



21 August 2019

Frank Agostino
President
Motor Trade Association of South Australia Incorporated

Sent via email: mta@mtaofsa.com.au
CC: paul.gosnold@bdo.com.au

Dear Frank Agostino,

**Motor Trade Association of South Australia Incorporated
Financial Report for the year ended 31 March 2019 – (FR2019/9)**

I acknowledge receipt of the financial report of the Motor Trade Association of South Australia Incorporated (**reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 31 July 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 March 2020 may be subject to an advanced compliance review.

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 ROC will confirm these concerns have been addressed prior to filing next year's report.

General purpose financial report (GPFR)

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Receiving any other revenue from another reporting unit (RG13(b));
- Having a receivable with another reporting unit (RG15(a); and
- Having a payable with another reporting unit (RG15(b))

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

I also note that the body of the notes includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements:

- "Paying a grant that was \$1,000 or less" and "paying a grant that exceeded \$1,000" are disclosed in both the statement of comprehensive income and Note 3.c.;
- "Having a payable to employer as consideration for that employer making payroll deductions of membership subscriptions", "having a payable in respect of legal costs relating to litigation" and "having a payable in respect of legal costs relating to other legal matters" are disclosed in both Note 11 and Note 28.

Please note that nil activities only need to be disclosed once.

Recovery of wages disclosure

Please note that under the 5th edition of the RG made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5th edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements.

I note that nil activity disclosure for "revenue received from undertaking recovery of wages activity" was disclosed in both the committee of management statement and Note 28.

Subsection 255(2A) report

Subsection 255(2A) of the RO Act requires a reporting unit to prepare a separate report that shows the total expenditure incurred by the reporting unit during the financial year in relation to each of the following:

- a) Remuneration, and other employment-related costs and expenses, in respect of employees;
- b) Advertising;
- c) Operating costs;
- d) Donation to political parties;
- e) Legal costs.

The subsection 255(2A) report included in the reporting unit's GPFR contains all of the abovementioned expenditures except for legal costs. Please ensure in future years all required expenditures are disclosed in the subsection 255(2A) report in accordance with the RO Act.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,



Kylie Ngo
Registered Organisations Commission

THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INCORPORATED

s. 268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 March 2019

I, FRANK AGOSTINO being the President of The Motor Trade Association of South Australia Inc. certify:

- that the documents lodged herewith are copies of the full report for The Motor Trade Association of South Australia Inc. for the period ended 31 March 2019 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 1 July 2019; and
- that the full report was presented to a general meeting of members of the reporting unit on Tuesday, 23 July 2019 in accordance with s.66 of the Fair Work (Registered Organisations) Act 2009.



Signature of prescribed designated officer

FRANK AGOSTINO

Name of prescribed designated officer

PRESIDENT

Title of prescribed designated officer

30 July 2019

Dated



The Motor Trade Association of SA Inc.

ABN 65 767 492 138

Consolidated Financial Report

For the year ended

31 March 2019

MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC. AND CONSOLIDATED ENTITIES

ABN 65 767 492 138

Operating Report

The Board of Management of The Motor Trade Association of South Australia Incorporated (the Association), present for the reporting unit the operating report, for the financial year ended 31 March 2019.

The names of the members of the Board of Management of the Association during the financial year, unless indicated otherwise were:

Frank Agostino	Phillip Turner	
Neville Gibb	Mark Flynn	
Clive Polley	David Vincent	
Peter Roberts	Marcus Baldacchino	
Ron Lewis	Mark McGuire	
Jeff Williams	Robert Duns	
Bill Lane	John Hitchcock	
Brenton Stein	Michael McMichael	24 Jul 2018 – Current
Dale John	Colin Butcher	01 April 2018 – 06 Aug 2018
Kym Webber		
Tracy Butler		

Principal Activities

The principal activities of the Association and its controlled entities, during the financial year were to serve the interests of employers and members of the Retail Motor Trade in SA 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; and
- Training apprentices for the retail motor industry.

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

Operational and financial review

The financial statements and comparative figures for the Association and the Consolidated Entity are for the twelve months ended 31 March 2019.

Statement of profit or loss and other comprehensive income

The Association's surplus from ordinary activities in the financial year ended 31 March 2019 was \$283,971, (2018: deficit \$171,252) and for the Consolidated Entity surplus of \$1,300,439, (2018: deficit of \$560,605).

Statement of Financial Position

Equity increased to \$10,741,656 (2018 \$10,457,685) for the Association and increased to \$20,846,131, (2018 \$19,545,692) for the Consolidated Entity.

The Association's cash flow from operating activities was \$793,481 (2018 \$217,367) and the Consolidated Entity \$1,779,220 (2018 \$397,121).

Events since balance date

No other 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 of SA Inc.

At the end of the financial year there were 1,118 members including 1 associate members of the Motor Trade Association of SA Inc, (2018: 1,173 inclusive of 93 associate members). Associate members receive limited services.

Staffing

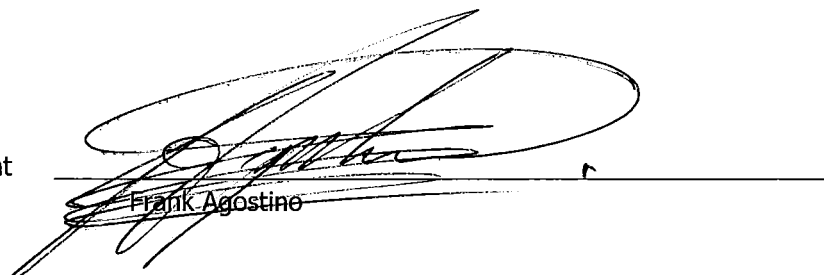
The Association employed 73 staff at the end of the financial year, (2018: 56). The Consolidated Entity employed 584 staff at year end (2018: 545).

Trustee or Director of Superannuation Entity

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

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

President



Frank Agostino

Dated this 24th day of May 2019

MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC. AND CONSOLIDATED ENTITIES

ABN 65 767 492 138

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2019

	<i>Note</i>	MTA		Consolidated	
		2019	2018	2019	2018
		\$	\$	\$	\$
Revenue					
Membership subscriptions		1,393,689	1,390,187	1,393,689	1,390,187
Commissions		84,336	288,651	84,336	288,651
Member function income		31,380	29,895	31,380	29,895
Rental income	2(a)	1,723,004	1,593,649	1,141,386	1,018,749
Sales – print & stationery		283,002	254,479	216,046	192,730
Apprentice income		-	-	19,927,654	17,477,281
Industry support		-	-	11,400	16,364
Profit on sale of asset		-	-	-	-
Other revenue	2(b)	3,919,068	3,271,236	563,682	272,566
Total revenue		7,434,479	6,828,097	23,369,573	20,686,423
Other Income					
Grants	2(c)	-	-	4,989,995	2,809,301
Total other income		-	-	4,989,995	2,809,301
Total income		7,434,479	6,828,097	28,359,568	23,495,724
Administration expenses		686,772	627,476	1,439,768	1,367,883
Advertising		18,082	46,805	249,277	230,939
Advocacy		787	3,112	787	3,112
Affiliation fees	3(a)	180,000	157,500	180,000	157,500
Amortisation of Goodwill		-	-	200,00	-
Apprentice training fees		-	-	259,173	167,882
Conferences and meeting expenses	3(b)	70,950	70,172	70,950	70,172
Cost of sales – print & stationery		144,677	99,129	144,677	99,129
Depreciation		249,095	329,410	901,386	737,740
Donations	3(d)	11,735	9,830	11,735	9,830
Employee expenses	3(e)	5,019,304	4,554,648	22,901,140	20,213,456
Grant expenses	3(c)	-	-	-	-
Insurance		66,951	61,446	124,645	125,363
Legal costs	3(f)	45,726	28,765	45,726	33,270
Motor vehicle costs		29,198	21,376	104,804	68,790
Motor trade journal		24,040	19,610	24,040	19,610
Property expenses	3(g)	443,198	411,058	443,198	411,058
Telephone		48,941	51,011	73,937	76,625
Travel		16,728	19,467	54,000	33,242
Loss on sale of asset		31,319	43,207	24,217	39,165
Loss / (Profit) on Revaluation of Investments		(30,000)	330,000	(30,000)	330,000
Costs from ordinary activities		7,057,503	6,884,022	27,223,460	24,194,766
Operating surplus/(deficit) from operating activities		376,976	(55,925)	1,136,108	(699,042)
Net finance income	2(d)	(93,005)	(115,327)	164,331	138,437
Surplus for the period		283,971	(171,252)	1,300,439	(560,605)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		283,971	(171,252)	1,300,439	(560,605)

The statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 7 to 33.

