31 March 2006

	<i>Note</i>	MTA		Consolidated	
		2006	2005	2006	2005
		\$	\$	\$	\$
Membership contributions		1,071,952	1,031,199	1,071,952	1,034,241
Commissions		501,732	480,034	501,732	480,034
Grant income		25,237	-	522,547	-
Member function income		4,728	3,216	4,728	3,216
Rents		808,280	798,635	681,392	798,635
Sales – print & stationery		329,882	288,608	325,595	288,608
Apprentice income		-	-	4,459,287	-
Other operating income	<i>3(a)</i>	182,065	164,845	201,914	164,845
Industry support		-	-	4,395	-
Gain on consolidation of MTA Group Training Scheme Inc.		-	-	4,299,554	-
Revenue from ordinary activities		2,923,876	2,766,537	12,073,096	2,769,579
Administration expenses		375,064	312,672	540,105	313,111
Advertising		110,211	117,790	124,019	132,444
Affiliation fees		160,020	141,202	160,020	141,202
Apprentice training costs		-	-	98,252	-
Audit fees	<i>4</i>	28,750	13,650	39,670	13,650
Cost of sales – print & stationery		173,007	142,933	173,007	142,933
Depreciation		309,109	288,800	441,591	288,800
Electoral action		25,215	22,990	25,215	22,990
Grant expenditure		7,442	-	7,442	-
Insurance		37,746	25,765	36,322	25,765
Legal costs		14,429	23,587	15,437	23,787
Motor vehicle costs		55,638	30,696	83,182	30,696
Member functions		14,399	35,187	14,399	20,533
Motor trade journal		19,519	23,251	19,519	23,251
Property costs		321,194	333,681	345,523	333,681
Salaries & wages		597,797	647,117	4,442,085	647,117
Salaries & wages - officials		221,585	165,415	221,585	165,415
Salaries & wages – on costs		352,089	258,622	923,882	258,622
Telephone		46,219	53,376	57,131	53,376
Travel		62,221	67,066	64,746	67,066
Loss on sale of assets		2,149	2,920	6,370	2,920
Costs from ordinary activities		2,933,803	2,706,720	7,839,502	2,707,359
Operating profit/(loss) before financing costs		(9,927)	59,817	4,233,594	62,220
Financial income	<i>3(b)</i>	151,941	93,023	203,360	93,023
Financial expenses		-	(303)	-	(303)
Net financing income		151,941	92,720	203,360	92,720
Profit for the period		142,014	152,537	4,436,954	154,940

The income statement should be read in conjunction with the notes to the financial statements set out on pages 8 to 28.

**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.
AND CONSOLIDATED ENTITIES**

ABN 76267492138

Statement of Changes in Equity

For the year ended 31 March 2006

	<i>Note</i>	MTA		Consolidated	
		2006	2005	2006	2005
		\$	\$	\$	\$
Accumulated Member Funds					
Accumulated Surplus:					
Opening balance		8,338,636	8,186,099	8,351,241	8,196,301
Net Surplus for the Year		142,014	152,537	4,436,954	154,940
Total Equity at the end of the year		8,480,650	8,338,636	12,788,195	8,351,241

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 8 to 28.

**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.
AND CONSOLIDATED ENTITIES**

ABN 76267492138

Balance sheet

As at 31 March 2006

		MTA		Consolidated	
	Note	2006	2005	2006	2005
Assets		\$	\$	\$	\$
Cash	5	1,160	1,160	1,660	1,160
Trade and other receivables	6	277,778	246,321	1,796,182	246,321
Inventories	7	46,208	53,356	65,322	53,356
Investments	8	2,345,137	2,019,992	5,655,192	2,032,597
Total current assets		2,670,283	2,320,829	7,518,356	2,333,434
Receivables	6	50,000	50,000	50,000	50,000
Investments	8	668,001	668,001	668,001	668,001
Property, plant and equipment	9	6,261,321	6,421,254	7,378,559	6,421,254
Total non-current assets		6,979,322	7,139,255	8,096,560	7,139,255
Total assets		9,649,605	9,460,084	15,614,916	9,472,689
Liabilities					
Trade and other payables	10	843,428	810,055	1,968,740	810,055
Employee benefits	11	311,422	268,660	810,129	268,660
Total current liabilities		1,154,850	1,078,715	2,778,869	1,078,715
Employee benefits	11	7,480	42,733	41,227	42,733
Deferred government grants		6,625	-	6,625	-
Total non-current liabilities		14,105	42,733	47,852	42,733
Total liabilities		1,168,955	1,121,448	2,826,721	1,121,448
Net assets		8,480,650	8,338,636	12,788,195	8,351,241
Equity					
Accumulated surpluses		8,480,650	8,338,636	12,788,195	8,351,241
Total equity		8,480,650	8,338,636	12,788,195	8,351,241

The balance sheet should be read in conjunction with the notes to the financial statements set out on pages 8 to 28.

**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.
AND CONSOLIDATED ENTITIES**

ABN 76267492138

**Statements of cash flows
For the year ended 31 March 2006**

	<i>Note</i>	MTA		Consolidated	
		2006	2005	2006	2005
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts from customers		3,021,852	3,177,908	6,511,033	3,180,950
Cash paid to suppliers and employees		(2,697,323)	(2,780,629)	(5,985,586)	(2,784,310)
Cash generated from operations		324,529	397,279	525,447	396,640
Distribution from MTAA House		30,435	-	30,435	-
Interest received		121,506	93,023	172,925	93,023
Interest paid		-	(303)	-	(303)
Net cash from operating activities	15	476,470	489,999	728,807	489,360
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		27,410	1,010	36,370	1,010
Acquisition of property, plant and equipment		(178,735)	(531,755)	(440,387)	(531,755)
Net cash from investing activities		(151,325)	(530,745)	(404,017)	(530,745)
Cash flows from financing activities					
Cash acquired on gain of control		-	-	3,298,305	-
Repayment of borrowings		-	(6,730)	-	(6,730)
Net cash from financing activities		-	(6,730)	3,298,305	(6,730)
Net increase in cash and cash equivalents		325,145	(47,476)	3,623,095	(48,115)
Cash and cash equivalents at 1 April		2,021,152	2,068,628	2,033,757	2,081,872
Cash and cash equivalents at 31 March	15	2,346,297	2,021,152	5,656,852	2,033,757

The statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 8 to 28.