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

ABN 65 767 492 138

Statement of Changes in Equity

For the year ended 31 March 2019

<i>Note</i>	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accumulated Surplus:				
Opening accumulated surplus	10,457,685	9,689,653	19,545,692	19,167,013
Transfer from reserve on disposal	-	939,284	-	939,284
Surplus/(deficit) for the period	283,971	(171,252)	1,300,439	(560,605)
Closing accumulated surplus/(deficit)	10,741,656	10,457,685	20,846,131	19,545,692
 <u>Other comprehensive income</u>				
Items that will not be reclassified to profit or loss	-	-	-	-
 <u>Total comprehensive income for the period</u>	 283,971	 (171,252)	 1,300,439	 (560,605)
 Opening balance - fair value reserve	-	939,284	-	939,284
Transfer to accumulated surplus on disposal	-	(939,284)	-	(939,284)
Closing balance - fair value reserve	-	-	-	-
 Total equity at the end of the year	 10,741,656	 10,457,685	 20,846,131	 19,545,692

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 7 to 33.

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

ABN 65 767 492 138

Statement of Financial Position

As at 31 March 2019

		MTA		Consolidated	
	<i>Note</i>	2019	2018	2019	2018
		\$	\$	\$	\$
Assets					
Cash	4	2,181,684	1,630,187	3,751,103	3,198,015
Trade and other receivables	5	951,600	764,582	3,588,472	2,108,720
Inventories	6	55,154	56,854	60,283	62,020
Investments	7	3,740,587	3,649,091	5,917,770	5,773,957
Total current assets		6,929,025	6,100,714	13,317,628	11,142,712
Trade and other receivables	5	-	-	-	-
Investments	7	-	-	-	-
Investment property	8	4,762,273	4,720,000	4,762,273	4,720,000
Property, plant and equipment	9	4,829,979	4,972,178	7,960,982	7,816,539
Intangible Assets	10	-	-	-	-
Total non-current assets		9,592,252	9,692,178	12,723,255	12,536,539
Total assets		16,521,277	15,792,892	26,040,883	23,679,251
Liabilities					
Trade and other payables	11	1,308,925	976,430	3,347,397	2,450,716
Employee benefits	12	853,279	772,267	1,754,711	1,621,106
Borrowings	13	1,000	1,000	1,000	1,000
Total current liabilities		2,163,204	1,749,697	5,103,108	4,072,822
Employee benefits	12	91,644	60,737	91,644	60,737
Borrowings	13	3,524,773	3,524,773	-	-
Total non-current liabilities		3,616,417	3,585,510	91,644	60,737
Total liabilities		5,779,621	5,335,207	5,194,752	4,133,559
Net assets		10,741,656	10,457,685	20,846,131	19,545,692
Equity					
Accumulated surplus		10,741,656	10,457,685	20,846,131	19,545,692
Fair value reserve		-	-	-	-
Total equity		10,741,656	10,457,685	20,846,131	19,545,692

The statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 7 to 33.

**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.
AND CONSOLIDATED ENTITIES**
ABN 65 767 492 138

Statements of cash flows
For the year ended 31 March 2019

	<i>Note</i>	MTA		Consolidated	
		2019	2018	2019	2018
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts from customers		7,972,207	7,375,481	29,567,798	25,632,059
Cash paid to suppliers and employees		(7,085,721)	(7,042,787)	(27,952,909)	(25,373,375)
Cash generated from operations		886,486	332,694	1,614,889	258,684
Interest expense		(194,409)	(193,863)	-	-
Interest received		101,404	74,036	164,331	133,937
Distribution from MTAA House		-	4,500	-	4,500
Net cash from operating activities	<i>13</i>	793,481	217,367	1,779,220	397,121
Cash flows from investing activities					
Payments for investments		(91,496)	(1,734,425)	(143,813)	(1,745,411)
Proceeds from settlement of investments		-	2,010,334	-	1,987,425
Payments for property, plant and equipment		(123,032)	(250,954)	(1,079,492)	(722,215)
Proceeds from sale of property, plant and equipment		27,456	-	(2,827)	34,151
Net cash from investing activities		(241,984)	24,955	(1,226,132)	(446,050)
Cash flows from financing activities					
Loans from external parties		-	-	-	-
Net cash from financing activities		-	-	-	-
Net increase in cash and cash equivalents		551,497	242,322	553,088	(48,929)
Cash and cash equivalents at 1 April		1,630,187	1,387,865	3,198,015	3,246,944
Cash and cash equivalents at 31 March	<i>4</i>	2,181,684	1,630,187	3,751,103	3,198,015

The statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 7 to 33.

Notes to the consolidated financial statements

1. Significant accounting policies

The Motor Trade Association of SA Inc. (the "Association") is a not for profit entity and the entity is domiciled in South Australia. The consolidated financial report of the Association for the year ended 31 March 2019 comprises the Association and its subsidiaries (together referred to as the "Consolidated Entity").

The financial report was authorised for issue by the directors on 24th May 2019.

(a) Statement of compliance

The consolidated financial report of the Consolidated Entity and the financial report of the Association is a Tier 1 general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board, the Associations Incorporation Act 1985 (as amended), Fair Work (Registered Organisations) Act 2009 (RO Act) and the Australian Charities and Not-for-profits Commission Act 2012.

(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, except for investments and investment properties which are measured at fair value.

(i) Judgement and estimates

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 the Association and 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. Accounting estimates are discussed in the following notes;

- Note 7 Investments
- Note 8 Investment Property
- Note 9 Property, Plant and Equipment

(ii) Measurement of fair values

A number of the Association's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Association has an established control framework with respect to the measurement of fair values with all significant valuation issues reported to the Executive Committee.

When measuring fair value of an asset or a liability, the Association uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from process); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about the assumptions made in measuring fair values is included in the following noted:

- Note 7 - Investments
- Note 8 - Investment property

(c) **Going Concern**

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The result for the Association for the year ended 31 March 2019 was a surplus of \$283,971 (2018: deficit of \$171,252) and a net current asset surplus of \$4,765,821 (2018: net current asset surplus of \$4,351,017). Included in last years current liabilities for the Association is a loan of \$3,524,773, due by the Association to The MTA Group Training Scheme Inc, a wholly owned entity, as disclosed in Note 12. The Association has adopted this year, that no settlement of the loan will occur in the next 12 months based on formal resolutions made by the Board of each Association. The Board of Management believe the Association is a going concern due to the expected profitability of the business and the positive net operating cash flows generated from operating activities of \$793,481 (2018: \$217,367) continuing. It is on this basis the financial statements have been prepared on a going concern basis.

Other than the above, the parent entity is not reliant on any agreed financial support from any other controlled entity to continue on a going concern basis.

The reporting units do not provide financial support to any reporting entities to ensure they can continue on a going concern basis.

(d) **Basis of consolidation**

(i) **Subsidiaries**

Subsidiaries are entities controlled by the Association. Control exists when the Association is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

There are no changes in the nature of, and change in, the risks associated with its interest in consolidated structured entities.

There are no changes in the ownership interest of its subsidiaries that has resulted in a loss of control.

There are no changes in the control of subsidiaries during the reporting period.

(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.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(e) 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 (l)).

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 profit and loss as an expense as incurred.

The Association has a policy of valuing property owned by the Association every three years unless there is an indication of impairment. An impairment loss will be reflected in profit or loss if the valuation represents a devaluation below the initial cost recognised in the Statement of Financial Position.

(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 shorter of the leased term or estimated useful lives of the improvements.

Plant and equipment are depreciated from the date of acquisition. The straight line method is used.

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

Motor vehicles are depreciated over their expected useful economic life. Diminishing value method is used.

Furniture and fittings are depreciated over their expected useful economic life. The straight line method is used.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

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 Rates</u>	
	<u>2018/19</u>	<u>2017/18</u>
Plant & Equipment	6.6 to 50.0%	6.6 to 50.0%
Furniture & Fittings	10.0 to 33.3%	12.5 to 33.3%
Motor Vehicles	22.5 to 25.0%	22.5 to 25.0%
Buildings & Improvements	2.5 to 17%	2.5 to 17%

The residual value, if not insignificant, is reassessed annually.

(f) Expenses

Operating lease payments

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

Net financing costs

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

(g) Investments

The Consolidated Entity's non-current equity investments are classified as being available-for-sale and are carried at fair value.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

(i) Trade and other receivables

Adoption of AASB 9 has been applied from 1st January 2019 replacing AASB 39. Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less any impairment. (see accounting policy I).

Bad debts are measured using an expected credit loss model.

(j) 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.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank. 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.

(l) Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories (see accounting policy j), are reviewed at each reporting 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 profit and loss.

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.

(m) Income Tax

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

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

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(n) Employee benefits

Long-term service benefits

The Consolidated Entity's net obligation in respect of long-term service benefits, other than defined contribution 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 Australian Corporate bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

Short-term service benefits

A provision is made for leave, 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.

Leave is provided for at current rates of pay plus employment on costs. The Consolidated Entity's experience is that the majority of Annual Leave is taken as accrued, and future wage increases are incorporated into the provision calculation.

No provision is made for sick leave, which although cumulative is non-vesting. However, it is vesting for apprentices in the final year of their apprenticeship. As per their employment contract, the apprentice is only entitled to a portion of sick leave upon completion of their apprenticeship.

Termination benefits are expensed when the consolidated entity can no longer withdraw the offer of these benefits and when the consolidated entity recognises costs for restructuring. If any benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

(o) Provisions

A provision is recognised in the Statement of Financial Position 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.

(p) Trade and other payables

Liabilities are initially recognised for amounts to be paid in future for goods and services received by the Consolidated Entity at fair value and subsequently measured at amortised cost. Trade payables, are normally settled within 30 days.

(q) Interest Rate Risk

The Consolidated Entity has exposure to interest rate risk through its term deposits and also borrowings held with financial institutions and related parties. Information about the term deposits are set out in note 7 and information about the borrowings are set out in note 12.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(r) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in profit and loss when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at reporting 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 declared. Commissions are recognised when the Consolidated Entity has received a commission.

(ii) Rental income

Rental income from property is recognised in profit and loss 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.

(iv) Membership Income

Membership income from members is recognised in profit and loss on a straight- line basis over the financial year.

(s) 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 (continued)

1. Significant accounting policies (continued)

(t) Required Fair Work Commission Disclosures per Section 253

(i) Acquired assets

The individual entities have not acquired assets or liabilities during the financial year as a result of;

- a) an amalgamation under Part 2 of Chapter 3 of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- b) a restructure of the branches of the individual entities; or
- c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternate reporting structure for the individual entities; or
- d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued by an organisation under subsection 245(1).

(ii) Acquired assets and liabilities as a result of a business combination

- a) The individual entities have not acquired assets or liabilities during the financial year as part of a business combination.

(u) New standards and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 April 2018 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Consolidated Entity are set out below. The Consolidated Entity does not plan to adopt these standards early.

(i) AASB 15 Revenue from Contracts with customers

AASB 15 and AASB 1058 establishes a comprehensive framework for determining whether, how much and when, revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue, AASB 1004 Contributions, AASB 11 Construction Contracts and Interpretation 13 Customer Loyalty Programmes.

AASB 15 and AASB 1058 are effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted

The Consolidated Entity is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15 and AASB 1058.

Notes to the consolidated financial statements (continued)

(ii) AASB 16 Leases

AASB 16 Leases eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires the entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. The entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

The new standards apply to annual reporting periods beginning on or after 1 January 2019.

To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.

Thereafter, earnings before interest, depreciation, amortisation will increase because operating lease expenses currently included in profit or loss will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net surplus/loss in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years.

There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

(v) Changes in accounting policy

The Association has consistently applied the accounting policies set out in Note 1 to all periods presented in these consolidated financial statements.

(i) AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 39 Financial Instruments; Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 39.

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
2.a. Rental revenue				
Properties	1,723,004	1,593,649	1,141,386	1,018,749
	<u>1,723,004</u>	<u>1,593,649</u>	<u>1,141,386</u>	<u>1,018,749</u>
2.b. Other operating income				
Other services	67,692	5,352	482,750	179,259
Industrial services	80,932	93,307	80,932	93,307
Related party salaries and on costs recharge	2,804,544	2,366,577	-	-
Related party management fees	965,900	806,000	-	-
	<u>3,919,068</u>	<u>3,271,236</u>	<u>563,682</u>	<u>272,566</u>
2.c. Grants				
Government funds	-	-	4,989,995	2,809,301
	<u>-</u>	<u>-</u>	<u>4,989,995</u>	<u>2,809,301</u>
2.d. Net finance income				
Interest income	101,404	74,036	164,331	133,937
MTAA House distribution	-	4,500	-	4,500
<i>Less</i> related party interest ⁽¹⁾	(194,409)	(193,863)	-	-
Net Finance Income	<u>(93,005)</u>	<u>(115,327)</u>	<u>164,331</u>	<u>138,437</u>
⁽¹⁾ Interest is being charged at the bank rate plus 1% retrospectively to when the loan commenced on 25 July 2011.				
3.a. Affiliation fees				
Motor Trades Association of Australia	180,000	157,500	180,000	157,500
	<u>180,000</u>	<u>157,500</u>	<u>180,000</u>	<u>157,500</u>
3.b. Administration Expenses				
Fees/ allowances - meeting and conferences	-	-	-	-
AGM as required under rules of the organisation	6,917	6,114	6,917	6,114
Conferences and meeting expenses of members, councils, committees, panels or other bodies	64,033	64,058	64,033	64,058
	<u>70,950</u>	<u>70,172</u>	<u>70,950</u>	<u>70,172</u>
3.c. Grants				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3.d. Donations				
Total paid that were \$1,000 or less	2,690	785	2,690	785
Total paid that exceeded \$1,000	9,045	9,045	9,045	9,045
	<u>11,735</u>	<u>9,830</u>	<u>11,735</u>	<u>9,830</u>

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
3.e. Employees Expenses				
<u>Holders of office</u>				
Other employee expenses	4,253	6,198	4,253	6,198
Employee expenses holders of office	4,253	6,198	4,253	6,198
<u>Employees other than office holders</u>				
Wages and Salaries	4,251,303	3,897,621	19,876,101	17,601,413
Superannuation	446,940	369,772	1,727,096	1,518,360
Leave and other entitlements	28,946	32,365	169,072	164,423
Separation and redundancies	13,701	30,838	13,701	30,838
Other employee expenses	274,161	217,854	1,110,917	892,224
Employee expenses holders of office	5,015,051	4,548,450	22,896,887	20,207,258
Total employee expenses	5,019,304	4,554,648	22,901,140	20,213,456
3.f Legal costs				
Other legal costs	45,726	28,765	45,726	33,270
	45,726	28,765	45,726	33,270
There has been no litigation expenditure and are no litigation claims				
3.g. Property Expenses				
Airconditioning	20,489	16,602	20,489	16,602
Cleaning	47,226	43,850	47,226	43,850
Fire	11,429	6,613	11,429	6,613
Landscaping	16,073	10,315	16,073	10,315
Lift	3,069	3,000	3,069	3,000
Rates and Taxes	244,440	247,293	244,440	247,293
Repairs and maintenance	50,973	41,041	50,973	41,041
Security	2,987	2,844	2,987	2,844
Property Management Fees	46,512	39,500	46,512	39,500
	443,198	411,058	443,198	411,058
4. Cash				
Cash and cash equivalents	2,181,684	1,630,187	3,751,103	3,198,015
	2,181,684	1,630,187	3,751,103	3,198,015