Notes to the consolidated financial statements

Significant accounting policies

The Motor Trade Association of SA Inc (the "Association") is an entity domiciled in South Australia. The consolidated financial report of the Association for the year ended 31 March 2006 comprise the Association and its subsidiaries (together referred to as the "Consolidated Entity") and the Association's interest in controlled entities.

The financial report was authorised for issue by the directors on 16th May 2006.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB"). International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial reports of the Consolidated Entity and the Association also comply with IFRSs and interpretations adopted by the International Accounting Standards Board, the requirements of the Associations Incorporations Act – South Australia and the provisions of the Workplace Relations Act 1996, and the requirements of the law.

This is the Consolidated Entity's first financial report prepared in accordance with AIFRS and AASB 1 First Time Adoption of AIFRS has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Consolidated Entity and the Association is provided in note 19.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on an accrual basis and the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS balance sheet at 1 April 2005 for the purposes of the transition to Australian Accounting Standards – AIFRS.

Notes to the consolidated financial statements

Significant accounting policies

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Association. Control exists when the Association has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes made to the constitution of The MTA Group Training Scheme Inc (MTA - GTS) on 23 November 2005, resulted in the Association (as the sole member) being deemed to have control over MTA – GTS. Accordingly, the results of the two entities are required to be consolidated. The financial statements for the Association cover the twelve months ended 31 March 2006, and the Consolidated Entity include the financial results of MTA - GTS from 23 November 2005 to 31 March 2006.

Investments in all subsidiaries are carried at their cost of acquisition in the Association's financial statements.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation (see below) and impairment losses (see accounting policy j).

Where parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on fixed assets of less than \$300 is expensed when incurred.

Subsequent costs

The Consolidated Entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefit embodied within the item will flow to the Consolidated Entity and the cost of the item can be reliably measured. All other costs are recognised in the income statement as an expense as incurred.

Notes to the consolidated financial statements

Significant accounting policies (continued)

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated over the estimated economic life of the asset to the Consolidated Entity commencing from the time the asset is held ready for use. Assets with a written down value of less than \$100 at the end of the year, are depreciated to nil value at the year end.

Leasehold improvements are depreciated over the estimated useful lives of the improvements. Plant and equipment are depreciated from the date of acquisition. The reducing value method is used.

Buildings are depreciated over their expected useful economic life. The straight line method is used.

The depreciation rates used for each class of depreciable asset vary dependent on the assessed economic life of each individual asset, and within each class the depreciation rates used are as follows:

<u>Asset Class</u>	<u>Depreciation Rate</u>
Plant & Equipment	9 to 36%
Furniture & Fittings	11 to 30%
Motor Vehicles	22.5%
Buildings & Improvements	2.5 to 4%

The residual value, if not insignificant, is reassessed annually

(e) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Net financing costs

Net financing costs comprise interest payable on borrowings and dividend income. Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend and distribution income is recognised in the income statement on the date the Consolidated Entity's right to receive payments is established.

(f) Investments

The Consolidated Entity's non-current investments are stated at cost, less impairment losses (see accounting policy j).

(g) Trade and other receivables

Trade and other receivables, to be settled within 30 days are stated at their cost less impairment losses (see accounting policy j).

Bad debts are written off when they are identified.

Notes to the consolidated financial statements

Significant accounting policies (continued)

(h) Inventories

Inventories consist of printing and stationery raw and finished products, protective clothing, tool kits and educational resources and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and Deposits at call that form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories (see accounting policy h), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Depreciated replacement cost is defined as the current replacement cost of an asset less where applicable, accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in normal course of business.

(i) Calculation of recoverable amount

The recoverable amount of the Consolidated Entity's assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Non significant receivables are not individually assessed.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of a non-current asset of a not-for-profit entity, value in use means "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would if deprived of the asset, replace its remaining future economic benefits.

(ii) Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the consolidated financial statements

Significant accounting policies (continued)

(k) Income Tax

The Association is exempt from income tax pursuant to paragraph 50 – 15 of the Income Tax Assessment Act 1997.

The MTA – Group Training Scheme Inc is exempt from income tax pursuant to paragraph 50 -5 of the Income Tax Assessment Act 1997.

For the Retail Motor Trading Co. Pty Ltd, a controlled entity, tax effect accounting is applied using the balance sheet method. The income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The controlled entity had a nil income tax expense resulting from activities to the taxation year ended 30 June 2005, (previous year \$Nil).

(l) Employee benefits

Defined Contribution plans

Obligations for contributions to accumulation benefit superannuation plans are recognised as an expense in the income statement as incurred.

Long-term service benefits

The Consolidated Entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using rates attached to the Commonwealth Government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

Wages, salaries annual leave and non monetary benefits

Provision is made for Annual, Sick Leave and wages and salaries and employment on costs of Payroll Tax, WorkCover and Superannuation that are expected to be settled within 12 months of the reporting date.. Employment on-costs have been calculated on the basis that employees will take accumulated leave prior to retirement.

Vested entitlements are shown as current liabilities, measured at nominal wage rates.

No provision is made for Sick Leave, which although cumulative is non-vesting. Except for vested benefits for apprentices. The Consolidated Entity's experience is that traditionally, sick leave paid in a year does not exceed the benefit accumulated in a year.

Annual leave is provided for at current rates of pay plus employment costs. The Consolidated Entity's experience is that the majority of Annual Leave is taken as accrued, and future wage increases are not subject to any agreed formula or enterprise agreements.

Notes to the consolidated financial statements

Significant accounting policies (continued)

(m) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Trade and other payables

Liabilities are recognised for amounts to be paid in future for goods and services received by the Consolidated Entity. Trade accounts payable, are normally settled within 30 days.

(o) Interest Rate Risk

The Consolidated Entity has exposure to interest rate risk through its bank borrowing facilities. Information about the borrowings is set out in notes 14(c) and 16. The Consolidated Entity also has an exposure to interest rate risk through its cash investments.

(p) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at balance sheet date.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the Consolidated Entity has received a dividend.

(ii) Rental income

Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(iii) Government grants

Grants constituting non-reciprocal transfers received from the Government are recognised as income when the Consolidated Entity obtains control of the benefit. A non-reciprocal transfer is one in which the Consolidated Entity receives assets and services or has liabilities extinguished without giving approximately equal value in exchange to the other party or parties to the transfer. Grants in which the Consolidated Entity is required to repay unutilised funding are treated as reciprocal transfers and income is recognised by reference to the stage of completion of the transaction

(q) Segment reporting

A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), the Consolidated Entity defines the geographical segment for its operations as being South Australia.