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
5. Trade and other receivables				
Current				
<u>Receivables from other controlled entities</u>				
- The MTA Group Training Scheme	616,904	495,541	-	-
- Retail Motor Trading Co. Pty Ltd	-	-	-	-
Total receivables from other controlled entities	616,904	495,541	-	-
<u>Other receivables</u>				
Trade and other receivables	314,088	251,583	3,493,931	2,030,064
Prepayments	20,608	17,458	114,541	98,656
/ess Provision for doubtful debts	-	-	(20,000)	(20,000)
Total other Receivables	334,696	269,041	3,588,472	2,108,720
Total trade and other receivables (net)	951,600	764,582	3,588,472	2,108,720
Non-current				
Loan due from controlled entity Retail Motor Trading Co. Pty Ltd	-	-	-	-
	-	-	-	-
6. Inventories				
Stationery	40,092	43,669	40,092	43,669
Printing	15,062	13,185	20,191	18,351
	55,154	56,854	60,283	62,020
7. Investments				
Current Investments				
Fixed term deposit	3,740,587	3,649,091	5,917,770	5,773,957
	3,740,587	3,649,091	5,917,770	5,773,957
<u>Details of Terms Deposits held</u>				
	Maturity	Amount		
		\$		
<u>Motor Trade Association of SA Inc</u>				
Commonwealth Bank	20-Jun-19	2,035,803		
Commonwealth Bank	26-Aug-19	1,659,291		
<u>MTA Group Training Scheme Inc</u>		\$		
Commonwealth Bank	15-Jul-19	690,641		
Commonwealth Bank	26-Aug-19	1,475,357		
Shares in Non-Listed Investments				
MTAA Superannuation Fund Pty Limited (ACN 008 650 628)	1	1	1	1
	1	1	1	1

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
8. Investment Property				
Balance at 1 April	4,720,000	5,050,000	4,720,000	5,050,000
Reclassification from property, plant and equipment	-	-	-	-
Acquisitions	12,273	-	12,273	-
Gain / (loss) on revaluation of investments	30,000	(330,000)	30,000	(330,000)
Balance at 31 March	4,762,273	4,720,000	4,762,273	4,720,000

The fair value of investment property was determined by external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value determined is based on capitalisation of income approach therefore recognised as Level 2 fair value in accordance with AASB 13 Fair Values Measurement.

46 Fullarton Road Norwood was valued by Mr. N Bell B.Bus (Property) FAPI of Knight Frank Valuations Pty Ltd at 31 March 2019 at a "willing buyer/seller" market value of \$3,000,000 which assumed a capitalisation rate of 7.5%.

3 Schenker Drive Royal Park was valued by Mr T Walker B.Bus (Property) AAPI of Knight Frank Valuations at 31 March 2019 at a "willing buyer/seller" market value of \$1,750,000 which assumed a capitalisation rate of 7.25%.

The next valuation due is March 2020.

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment

	MTA				Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Other	
Cost					
Balance at 1 April 2017	5,989,858	2,835,129	100,989	152,660	9,078,636
Acquisitions	-	194,568	-	56,384	250,952
Disposals	-	(880)	-	(51,312)	(52,192)
Balance at 31 March 2018	5,989,858	3,028,817	100,989	157,732	9,277,396
Balance at 1 April 2018	5,989,858	3,028,817	100,989	157,732	9,277,396
Acquisitions	-	78,496	5,448	26,815	110,759
Disposal	-	(149,933)	(32,251)	-	(182,184)
Balance at 31 March 2019	5,989,858	2,957,380	74,186	184,547	9,205,971
Depreciation and impairment losses					
Balance at 1 April 2017	2,105,919	1,756,012	62,947	84,341	4,009,219
Depreciation charge for the year	110,368	190,913	5,522	22,607	329,410
Disposals	-	(824)	-	(32,587)	(33,411)
Balance at 31 March 2018	2,216,287	1,946,101	68,469	74,361	4,305,218
Balance at 1 April 2018	2,216,287	1,946,101	68,469	74,361	4,305,218
Depreciation charge for the year	48,317	174,367	5,809	20,602	249,095
Disposal	-	(146,067)	(32,254)	-	(178,321)
Balance at 31 March 2019	2,264,604	1,974,401	42,024	94,963	4,375,992
Carrying amounts					
At 1 April 2017	3,883,939	1,079,117	38,042	68,319	5,069,417
At 31 March 2018	3,773,571	1,082,716	32,520	83,371	4,972,178
At 1 April 2018	3,773,571	1,082,716	32,520	83,371	4,972,178
At 31 March 2019	3,725,254	982,979	32,162	89,584	4,829,979

Notes to the consolidated financial statements (continued)

Property, plant and equipment (continued)

	Consolidated				
	Land and buildings	Plant and equipment	Fixtures and fittings	Other	Total
Cost					
Balance at 1 April 2017	5,989,858	4,505,033	272,985	3,837,404	14,605,280
Acquisitions	-	555,722	9,816	156,677	722,215
Disposals	-	(106,256)	(6,179)	(117,586)	(230,021)
Balance at 31 March 2018	5,989,858	4,954,499	276,622	3,876,495	15,097,474
Balance at 1 April 2018	5,989,858	4,954,499	276,622	3,876,495	15,097,474
Acquisitions	-	534,945	55,353	476,921	1,067,219
Disposals	-	(396,095)	(55,080)	-	(451,175)
Balance at 31 March 2019	5,989,858	5,093,349	276,895	4,353,416	15,713,518
Depreciation and impairment losses					
Balance at 1 April 2017	2,105,919	3,019,803	220,275	1,362,031	6,708,028
Depreciation charge for the year	110,368	388,853	13,668	224,851	737,740
Disposals	-	(86,723)	(6,179)	(71,931)	(164,833)
Balance at 31 March 2018	2,216,287	3,321,933	227,764	1,514,951	7,280,935
Balance at 1 April 2018	2,216,287	3,321,933	227,764	1,514,951	7,280,935
Depreciation charge for the year	48,317	406,171	15,396	431,502	901,386
Disposals	-	(377,380)	(52,405)	-	(429,785)
Balance at 31 March 2019	2,264,604	3,350,724	190,755	1,946,453	7,752,536
Carrying amounts					
At 1 April 2017	3,883,939	1,485,230	52,710	2,475,373	7,897,252
At 31 March 2018	3,773,571	1,632,566	48,858	2,361,544	7,816,539
At 1 April 2018	3,773,571	1,632,566	48,858	2,361,544	7,816,539
At 31 March 2019	3,725,254	1,742,625	86,140	2,406,963	7,960,982

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 of Management assessed appropriate economic life of the buildings. This assessment takes into account the style, position and state of repair of the buildings concerned.

81-83 Greenhill Road Wayville was valued by Mr. N Bell B.Bus (Property) FAPI of Knight Frank Valuations Pty Ltd at 31 March 2018 using a capitalisation of income approach using a rate of 7.50% at a "willing buyer/seller" market value of \$6,750,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement.

3 Frederick Road Royal Park was valued by Mr. T Walker B.Bus (Property) AAPI of Knight Frank Valuations at 31 March 2018 using a capitalisation of income approach using a rate of 8.50% at a "willing buyer/seller" market value of \$6,250,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement

The next valuation due is March 2021.