Notes to the consolidated financial statements

Significant accounting policies (continued)

(r) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the consolidated financial statements

1. Accounting estimates and judgements

Management discussed with the Board of Management the development, selection and disclosure of the Consolidated Entity's critical accounting policies and estimates and the application of these policies and estimates.

2. Segment reporting

Segment information is presented in respect of the Consolidated Entity's business and geographical segments. The primary format, business segments, is based on the Consolidated Entity's management and internal reporting structure. The Consolidated Entity operates in one geographical segment.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Consolidated Entity comprises the following main business segments:

Name	Activity
The Motor Trade Association of South Australia Inc.	Membership services
The MTA – Group Training Scheme Inc.	Apprentice Training

Notes to the consolidated financial statements (Continued)

2. Segment reporting Business segments

	Membership Services		Apprentice Training		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers:	\$	\$	\$	\$	\$	\$	\$	\$
Membership Contributions	1,071,952	1,031,199	-	-	-	-	1,071,952	1,031,199
Commissions	501,732	480,034	-	-	-	-	501,732	480,034
Apprentice Hire Fees	-	-	4,459,287	-	-	-	4,459,287	-
Sales – Print and Stationery	325,595	288,608	-	-	-	-	325,595	288,608
Rentals	680,938	798,635	455	-	-	-	681,393	798,635
Government Grants	25,237	-	497,310	-	-	-	522,547	-
Investments income	151,941	93,023	51,419	-	-	-	203,360	93,023
Other Income	145,176	165,141	205,267	-	-	-	350,443	165,141
Total revenue from external customers	2,902,571	2,856,640	5,213,738	-	-	-	8,116,309	2,856,640
Inter-segment revenue	171,097	-	1,042	-	172,139	-	-	-
Total revenue	3,073,668	2,856,640	5,214,780	-	172,139	-	8,116,309	2,856,640
Segment result	142,014	152,537	(4,614)	-	-	-	137,400	152,537
Gain on consolidation	-	-	-	-	-	-	4,299,554	-
Operating profit	142,014	152,537	(4,614)	-	-	-	4,436,954	152,537
Profit for the period	142,014	152,537	(4,614)	-	-	-	4,436,954	152,537
Segment assets	9,649,605	9,460,084	6,007,315	-	54,255	-	15,602,665	9,460,084
Investment in associates	-	-	-	-	-	-	-	-
Retail Motor Trading (cash asset)	-	-	-	-	-	-	12,251	12,605
Total assets	9,649,605	9,460,084	6,007,315	-	54,255	-	15,614,916	9,472,689

*All segments are continuing operations

Notes to the consolidated financial statements (Continued)

3. Other operating income

	<i>Note</i>	MTA		Consolidated	
		2006	2005	2006	2005
3.a. Other income		\$	\$	\$	\$
Training materials re charged		-	-	35,837	-
Other services		14,617	27,431	38,097	27,431
Industrial services		49,354	23,014	49,354	23,014
Inter group management fees		118,094	114,400	78,626	114,400
		<u>182,065</u>	<u>164,845</u>	<u>201,914</u>	<u>164,845</u>

3.b. Financial income

Interest		121,506	93,023	172,925	93,023
MTAA House Distribution		30,435	-	30,435	-
		<u>151,941</u>	<u>93,023</u>	<u>203,360</u>	<u>93,023</u>

4. Auditors' remuneration

Audit services

Auditors of the Association

Audit and review of financial reports		28,750	13,650	38,770	13,650
Other regulatory audit services		-	-	900	-
		<u>28,750</u>	<u>13,650</u>	<u>39,670</u>	<u>13,650</u>

Other services

Auditors of the Association

		2,042	-	2,042	-
		<u>2,042</u>	<u>-</u>	<u>2,042</u>	<u>-</u>

5. Cash

Cash		1,160	1,160	1,660	1,160
Cash		<u>1,160</u>	<u>1,160</u>	<u>1,660</u>	<u>1,160</u>

6. Trade and other receivables

Current

Trade receivables		67,704	141,573	1,078,275	141,573
Other receivables (includes Govt. Funding)		43,654	18,914	546,376	18,914
Prepayments		113,890	85,834	171,531	85,834
Receivables due from controlled entities		52,530	-	-	-
		<u>277,778</u>	<u>246,321</u>	<u>1,796,182</u>	<u>246,321</u>

Non-current

Security Deposit	<i>13</i>	50,000	50,000	50,000	50,000
		<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Trade receivables are shown net of impairment losses amounting to \$Nil (2005: \$Nil)

7. Inventories

Stationery		32,371	35,663	32,371	35,663
Printing		13,837	17,693	13,837	17,693
Tools, safety equipment and training stocks		-	-	19,114	-
		<u>46,208</u>	<u>53,356</u>	<u>65,322</u>	<u>53,356</u>

Notes to the consolidated financial statements (Continued)

8. Investments

	Note	MTA		Consolidated	
		2006	2005	2006	2005
		\$	\$	\$	\$
Current investments					
Deposits at call		2,345,137	2,019,992	5,655,192	2,032,597
Non-current investments					
Publicly Listed Investments	8(a)	30,074	30,074	30,074	30,074
Less Provision. for Diminution in value		(30,074)	(30,074)	(30,074)	(30,074)
		-	-	-	-
Shares in Non-Listed Investments					
MTAA Superannuation Fund Pty Limited (ACN 008 650 628)		1	1	1	1
Australian Automobile Dealers Association Dealer Services Pty. Ltd. (ACN 066 007 707)		-	-	-	-
Retail Motor Trading Co. Pty Ltd (ACN 008 166 194)		-	-	-	-
		1	1	1	1
Units in MTAA House Unit Trust	8(b)	668,000	668,000	668,000	668,000
Total Non-current investments		668,001	668,001	668,001	668,001

8 (a) The Market Value of Publicly Listed Investments as at 31 March, 2006 was \$Nil, (2005 \$Nil) a provision for write down of recoverable value of shares of \$30,074 (2005 \$30,074).