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2019	2018	2019	2018
10. Intangible assets	\$	\$	\$	\$
Acquisition of Vtech contracts of training	-	-	200,000	-
Amortisation of goodwill	-	-	(200,000)	-
Balance at 31 March	-	-	-	-

Business Combination

MTA acquired the contracts of training and some fixed assets of VTECH Pty Ltd on 20th August 2018 for \$229,040 consideration paid in cash.

The identifiable assets and liabilities of the acquiree on the date of acquisition were as follows:

	\$
Property, plant & equipment	97,700
Employee entitlements	(68,660)
Identifiable assets and liabilities acquired	29,040
Goodwill acquired and written down to nil	200,000

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
11. Trade and other payables				
Subscriptions in advance	48,582	179,917	48,582	179,917
Other trade payables	741,327	728,227	3,298,815	2,270,799
Consideration to employers for payroll deductions	-	-	-	-
Legal costs	-	-	-	-
Subtotal trade creditors	789,909	908,144	3,347,397	2,450,716
<u>Payable to other controlled entities</u>				
The MTA Group Training Scheme Inc.	519,016	68,286	-	-
Subtotal payables to other controlled entities	519,016	68,286	-	-
Total trade payables	1,308,925	976,430	3,347,397	2,450,716

12. Employee benefits

Current

Office holders

The Board of Management receive no compensation for their roles

Employee provisions - office holders	-	-	-	-
<u>Employees other than office holders</u>				
Annual Leave	313,900	292,315	1,213,092	1,141,067
Long service leave	631,023	540,689	631,023	540,689
Other	-	-	2,240	87
Employee provisions - other than office holders	944,923	833,004	1,846,355	1,681,843
Total Employee provisions	944,923	833,004	1,846,355	1,681,843
Current	853,279	772,267	1,754,711	1,621,106
Non Current	91,644	60,737	91,644	60,737
Total Employee provisions	944,923	833,004	1,846,355	1,681,843

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
13. Borrowings				
Current				
Commonwealth mortgage on 3 Schenker Drive Royal Park	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Non -Current				
MTA Group Training Scheme Inc.	3,524,773	3,524,773	-	-
	<u>3,524,773</u>	<u>3,524,773</u>	<u>-</u>	<u>-</u>
	<u>3,525,773</u>	<u>3,525,773</u>	<u>1,000</u>	<u>1,000</u>

14(a). Reconciliation of cash flows from operating activities

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash and cash equivalents				
Cash on hand	2,181,684	1,630,187	3,751,103	3,198,015
Total cash & cash equivalents	<u>2,181,684</u>	<u>1,630,187</u>	<u>3,751,103</u>	<u>3,198,015</u>
Cash flows from operating activities				
Profit for the period	283,971	(171,252)	1,300,439	(560,605)
<i>Adjustments for:</i>				
(Profit)/Loss on disposal	31,319	43,207	24,217	39,165
(Gain)/Loss on Revaluation	(30,000)	-	(30,000)	-
Depreciation	249,095	329,410	901,386	737,740
Amortisation of Goodwill	-	-	200,000	-
Operating profit before changes in working capital and provisions	<u>534,385</u>	<u>201,365</u>	<u>2,396,042</u>	<u>216,300</u>
(Increase)/decrease in trade and other receivables	(187,018)	(123,114)	(1,479,752)	(222,926)
(Increase)/decrease in intangible assets	-	-	(200,000)	-
(Increase)/decrease in inventories	1,700	(16,157)	1,737	(19,085)
(Decrease)/increase in trade and other payables	332,495	86,276	896,681	284,632
Increase in provisions and employee benefits	111,919	68,997	164,512	138,200
Cash generated from the operations	<u>793,481</u>	<u>217,367</u>	<u>1,779,220</u>	<u>397,121</u>

Financing Facilities

A Line of Credit Facility of \$1,000,000 (2018 - \$1,000,000), is available to The Motor Trade Association of South Australia at 31 March 2019. At that date, \$1,000 of this facility was in use (2018 - \$1,000).

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

The loan from the MTA Group Training Scheme Inc. is repayable within 90 days upon a written request being made by the lender, however a resolution was passed by the MTA Group Training Scheme that no settlement would be sought within the next 12 months.

Notes to the consolidated financial statements (continued)

14b. Reconciliation of cash flows from operating activities

	MTA		Consolidated	
	2019	2018	2019	2018
Cash inflows				
MTA Group Training Scheme Inc	4,302,200	3,718,763	-	-
Retail Motor Trading Co. Pty Ltd	-	-	-	-
Total Cash inflows	4,302,200	3,718,763	-	-
Cash outflows				
MTA Group Training Scheme Inc	(275,580)	(225,932)	-	-
Total Cash inflows	(275,580)	(225,932)	-	-

15. Contingencies

Estimates of the maximum amount of contingent liabilities that may become payable	556,000	379,000	2,465,100	2,122,100
---	---------	---------	-----------	-----------

In the event of the winding up of the Motor Trade Association of Australia Limited, the Motor Trade Association of South Australia Inc. has a limited liability of \$100.

During a period of an economic downturn, it is appropriate to provide for a contingent liability which may arise for the return of apprentices and trainees from host employers and not being able to place those apprentices and trainees with alternate host employers. Should this occur and all apprentice and trainees are returned, the cost to the consolidated entity would be \$1,909,000 (2018:\$1,743,000), whilst the cost to the Association for training staff entitlements would be \$556,000 (2018:\$379,000). The likelihood of realisation of contingencies and payout is considered remote based of recent period actual payments and expectations of future periods.

16. Consolidated Entities

	Principal Activity	Country of Incorporation	Australian Business Number	Ownership Interest	
				2019	2018
Parent entity					
The Motor Trade Association of South Australia Inc.	Employer association	Australia	65 767 492 138	100%	100%
Controlled entities					
The MTA - Group Training Scheme Inc.	Group training scheme for apprentices and trainees	Australia	36 459 968 347	100%	100%
Retail Motor Trading Co. Pty Ltd	Investment	Australia	ACN 008 166 194	100%	100%

There are no significant restrictions on the Consolidated Entity to access or use the assets and settle the liabilities of the group.

Notes to the consolidated financial statements (continued)

17. Related party transactions

The Associations transactions receivable from MTA Group Training Scheme

	2019	2018
<u>Statement of Comprehensive Income</u>	\$	\$
Management Fees	965,900	806,000
Staff Salaries and on costs	2,804,544	2,366,577
Rental of 3 Frederick Road	586,163	574,900
Printing sales	66,956	61,749
Staff Training	-	-
Provision of services for governments grants	-	-
	<u>4,423,563</u>	<u>3,809,226</u>

Management fees relate to time spent by MTA staff on MTA Group Training Scheme related issues.

Statement of Comprehensive Income

Interest on Loan of \$3,524,773 payable to MTA Group Training Scheme)	(194,409)	(193,863)
	<u>(194,409)</u>	<u>(193,863)</u>

Statement of Financial Position

Trade and other receivables	616,904	495,541
Trade and other payables	(519,016)	(68,286)
Borrowings	(3,524,773)	(3,524,773)
	<u>(3,426,885)</u>	<u>(3,097,518)</u>

18. Key management personnel for the reporting period

The following were key management personnel of the Motor Trade Association of South Australia during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Paul Unerkov Tracy Simpson Russell Smith Tim Buckley
 Mario Marrone Anna Moeller Emma Flenley

	MTA		Consolidated	
	2019	2018	2019	2018
<u>Short term employee benefits</u>	\$	\$	\$	\$
Salary (including annual leave taken)	912,575	906,274	912,575	906,274
Annual leave accrued	92,334	116,437	92,334	116,347
Performance Bonus	-	-	-	-
Other major categories	-	-	-	-
Total employee provisions	<u>1,004,909</u>	<u>1,022,711</u>	<u>1,004,909</u>	<u>1,022,621</u>
<u>Post - employment benefits</u>				
Superannuation	89,616	90,692	89,616	90,692
Total post- employment benefits	<u>89,616</u>	<u>90,692</u>	<u>89,616</u>	<u>90,692</u>
<u>Other long term benefits</u>				
Long service leave	54,115	-	54,115	-
Total post- employment benefits	<u>54,115</u>	<u>-</u>	<u>54,115</u>	<u>-</u>
<u>Termination benefits</u>				
Termination	-	-	-	-
Total termination benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

19. Remuneration to Auditors

	MTA		Consolidated	
	2019	2018	2019	2018
<u>Value of services to Auditors</u>	\$	\$	\$	\$
Financial statement audit	22,713	19,895	34,025	40,804
Other assurance services	-	-	-	-
Tax services	-	-	-	-
Advisory Services	-	18,327	-	18,327
Total remuneration to auditors	22,713	38,222	34,025	59,131

20. Financial Risk Management Objectives and Policies

The Consolidated Entity activities expose it primarily to the financial risks in credit, liquidity and market risk.

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments.

The Consolidated Entity's financial assets consist mainly of cash and short term bank secured investments, available for sale assets, trade and other receivables and investments in a Unit Trust. The Consolidated Entity's financial liabilities comprise trade and other payables. The main purpose of these financial instruments is to invest surplus member funds in order to maximise returns while not exposing the Consolidated Entity to a high level of risk.

The Board of Management has established an investment policy designed to establish controls and monitor these risks. The Consolidated Entity's Audit Committee oversees how management monitors compliance with these policies.

a. Credit Risk

(i) Exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has established a credit policy under which new customers are analysed individually for credit worthiness before being offered standard credit terms. The Consolidated Entity's exposure is continuously monitored and limits reviewed. Trade receivables consist of a large number of members and customers spread across diverse trades within South Australia. The Consolidated entity does not have any significant credit risk exposure to any single party. The credit risk on liquid funds is mitigated by ensuring that authorised bank deposits are held with major banking institutions.

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum credit risk exposure at the reporting date was:

Credit Risk Exposure

	MTA		Consolidated	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash and Cash Equivalents	2,181,684	1,630,187	3,751,103	3,198,015
Trade and other receivables - current	951,600	732,832	3,588,472	2,108,720
Investments - current	3,740,587	3,649,091	5,917,770	5,773,957
Investments - non current	-	31,750	-	31,750
Trade and other receivables - non current	-	-	-	-
	6,873,871	6,043,860	13,257,345	11,112,442

Notes to the consolidated financial statements (continued)

The Ageing of the Consolidated trade and other receivables at the reporting date was as follows

	MTA				Consolidated			
	2019		2018		2019		2018	
	\$	\$	\$	\$	\$	\$	\$	
	Carrying Value	Provision	Net Value	Net Value	Carrying Value	Provision	Net Value	Net Value
Current	939,593	-	939,593	742,671	3,002,826	(20,000)	2,982,826	2,009,179
Past Due 0-30 days	3,502	-	3,502	5,159	551,548	-	551,548	78,482
Past Due 31-60 days	2,952	-	2,952	2,278	18,253	-	18,253	3,921
Past Due 61- 90 days	1,398	-	1,398	3,405	8,359	-	8,359	5,156
More than 90 days	4,155	-	4,155	11,069	27,486	-	27,486	11,982
	951,600	-	951,600	764,582	3,608,472	(20,000)	3,588,472	2,108,720

b. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices in particular interest rates. The Consolidated Entity manages the financial risk relating to its investments set out in accordance with its Investment Policy and is reviewed annually.

(i) Exposure to interest rate risk

At the reporting date the interest profile of the Consolidated Entity's interest bearing financial instruments was:

(i) Exposure to Interest Rate Risk

		MTA		Consolidated	
		2019	2018	2019	2018
		\$	\$	\$	\$
Cash and Cash Equivalents	4	2,181,684	1,630,187	3,751,103	3,198,015
Investments - current	7	3,740,587	3,649,091	5,917,770	5,773,957
Secured mortgage on 3 Schenker Drive	12	(1,000)	(1,000)	(1,000)	(1,000)
Receivables due to other controlled entities non-current	12	(3,524,773)	(3,524,773)	-	-
		2,396,498	1,753,505	9,667,873	8,970,972

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	MTA			
	Profit and Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 March 2019				
Cash and Cash Equivalents	21,817	(21,817)	21,817	(21,817)
Investments - current	37,406	(37,406)	37,406	(37,406)
Receivables due to other controlled entities	(35,247)	35,247	(35,247)	35,247
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	23,966	(23,966)	23,966	(23,966)
31 March 2018				
Cash and Cash Equivalents	16,302	(16,302)	16,302	(16,302)
Investments - current	36,491	(36,491)	36,491	(36,491)
Receivables due to other controlled entities	(35,247)	35,247	(35,247)	35,247
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	17,536	(17,536)	17,536	(17,536)

Notes to the consolidated financial statements (continued)

	Consolidated			
	Profit and Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 March 2019				
Cash and Cash Equivalents	37,511	(37,511)	37,511	(37,511)
Investments - current	58,611	(58,611)	58,611	(58,611)
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>96,111</u>	<u>(96,111)</u>	<u>96,111</u>	<u>(96,111)</u>
31 March 2018				
Cash and Cash Equivalents	31,980	(31,980)	31,980	(31,980)
Investments - current	57,740	(57,740)	57,740	(57,740)
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>89,710</u>	<u>(89,710)</u>	<u>89,710</u>	<u>(89,710)</u>

c. Liquidity Risk Liquidity Risk is the risk that the Consolidated Entity does not have sufficient resources to meet its obligations when they become due and payable, or will have to do so at excessive cost. The Consolidated Entity's policy is designed to ensure that there are sufficient funds to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements.

	MTA				Consolidated			
	Carrying Amount	Contractual cash flows	6 months or less	12 months or less	Carrying Amount	Contractual cash flows	6 months or less	12 months or less
	\$	\$	\$		\$	\$	\$	
31 March 2019								
Accounts payable	1,308,925	1,308,925	1,308,925	-	3,347,397	3,347,397	3,347,397	-
Borrowings - current	1,000	1,000	1,000	-	1,000	1,000	1,000	-
Borrowings from controlled entities - non-current	3,524,773	3,524,773	-	3,524,773	-	-	-	-
	<u>4,834,698</u>	<u>4,834,698</u>	<u>1,309,925</u>	<u>3,524,773</u>	<u>3,348,397</u>	<u>3,348,397</u>	<u>3,348,397</u>	<u>-</u>
31 March 2018								
Accounts payable	976,430	976,430	976,430	-	2,450,716	2,450,716	2,450,716	-
Borrowings - current	1,000	1,000	1,000	-	1,000	1,000	1,000	-
Borrowings from controlled entities - non-current	3,524,773	3,524,773	-	3,524,773	-	-	-	-
	<u>4,502,203</u>	<u>4,502,203</u>	<u>977,430</u>	<u>3,524,773</u>	<u>2,451,716</u>	<u>2,451,716</u>	<u>2,451,716</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

d. Fair Values

Fair Values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

31 March 2019	MTA		Consolidated	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Cash and Cash Equivalents	2,181,684	2,181,684	3,751,103	3,751,103
Trade and other receivables - current	951,600	951,600	3,588,472	3,588,472
Short Term Bank Secured Investments	3,740,587	3,740,587	5,917,770	5,917,770
Investments - non-current	-	-	-	-
Investments - Property	4,762,273	4,762,273	4,762,273	4,762,273
Trade and other payables	(1,308,925)	(1,308,925)	(3,347,397)	(3,347,397)
Receivables due to other controlled entities non-current	(3,524,773)	(3,524,773)	-	-
	6,802,446	6,802,446	14,672,221	14,672,221