8 (b) The Association holds 12.7% (twelve point seven percent) of the issued units in the MTAA House Unit Trust. This investment's value is dependent on the market value of the major asset of the Trust, being MTAA House situated on Brisbane Avenue, Canberra. The investment was re-valued as at the 31 March 1997, by the Board on the basis of the entitlement to net assets of the Trust per accounts dated 30 June 1996, which included a revaluation of the building by McCann & Associates. This carrying value forms the basis for the deemed cost adopted at 1 April 2001, when AAS 38 Revaluation of Non Current Assets was first applied.

Any units acquired since that date are stated at cost.

MTAA House was re-valued by Mr. P Harding FAPI of Knight Frank in June 2005 at a "willing buyer/seller" market value of \$20,000,000. On the basis of MTA's entitlement to net assets of the Trust per accounts dated 30 June 2005, (which included this revaluation of the building), MTA's net asset entitlement would be \$2,001,210.

Notes to the consolidated financial statements (Continued)

9. Property, plant and equipment

	<i>Note</i>	MTA			Total	
		Land and buildings	Plant and equipment	Fixtures and fittings		Other
Cost						
Balance at 1 April 2004		5,985,918	711,903	168,266	516,192	7,382,279
Acquisitions through gain of control		-	-	-	-	-
Acquisitions		-	513,080	12,175	6,500	531,755
Disposals		-	(179,764)	(49,208)	(40,000)	(268,972)
Transfers between assets		-	358,459	-	(358,459)	-
Balance at 31 March 2005		<u>5,985,918</u>	<u>1,403,678</u>	<u>131,233</u>	<u>124,233</u>	<u>7,645,062</u>
Balance at 1 April 2005		5,985,918	1,403,678	131,233	124,233	7,645,062
Acquisitions through gain of control		-	-	-	-	-
Disposals		-	-	-	(91,094)	(91,094)
Acquisitions		-	129,820	270	48,645	178,735
Transfers between assets		-	6,500	-	(6,500)	-
Balance at 31 March 2006		<u>5,985,918</u>	<u>1,539,998</u>	<u>131,503</u>	<u>75,284</u>	<u>7,732,703</u>
Depreciation and impairment losses						
Balance at 1 April 2004		442,854	527,258	142,016	87,922	1,200,050
Depreciation charge for the year		131,120	130,031	6,726	20,923	288,800
Impairment losses		-	-	-	-	-
Disposals		-	(175,834)	(49,208)	(40,000)	(265,042)
Balance at 31 March 2005		<u>573,974</u>	<u>481,455</u>	<u>99,534</u>	<u>68,845</u>	<u>1,223,808</u>
Balance at 1 April 2005		573,974	481,455	99,534	68,845	1,223,808
Acquisitions through gain of control		-	-	-	-	-
Depreciation charge for the year		131,120	163,490	6,175	8,324	309,109
Impairment losses		-	-	-	-	-
Disposals		-	-	-	(61,535)	(61,535)
Balance at 31 March 2006		<u>705,094</u>	<u>644,945</u>	<u>105,709</u>	<u>15,634</u>	<u>1,471,382</u>
Carrying amounts						
At 1 April 2004		<u>5,543,064</u>	<u>184,645</u>	<u>26,250</u>	<u>428,270</u>	<u>6,182,229</u>
At 31 March 2005		<u>5,411,944</u>	<u>922,223</u>	<u>31,699</u>	<u>55,388</u>	<u>6,421,254</u>
At 1 April 2005		5,411,944	922,223	31,699	55,388	6,421,254
At 31 March 2006		<u>5,280,824</u>	<u>895,053</u>	<u>25,794</u>	<u>59,650</u>	<u>6,261,321</u>

Notes to the consolidated financial statements (Continued)

Significant accounting policies (continued)

Property, plant and equipment (continued)

	Note	Consolidated				Total
		Land and buildings	Plant and equipment	Fixtures and fittings	Other	
Cost						
Balance at 1 April 2004		5,985,918	711,903	168,266	516,192	7,382,279
Acquisitions through gain of control		-	-	-	-	-
Acquisitions		-	513,080	12,175	6,500	531,755
Disposals		-	(179,764)	(49,208)	(40,000)	(268,972)
Transfers between assets		-	358,459	-	(358,459)	-
Balance at 31 March 2005		<u>5,985,918</u>	<u>1,403,678</u>	<u>131,233</u>	<u>124,233</u>	<u>7,645,062</u>
Balance at 1 April 2005		5,985,918	1,403,678	131,233	124,233	7,645,062
Acquisitions through gain of control		-	1,379,368	19,943	417,619	1,816,930
Disposals		-	(38,124)	(6,796)	(102,426)	(147,346)
Acquisitions		-	378,717	2,883	58,787	440,387
Transfers between assets		-	6,500	-	(6,500)	-
Balance at 31 March 2006		<u>5,985,918</u>	<u>3,130,139</u>	<u>147,263</u>	<u>491,713</u>	<u>9,755,033</u>
Depreciation and impairment losses						
Balance at 1 April 2004		442,854	527,258	142,016	87,922	1,200,050
Depreciation charge for the year		131,120	130,031	6,726	20,923	288,800
Impairment losses		-	-	-	-	-
Disposals		-	(175,834)	(49,208)	(40,000)	(265,042)
Balance at 31 March 2005		<u>573,974</u>	<u>481,455</u>	<u>99,534</u>	<u>68,845</u>	<u>1,223,808</u>
Balance at 1 April 2005		573,974	481,455	99,534	68,845	1,223,808
Acquisitions through gain of control		-	699,220	15,754	106,676	821,650
Depreciation charge for the year		131,120	265,076	11,364	34,031	441,591
Impairment losses		-	-	-	-	-
Disposals		-	(34,436)	(6,796)	(69,343)	(110,575)
Balance at 31 March 2006		<u>705,094</u>	<u>1,411,315</u>	<u>119,856</u>	<u>140,209</u>	<u>2,376,474</u>
Carrying amounts						
At 1 April 2004		<u>5,543,064</u>	<u>184,645</u>	<u>26,250</u>	<u>428,270</u>	<u>6,182,229</u>
At 31 March 2005		<u>5,411,944</u>	<u>922,223</u>	<u>31,699</u>	<u>55,388</u>	<u>6,421,254</u>
At 1 April 2005		<u>5,411,944</u>	<u>922,223</u>	<u>31,699</u>	<u>55,388</u>	<u>6,421,254</u>
At 31 March 2006		<u>5,280,824</u>	<u>1,718,824</u>	<u>27,407</u>	<u>351,504</u>	<u>7,378,559</u>

The Association has a policy of dividing the initial value of property acquisitions and allocating one third of value to land and two thirds of value to buildings. The buildings component is then depreciated over the Board assessed appropriate economic life of the buildings. This assessment takes into account the style, position and state of repair of the buildings concerned.

Notes to the consolidated financial statements (Continued)

10. Trade and other payables

Note	MTA		Consolidated	
	2006	2005	2006	2005
	\$	\$	\$	\$
Trade payables due to controlled entities	1,726	-	-	-
Subscriptions in advance	248,365	259,716	248,365	259,716
Amounts held on behalf of divisions	118,862	103,399	118,862	103,399
Unearned – Income	46,981	45,702	46,981	45,702
Other trade payables	427,494	401,238	1,554,532	401,238
	<u>843,428</u>	<u>810,055</u>	<u>1,968,740</u>	<u>810,055</u>

11. Employee benefits

Current

Liability for annual leave	84,535	94,943	446,752	94,943
Liability for long-service leave	226,888	173,717	353,143	173,717
Liability for Rostered Days Off & Sick Leave	-	-	10,234	-
	<u>311,423</u>	<u>268,660</u>	<u>810,129</u>	<u>268,660</u>

Non-current

Liability for long-service leave	7,480	42,733	41,227	42,733
Total employee benefits	<u>318,903</u>	<u>311,393</u>	<u>851,356</u>	<u>311,393</u>

12. Capital and other commitments

(i) Operating lease commitments

Being for rent of motor vehicle payable
not later than 1 year
later than 1 year but not later than 5 years
later than 5 years

not later than 1 year	12,420	17,883	12,420	17,883
later than 1 year but not later than 5 years	11,021	44,397	11,021	44,397
later than 5 years	-	-	-	-
	<u>23,441</u>	<u>62,280</u>	<u>23,441</u>	<u>62,280</u>

2006 Motor vehicles leased on non-cancellable operating leases from Westpac, St George Bank and Toyota Financial Services.

2005 Motor vehicles leased on non-cancellable operating leases from G E Automotive Financial Services and Toyota Financial Services.

(ii) Capital commitments

Plant and equipment purchases

	-	6,765	-	6,765
	<u>-</u>	<u>6,765</u>	<u>-</u>	<u>6,765</u>

(iii) Superannuation commitments

The Consolidated Entity contributes to employee superannuation funds managed by external fund managers, which are accumulation plans. Members of these funds are entitled to benefits on retirement, disability or death. Employees may contribute to the plans at various percentages of their gross salaries. The Consolidated Entity is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

(iv) Other commitments

No commitments of a material nature existed at year end.

Notes to the consolidated financial statements (Continued)

13. Contingencies

<i>Note</i>	MTA		Consolidated	
	2006	2005	2006	2005
	\$	\$	\$	\$
Estimates of the maximum amount of contingent liabilities that may become payable	50,000	50,000	50,000	50,000

This item represents a potential liability which may arise over the next two years due to shareholder undertakings re the sale of Motorcharge Ltd. This potential liability is fully secured by funds held in a solicitors trust account, which is on deposit with Westpac Banking Corporation Ltd. Repayment is anticipated in November 2007.

14. Consolidated entities

<i>Note</i>	Australian Business Number	Ownership interest	
		2006	2005
Parent entity			
The Motor Trade Association of South Australia Inc.	65 767 492 138	100%	100%
Controlled entities			
The MTA – Group Training Scheme Inc.	36 459 968 347	100%	100%
Retail Motor Trading Co. Pty Ltd	ACN 008 166 194	100%	100%

This Association due to changes in the constitution of the MTA – Group Training Scheme Inc on 23rd November 2005, has been deemed to have gained control of MTA – GTS since that date; and therefore has consolidated MTA – GTS its accounts since that date.

Notes to the consolidated financial statements (Continued)

15. Reconciliation of cash flows from operating activities

	<i>Note</i>	MTA 2006	2005	Consolidated 2006	2005
Cash and cash equivalents					
Cash on hand		1,160	1,160	1,660	1,160
Deposits at call		2,345,137	2,019,992	5,655,192	2,032,597
Total cash & cash equivalents		2,346,297	2,021,152	5,656,852	2,033,757
Cash flows from operating activities					
Profit for the period		142,014	152,537	4,436,954	154,940
<i>Adjustments for:</i>					
Gain on consolidation of MTA - GTS		-	-	(4,299,554)	-
Depreciation		309,109	288,800	441,591	288,800
Loss on sale of property, plant and equipment		2,149	2,920	6,370	2,920
Operating profit before changes in working capital and provisions		453,272	444,257	585,361	446,660
(Increase)/decrease in trade and other receivables		(31,457)	38,990	(1,549,861)	38,990
(Increase)/decrease in inventories		7,148	(1,798)	(11,966)	(1,798)
(Decrease)/increase in trade and other payables		33,372	(20,321)	1,158,685	(20,321)
(Increase)/decrease in unearned income		6,625	-	6,625	-
Increase in provisions and employee benefits		7,510	28,871	539,963	28,871
Cash generated from the operations		476,470	489,999	728,807	489,360

Financing Facilities

A Bank Overdraft Facility of \$20,000 (2005 - \$20,000), was available to the Consolidated Entity at 31st March 2006. At that date, no amount of this facility was in use (2005 - \$Nil).

The National Australia Bank has a registered mortgage over our 3 Frederick Road, Royal Park property for \$500,000. This security was originally created to secure a commercial bill facility that was discontinued during the year ended 31 March 2000, the security has not been discharged to save potential future costs should the Association require to utilise such a facility in the future.

There were no non-cash financing or investing activities during the period.

Cash balances of \$50,000 (2005: \$50,000) held in solicitors trust account are not available for use by the economic entity at the reporting date refer note 13.