31 March 2018	MTA		Consolidated	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Cash and Cash Equivalents	1,630,187	1,630,187	3,198,015	3,198,015
Trade and other receivables	732,832	732,832	2,076,970	2,076,970
Short Term Bank Secured Investments	3,649,091	3,649,091	5,773,957	5,773,957
Investment - non current	31,750	31,750	31,750	31,750
Investments - Property	4,720,000	4,720,000	4,720,000	4,720,000
Trade and other payables	(976,430)	(976,430)	(2,450,716)	(2,450,716)
Receivables due to other controlled entities non-current	(3,524,773)	(3,524,773)	-	-
	6,262,657	6,262,657	13,349,976	13,349,976

e. Fair value hierarchy

The following tables provide an analysis of financial and non financial assets and liabilities that are carried at fair value, by fair value hierarchy. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2019	Date of Valuation	MTA			Consolidated		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value							
Cash and Cash Equivalents	31-Mar-19	2,181,684	-	-	3,751,103	-	-
Trade and other receivables - current	31-Mar-19	951,600	-	-	3,588,472	-	-
Investments - current	31-Mar-19	3,740,587	-	-	5,917,770	-	-
Investments - non-current	31-Mar-19	-	-	-	-	-	-
Investments – Property	31-Mar-19	-	4,762,273	-	-	4,762,273	-
TOTAL		6,873,871	4,762,273	-	13,257,345	4,762,273	-
Liabilities measured at Fair Value							
Trade and other payables	31-Mar-19	1,246,580	-	-	2,835,852	-	-
Receivables due to other controlled entities non-current	31-Mar-19	3,524,773	-	-	-	-	-
TOTAL		4,771,353	-	-	2,835,852	-	-

Notes to the consolidated financial statements (continued)

31 March 2018	Date of Valuation	Level 1	MTA			Consolidated		
			Level 2	Level 3	Level 1	Level 2	Level 3	
Assets measured at fair value								
Cash and Cash Equivalents	31-Mar-18	1,630,187	-	-	3,198,015	-	-	-
Trade and other receivables - current	31-Mar-18	732,832	-	-	2,076,970	-	-	-
Investments - current	31-Mar-18	3,649,091	-	-	5,773,957	-	-	-
Investments - non-current	31-Mar-18	-	31,750	-	-	31,750	-	-
Investments - Property	31-Mar-18	-	4,720,000	-	-	4,720,000	-	-
TOTAL		<u>6,012,110</u>	<u>4,751,750</u>	<u>-</u>	<u>11,048,942</u>	<u>4,751,750</u>	<u>-</u>	<u>-</u>
Liabilities measured at Fair Value								
Trade and other payables	31-Mar-18	976,430	-	-	2,450,716	-	-	-
Receivables due to other controlled entities non-current	31-Mar-18	3,524,773	-	-	-	-	-	-
TOTAL		<u>4,501,203</u>	<u>-</u>	<u>-</u>	<u>2,450,716</u>	<u>-</u>	<u>-</u>	<u>-</u>

Fair Values

For Financial assets and Financial liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

e. Capital risk management

The Consolidated Entity's policy is to maintain a strong capital base for its members confidence and future development of the industry and to ensure the Consolidated Entity will be able to continue as a going concern.

The Consolidated Entity is not subject to any externally imposed capital requirements.

21. Operating leases as lessor

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are receivable as follows;

	2019	2018
Less than one year	541,535	707,148
Between one and five years	532,021	1,060,276
More than five years	-	-
	<u>1,073,556</u>	<u>1,767,424</u>

The Association leases out a number of offices under operating leases. The leases typically run for a period of two to five years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals based on a fixed annual percentage increase or CPI.

22. Subsequent events

There are no matters or circumstances that 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.

Notes to the consolidated financial statements (continued)

23. Information to be provided to members or Commissioner

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

- (1) A member of a reporting unit, or the Commissioner, 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).

24. 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, South Australia premises.

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

25. 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; and
- Training apprentices for the retail motor industry.

26. A Melville Memorial Fund

Funds amounting to \$3,776 are held on behalf of the A Melville Memorial Fund and invested with the Association funds as interest earning deposits.

Notes to the consolidated financial statements (continued)

27. Members of Board of Management

The names of the Members of the Association's Board of Management during the financial year, unless indicated otherwise were:

Frank Agostino	Phillip Turner	
Neville Gibb	Mark Flynn	
Clive Polley	David Vincent	
Peter Roberts	Marcus Baldacchino	
Ron Lewis	Mark McGuire	
Jeff Williams	Robert Duns	
Bill Lane	John Hitchcock	
Brenton Stein	Michael McMichael	24 Jul 2018 – Current
Dale John	Colin Butcher	01 April 2018 – 06 Aug 2018
Kym Webber		
Tracy Butler		

The names of the members of the MTA Group Training Scheme's Board of Directors during the financial year, unless indicated otherwise were:

Frank Agostino	Clive Polley	
Neville Gibb	Ron Lewis	
Peter Roberts	Colin Butcher	01 April 2018 – 06 Aug 2018

No member of the Board of Management of the Association receives any remuneration (except travel cost reimbursement).

28. Other disclosures required

The following disclosures are made for the purposes of section 253 of the Fair Work Australia (Registered Organisations) Act 2009.

The reporting unit has not received revenue for;

- Capitation fees
- Donations
- Compulsory levies
- Wages activity

The reporting unit has not paid expenses for;

- Capitation fees
- Compulsory levies
- Consideration for employers for payroll deductions of membership subscriptions
- Penalties - via RO Act of RO Regulations

The reporting unit has not accrued expenses for;

- Separation and redundancies
- Legal costs relating to legal or litigation matters
- Payables to employers as consideration for the employers making payroll deductions of membership subscriptions

The reporting unit does not and is not required by the rules of the organisation to have a fund or account for;

- Compulsory levies
- Voluntary contributions

Notes to the consolidated financial statements (continued)

28. Other disclosures required (continued)

The reporting unit did not have another entity administer the financial affairs of the reporting unit

The reporting unit has not made a payment to a former related party of the reporting unit

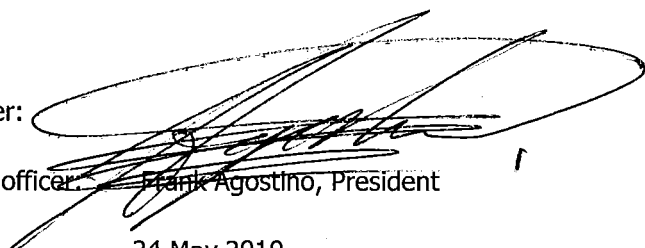
The reporting unit did not transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity.

**THE MOTOR TRADE ASSOCIATION
OF SOUTH AUSTRALIA INC.
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 MARCH 2019**

The Board of Management presents the expenditure report as required under subsection 255(2A) on the Motor Trade Association of SA Inc for the year ended 31 March 2019

Categories of expenditures	MTA		Consolidated	
	2019 \$	2018 \$	2019 \$	2018 \$
Remuneration and other employment related costs and expenses - employees	5,019,304	4,554,648	22,681,601	20,213,456
Advertising	18,082	46,805	248,772	230,939
Operating costs	1,964,129	2,244,759	3,941,378	3,708,056
Donations to political parties	9,045	9,045	9,045	9,045

Signature of designated officer:



Name and title of designated officer: Frank Agostino, President

Dated:

24 May 2019

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

On 24th of May 2019 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 31 March 2019.

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 (AASB) adopted by the Australian Accounting Standards Board and Associations Incorporation Act 1985 (as amended);
- (b) the 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 financial statements and notes give a true and fair view of, the financial performance, financial position and cash flows of 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; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Board of Management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - (ii) 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
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under Section 272 of the RO Act, that information has been provided to the member or Commissioner; and
 - (vi) where any orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
 - (vii) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution passed by the Board of Management.

Signature of designated officer:

Name and title of designated officer: Frank Agostino, President

Dated:

24 May 2019

**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 Management, 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 2018/2019 financial year;
- [ii] the Board of Management has reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due;
- [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 Management.