Notes to the consolidated financial statements (Continued)

16. Financial Instruments

a. Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

b	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
					Within 1 Year		1 to 5 Years	
	2006	2005	2006	2005	2006	2005	2006	2005
FINANCIAL ASSETS	%	%	\$	\$	\$	\$	\$	\$
Cash	-	-	1,660	1,160	-	-	-	-
Receivables	-	-	1,674,651	210,487	-	-	-	-
Investments	-	-	668,001	668,001	-	-	-	-
Short Term Deposits	5.05	4.96	5,655,192	2,019,992	-	-	-	-
TOTAL FINANCIAL ASSETS			7,999,504	2,899,640	-	-	-	-
FINANCIAL LIABILITIES								
Bank overdraft & Loans	-	-	-	-	-	-	-	-
Accounts Payable	-	-	1,968,740	446,940	-	-	-	-
Employee benefits	-	-	851,356	311,393	-	-	-	-
TOTAL FINANCIAL LIABILITIES			2,820,096	758,333	-	-	-	-

b. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

c. Net Fair Values

Methods and assumptions used in determining net fair value.

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Notes to the consolidated financial statements (Continued)

17. Key management personnel disclosures

The names of the Members of the Association's Board of Management who held office at any time during or since the end of the year are:

Frank Agostino	Colin Butcher
Peter Roberts	Arch Boonen
Colin Clark	George Bolton
Michael Claridge	Shawn Noack
Arthur Walker	Harold Shipp
Neville Gibb	Roger Paech
Alan Biggs	Dale John
LeRoy Uren	Mathew East
Brian Weeks	Eve vander Woude
John Zulian	Danny Shane
Clive Polley	Peter Barrows
Peter Cox	John Hitchcock

The names of the Members of the MTA Group Training Scheme's Board of Management who held office at any time during or since the end of the year are:

Arthur Walker	Colin Clark
John Chapman	Denis Boldock
Brian Dreyer	Ian Horne

No Member of the Board of Management of the Association receives any remuneration (except travel cost reimbursement) other than in their capacity as an employee of the Association.

Transactions with executive officers

	<i>Note</i>	MTA		Consolidated	
		2006	2005	2006	2005
Remuneration (including fringe benefits) received or due and receivable, by officers of the Consolidated Entity.		300,596	244,426	344,516	244,426

The names of the officers who held office at any time during or since the end of the year are:

<u>The Association</u>	<u>Controlled Entity's</u>
John Chapman	Paul Good
Denis Boldock	
Ian Horne	

Apart from the details disclosed in this note, no member of the Board of Management has entered into a material contract with the Association or the Consolidated Entity since the end of the previous financial year and there were no material contracts involving director's interests existing at year-end.

Notes to the consolidated financial statements (Continued)

18. Subsequent events

There have been no significant events to report.

19. Explanation of transition to AIFRSs

As stated in Significant accounting policies note (a), these are the Consolidated Entity's first consolidated financial statements prepared in accordance with AIFRSs.

The policies set out in the Significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 31 March 2006, the comparative information presented in these financial statements for the year ended 31 March 2005 and in the preparation of an opening AIFRS balance sheet at 1 April 2004 (the Consolidated Entity's date of transition).

In preparing its opening AIFRS balance sheet, the Consolidated Entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRSs has affected the Consolidated Entity's financial position, financial performance and cash flows is set out in the following table and the notes that accompany the tables.

Notes to the consolidated financial statements (Continued)

Note 19 (b) Explanation of transition to AIFRS (continued)

	MTA					
	Previous GAAP	Effect of Transition to AIFRS	AIFRSs	Previous GAAP	Effect of Transition to AIFRS	AIFRSs
Reconciliation of equity	2004	2004	2004	2005	2005	2005
	\$	\$	\$	\$	\$	\$
Current assets						
Cash and cash equivalents	760	-	760	1,160	-	1,160
Inventories	51,558	-	51,558	53,356	-	53,356
Trade and other receivables	325,311	10,000	335,311	236,321	10,000	246,321
Investments	2,067,868	-	2,067,868	2,019,992	-	2,019,992
Total current assets	2,445,497	10,000	2,455,497	2,310,829	10,000	2,320,829
Non-current assets						
Receivables	-	-	-	50,000	-	50,000
Investments	668,001	-	668,001	668,001	-	668,001
Plant and equipment	6,182,229	-	6,182,229	6,421,254	-	6,421,254
Total non-current assets	6,850,230	-	6,850,230	7,139,255	-	7,139,255
Total assets	9,295,727	10,000	9,305,727	9,450,084	10,000	9,460,084
Current liabilities						
Trade and other payables	830,376	-	830,376	810,055	-	810,055
Borrowings	6,730	-	6,730	-	-	-
Provisions	240,501	-	240,501	268,660	-	268,660
Total current liabilities	1,077,607	-	1,077,607	1,078,715	-	1,078,715
Non-current liabilities						
Provisions	42,021	-	42,021	42,733	-	42,733
Total non-current liabilities	42,021	-	42,021	42,733	-	42,733
Total liabilities	1,119,628	-	1,119,628	1,121,448	-	1,121,448
Net assets	8,176,099	10,000	8,186,099	8,328,636	10,000	8,338,636
Equity						
Reserves	671,055	(671,055)	-	671,055	(671,055)	-
Accumulated surpluses	7,505,044	681,055	8,186,099	7,657,581	681,055	8,338,636
Total equity	8,176,099	10,000	8,186,099	8,328,636	10,000	8,338,636

Notes to the consolidated financial statements (Continued)

Note 19 (c) Explanation of transition to AIFRS (continued)

	Consolidated Entity					
	Previous GAAP	Effect of Transition to AIFRS	AIFRSs	Previous GAAP	Effect of Transition to AIFRS	AIFRSs
	2004 \$	2004 \$	2004 \$	2005 \$	2005 \$	2005 \$
Reconciliation of equity						
Current assets						
Cash and cash equivalents	760	-	760	1,160	-	1,160
Inventories	51,558	-	51,558	53,356	-	53,356
Trade and other receivables	325,311	10,000	325,311	236,321	10,000	246,321
Investments	2,081,112	-	2,081,112	2,032,597	-	2,032,597
Total current assets	2,458,741	10,000	2,468,741	2,323,434	10,000	2,333,434
Non-current assets						
Receivables	-	-	-	50,000	-	50,000
Investments	668,001	-	668,001	668,001	-	668,001
Plant and equipment	6,182,229	-	6,182,229	6,421,254	-	6,421,254
Total non-current assets	6,850,230	-	6,850,230	7,139,255	-	7,139,255
Total assets	9,308,971	10,000	9,318,971	9,462,689	10,000	9,472,689
Current liabilities						
Trade and other payables	833,418	-	833,418	810,055	-	810,055
Borrowings	6,730	-	6,730	-	-	-
Provisions	240,501	-	240,501	268,660	-	268,660
Total current liabilities	1,080,649	-	1,080,649	1,078,715	-	1,078,715
Non-current liabilities						
Provisions	42,021	-	42,021	42,733	-	42,733
Total non - current liabilities	42,021	-	42,021	42,733	-	42,733
Total liabilities	1,122,670	-	1,122,670	1,121,448	-	1,121,448
Net assets	8,186,301	10,000	8,196,301	8,341,241	10,000	8,351,241
Equity						
Reserves	671,055	(671,055)	-	671,055	(671,055)	-
Accumulated surpluses	7,515,246	681,055	8,196,301	7,670,186	681,055	8,351,241
Total equity	8,186,301	10,000	8,196,301	8,341,241	10,000	8,351,241

Notes to the consolidated financial statements (Continued)

Explanation of transition to AIFRS (continued)

- The AIFRS effect upon opening values of the balance sheet was that the provision for doubtful debts did not meet with the requirements to raise a provision under AIFRS. The Consolidated Entity has elected, in accordance with AASB1 to use the fair value at the date of transition as its deemed cost, with the balance of the asset revaluation reserve being transferred to Accumulated Surpluses. Therefore the doubtful debt provision was written back to accumulated surpluses as at the transition date, 1st April 2004. There has been no effect upon either the income statement or statement of cash flows.

20. Information to be provided to members or registrar

In accordance with the requirements of the Workplace Relations Act 1996, the attention of the members is drawn to the provisions of the sub-sections (1), (2) and (3) of Section 272 of RAO Schedule to the Workplace Relations Act 1996, which reads as follows:

- a. A member of a reporting unit, or a Registrar, 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.
- b. 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.
- c. A reporting unit must comply with an application made under subsection (1).

21. Association details

The principal place of business of the association is:

81 Greenhill Road, Wayville, Adelaide, South Australia.

MTA's print and stationery department is located at its 3 Frederick Road, Royal Park premises.

The MTA – Group Training Scheme Inc is located at 3 Frederick Road, Royal Park.

22. Principal activities

The principal activities of the association during the financial year were:

To protect and promote the interests of members by:-

- Providing a political voice for the retail motor industry,
- Providing an industry voice in discussion with all levels of government,
- Providing industrial award advice, advocacy and representation
- Providing technical information and specialized industry stationery.
- Training apprentices for the retail motor industry.

23. A Melville Memorial Fund

Funds are held on behalf of the A Melville Memorial Fund and invested with the Association funds as interest earning deposits.

THE MOTOR TRADE ASSOCIATION
OF SOUTH AUSTRALIA INC.
BOARD OF MANAGEMENT STATEMENT

On 16th of May 2006 the Board of Management of the Motor Trade Association of SA Inc. passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31st March 2006.

The Board of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows on the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (iii) meetings of the Board of Management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - (iv) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of the branch concerned; and
 - (v) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (vi) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (vii) the information sought in any request of a member of the reporting unit or a Registrar duly made under Section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (viii) No orders have been made by the Commission under section 273 of the RAO Schedules during the period.

For Board of Management

Title of Office held: Treasurer

Name: Michael Claridge

Signature:



Date: 16th May 2006

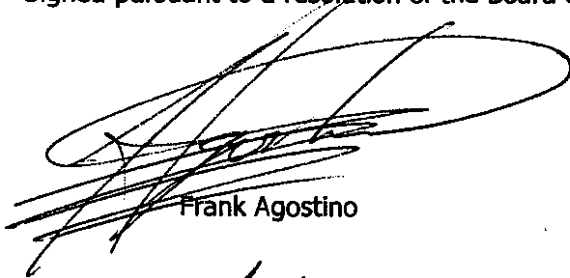
**THE MOTOR TRADE ASSOCIATION
OF SOUTH AUSTRALIA INC.**

STATEMENT BY THE BOARD OF MANAGEMENT

As required by Section 35 (2) of the Associations Incorporation Act 1985 (as amended), pursuant to a resolution of the Board of Directors, it is stated that:-

- [i] the accounts present fairly the results of the operations of the association for the financial year and the state of affairs of the association as at the end of the 2005/2006 financial year; and
- [ii] the Board has reasonable grounds to believe that the association will be able to pay its debts as and when they fall due; and
- [iii] that the association has subsidiaries as detailed in the accounts; and
- [iv] that the association is not a trustee of a trust.

Signed pursuant to a resolution of the Board of Directors.



Frank Agostino



Michael Claridge

Dated this 16th day of May 2006

**THE MOTOR TRADE ASSOCIATION
OF SOUTH AUSTRALIA INC.**

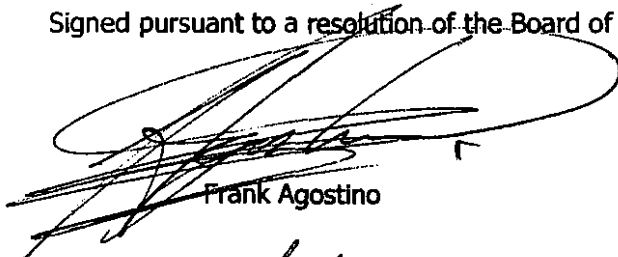
REPORT BY THE BOARD OF MANAGEMENT

As required by Section 35 (5) of the Associations Incorporation Act 1985 (as amended), pursuant to a resolution of the Board of Directors, it is stated that:-

- [a] No benefit has been received as a result of a contract between an officer, firm or corporate (in which an officer or member of the association, is a member or has a substantial financial interest), and the association.
- [b] No officer of the association has received any payment or benefit of a pecuniary value other than as part of a negotiated remuneration package as an employee of the association.

[c] Remuneration (including fringe benefits)	2006	2005
received or due and receivable, by	\$	\$
officers of the association.	300,596	244,426

Signed pursuant to a resolution of the Board of Directors.



Frank Agostino



Michael Claridge

Dated this 16th day of May 2006



Australian Government

Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr John Chapman
Secretary
The Motor Trade Association of South Australia Incorporated
GPO Box 2204
Adelaide South Australia 5001

Dear Mr Chapman

**Schedule 1 of the Workplace relations Act 1996 (The RAO Schedule)
Financial reports for year ended 31 March 2006 - FR2006/368**

I have received the financial reports of your organisation for year ended 31 March 2006. The documents were lodged in the Australian Industrial Registry on 17 July 2006.