Frank Agostino

Neville Gibb



Dated this 24th day of May 2019

**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 Management, 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)	2019	2018
received or due and receivable, by	\$	\$
officers of the Association.	-	-

Signed pursuant to a resolution of the Board of Management.



Frank Agostino

Neville Gibb



Dated this 24th day of May 2019



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Motor Trade Association of South Australia Inc. (the reporting unit) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and Board of Management's declaration and the subsection 255(2A) report.

In our opinion the accompanying financial report of the Group, presents fairly, in all material respects the Group's financial position as at 31 March 2019 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

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 reporting unit in accordance with 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.

Report on Other Legal and Regulatory Requirements

In addition:

- (i) There were kept by the registered entity in relation to the year ended 31 March 2019 satisfactory accounting records, including:
- (ii) records of the sources and nature of the income of the entity, including income from members; and
- (iii) records of the nature and purpose of the expenditure of the entity;
- (iv) the general purpose financial report is presented fairly in accordance with applicable
- (v) Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*;
- (vi) we have obtained all information and explanations required in accordance with section s257 of the *Fair Work (Registered Organisations) Act 2009*; and



(vii) as part of our audit of the entity, we are of the opinion that management's use of the going concern basis of financial reporting is appropriate.

Other information

Board of Management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report for the year ended 31 March 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 on the other information obtained prior to the date of this auditor's report, 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 Board of Management for the Financial Report

The Board of Management of the reporting unit are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Associations Incorporation Act 1985 (as amended), the Fair Work (Registered Organisations) Act 2009 (RO Act) and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the Board of Management 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 Board of Management are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the registered entity or to cease operations, or has 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 my 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 Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's 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 Reporting Unit'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 my 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 Reporting Unit 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 Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during our audit.

This description forms part of our auditor's report.

Declaration by the auditor

I, Paul Gosnold, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

BDO Audit (SA) Pty Ltd

Paul Gosnold
Director

Adelaide, 31 May 2019

Registration number (as registered by the RO Commissioner under the Act): AA2017/182



3 April 2019

Frank Agostino
President
Motor Trade Association of South Australia Incorporated
Sent via email: mta@mtaofsa.com.au

Dear Frank Agostino,

**Re: Lodgement of Financial Report - FR2019/9
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Motor Trade Association of South Australia Incorporated (the reporting unit) ended on 31 March 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 29 June 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 30 September 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

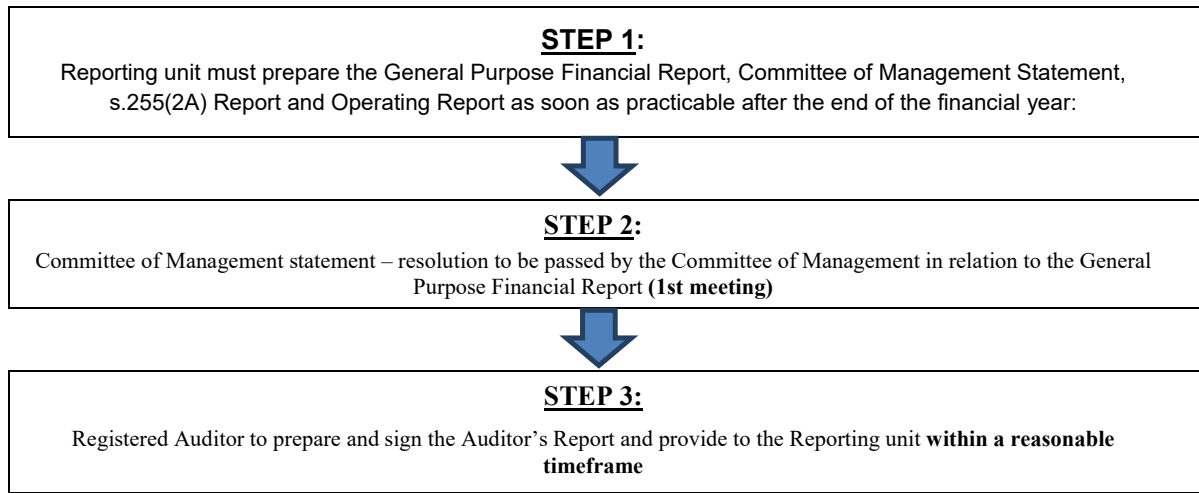


Fact sheet

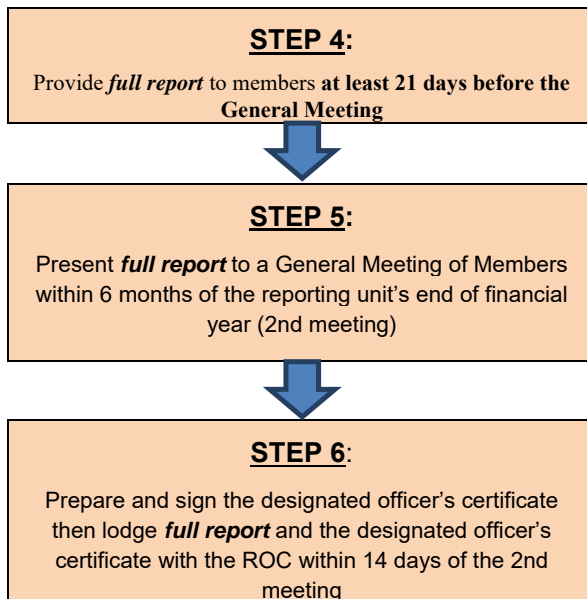
Summary of financial reporting timelines – s.253 financial reports

General Information:

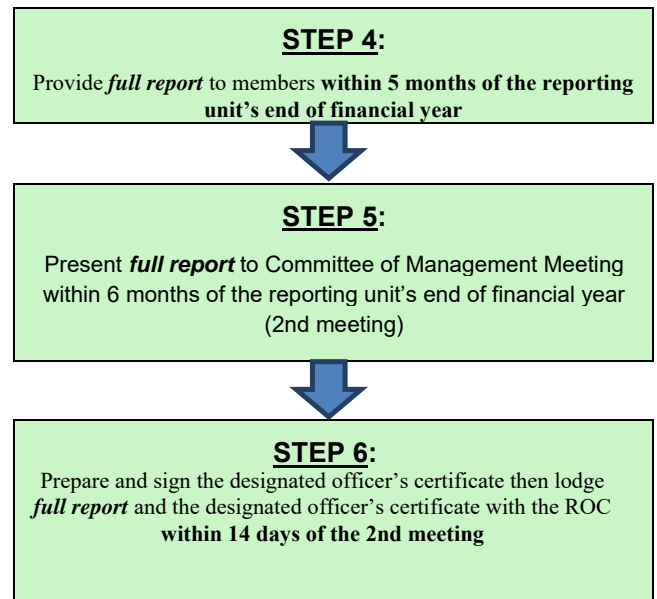
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT
AT GENERAL MEETING OF MEMBERS
(this is the default process in the RO Act)



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT
COMMITTEE OF MANAGEMENT MEETING
(Special rules must be in the rulebook to use this process)



Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
<p>X The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p>✓ The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p>X The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p>✓ The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p>X The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p>✓ The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p>X Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p>✓ Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p>X Any auditor can audit a financial report</p>	<p>✓ Only registered auditors can audit the financial report</p>
<p>X The Committee of Management statement can be signed at any time</p>	<p>✓ The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p>X Any reporting unit can present the Full Report to a second COM meeting</p>	<p>✓ Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p>X Everything can be done at one Committee of Management meeting</p>	<p>✓ If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p>X The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p>✓ The reporting unit must lodge the financial report within 14 days of the second meeting</p>

© Commonwealth of Australia 2018

This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
✘ Only reporting units must lodge the Statement.	✔ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘ Employees can sign the Statement.	✔ The statement must be signed by an elected officer of the relevant branch.
✘ Statements can be lodged with the financial report.	✔ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

	2017	2016
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au