There are a few matters of concern that I need to raise with you, but this year the filing of the documents would not have been held up were it not for the issues concerning the secretary's certificate.

Secretary's Certificate

Last year, in a letter dated 17 August 2005 to the then Secretary Mr Ian Horne, Ms Lynette Markovski of the Statutory Services Branch in Melbourne advised of the requirement under paragraph 268(c) of the RAO Schedule and regulation 162 of the RAO Regulations for financial reports lodged in the Registry to be accompanied by a certificate signed by the Secretary or other prescribed designated officer. Paragraph 268(c) requires confirmation that the financial documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266. Whilst not specifically required by paragraph 268(c), we also seek advice as to when copies of either the full or concise report were provided to members. This enables the Registry to ascertain whether the timeframe within which members should receive this information as prescribed by subsection 265(5) has been met, without the need for further follow-up by us. In the case of the full report (i.e. the auditor's report, the general purpose financial report and the operating report) being presented to a general meeting of members in lieu of the Committee of Management as I understand was what occurred in this case, copies of the full report must be provided to members at least 21 days prior to the date of the meeting.

The certificate provided by you dated 13 July 2006, titled "Declaration Of An Association" fails to specifically confirm that the financial documents lodged in the Registry are copies of the full report provided to members and presented at the Annual general Meeting on 11 July 2006. Indeed, there is no confirmation that members were provided copies of the financial documents prior to the AGM. Rather it confirms that document marked "Schedule A" is a copy of the minutes of the AGM and that the document marked "Schedule B" is a copy of the attendance register for the AGM.

Please lodge by Friday 22 September a revised Secretary's Certificate that clearly provides the information sought.

Attached to this letter is a "Certificate of Secretary or other Authorised Officer" pro forma document which we suggest you use. The use of it will ensure that the information sought is captured and in a manner that is clear to the Registry.

Operating Report

(a) The Operating Report lists persons who were members of the Board of Management "who held office at any time during or since the end of the year...", whereas RAO Regulation 159(c)

prescribes that "the period for which he or she held such a position" must also be included, and the focus is only on the time during the reporting period (i.e. not beyond 31 March 2006 in your case).

Please ensure that in your next operating report this additional information is provided and only for the period of the relevant financial year, thereby making redundant the words "at any time" and "or since the end of the year".

- (b) Paragraph 254(2)(d) prescribes that the Operating Report must.. "give details (including details of the position held) of any officer or member of the reporting unit who is:
- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
 - (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and

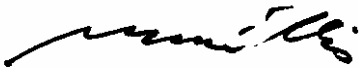
where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation,.."

The Operating Report made no reference to this area of superannuation. If no officer or member of the Association holds any such position in relation to a superannuation fund, then we strongly recommend that the operating report confirms this to be the case to avoid any confusion or ambiguity.

Upon receipt of the revised Secretary's Report by Friday 22 September 2006, further consideration will be given to the filing of your financial documents.

I have forwarded a copy of this letter to the Association's auditor for his information.

Yours sincerely,



Michael Ellis
Deputy Industrial Registrar

6 September 2006

cc Mr Gary Savage Partner
KPMG Adelaide

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1 *Workplace Relations Act 1996*

I [name] being the [title of office] of the [name of the organisation] certify:

- that the documents lodged herewith are copies of the full report, *[and the concise report]*², referred to in s268 of the RAO Schedule; and
- that the *[full report **OR** concise report]*³, was provided to members on *[insert date]*; and
- that the full report was presented to *[a general meeting of members **OR** the last of a series of general meetings of members **OR** a meeting of the committee of management]*³ of the reporting unit on *[insert date]*; in accordance with section 266 of the RAO Schedule.

Signature

Date:

¹RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 as:

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

²Only applicable where a concise report is provided to members

³Insert whichever is applicable



Level 1, 81 Greenhill Road, Wayville SA 5034

GPO BOX 2204, ADELAIDE 5001
TELEPHONE: (08) 8291 2000
FACSIMILE: (08) 8291 2099

INTERNET: <http://www.mta-sa.asn.au>
EMAIL: mta@mta-sa.asn.au

Mr M Ellis
Deputy Industrial Registrar
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
EAST SYDNEY NSW 2011

Dear Mr Ellis

Thank you for your letter dated 6th September advising us of our obligations under the Workplace Relations Act 1996.

Enclosed is a Certificate of Secretary which we trust satisfies those obligations.

Please accept our apologies for the oversight and if we have overlooked anything more please advise, in the meantime we look forward to your advice that the financial documents have been filed.

Yours sincerely


John Chapman
Executive Director
11/9/06





Level 1, 81 Greenhill Road, Wayville SA 5034

GPO BOX 2204, ADELAIDE 5001
TELEPHONE: (08) 8291 2000
FACSIMILE: (08) 8291 2099

INTERNET: <http://www.mta-sa.asn.au>
EMAIL: mta@mta-sa.asn.au

Certificate of Secretary

s268 of Schedule 1 *Workplace Relations Act 1996*

I JOHN CLIFFORD CHAPMAN being the Secretary of the Motor Trade Association of South Australia Incorporated certify:

- that the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report was provided to members on 15th June 2006; and
- that the full report was presented to a general meeting of members of the reporting unit on 11th July 2006 ; in accordance with section 266 of the RAO Schedule.

Signature 

Date: 11/9/06



Australian Government

Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr John Chapman
Secretary
The Motor Trade Association of SA Inc
GPO Box 2204
Adelaide South Australia 5001

Dear Mr Chapman

**Schedule 1 of the Workplace Relations Act 1996 (The RAO Schedule)
Financial reports for year ended 31 March 2006 – FR2006/368**

I have received today your letter dated 11 September 2006 and an attached Certificate of Secretary of the same date.

The lodgement of the Certificate satisfactorily resolves the issue I had raised in my letter to you dated 6 September 2006.

Accordingly the financial documents for the year ended 31 March 2006 have now been filed. Thank you for responding so promptly.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'm.ellis'.

Michael Ellis
Deputy Industrial Registrar

13 September 2006

cc Mr Gary Savage Partner
KPMG Adelaide