



AUSTRALIAN INDUSTRIAL REGISTRY

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80 William Street, East Sydney, NSW 2011
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Ref: FR2003/669-[066N]

Mr James McCall
Chief Executive Officer
Motor Traders' Association of New South Wales
Locked Bag 5012
DARLINGHURST NSW 2010

Dear Mr McCall

Re: **Motor Traders' Association of New South Wales**
Financial Reporting Obligations under *Workplace Relations Act 1996*

This is a courtesy letter to remind you of the financial reporting obligations of the abovenamed body under the *Workplace Relations Act 1996* ('the Act') for the financial year ended 31 December, 2003.

While the accounting, auditing and reporting obligations have changed with the introduction of the *Registration and Accountability of Organisations Schedule* (the RAO Schedule) which generally came into operation on 12 May 2003, Part IX, Division 11 of the Act continues to apply in relation to a financial year of an organisation that ends on 31 December, 2003. The corresponding obligations set out in the RAO Schedule apply to each financial year of an organisation that starts on or after 1 July 2003.

Now that the financial year for 31 December, 2003 has ended, it is timely that you put in train the various steps of the financial reporting requirements. To assist you with this process I have enclosed for your information a notice summarising these requirements including the time-scales prescribed by the legislation.

Please note that a branch of an organisation may be exempted from the accounting, auditing and reporting obligations in respect of a financial year by satisfying a Registrar that the branch did not have any financial affairs during the financial year. An application under subsection 271A(1) of the Act must be made within 90 days (unless extended by a Registrar) after the end of the financial year.

Please do not hesitate to contact me on (02) 8374 6618 if you wish to discuss the financial reporting requirements, especially if you anticipate any difficulty in meeting any step in the time-scales prescribed.

Yours sincerely

Belinda Penna

E-mail: belinda.penna@air.gov.au
12 January 2004



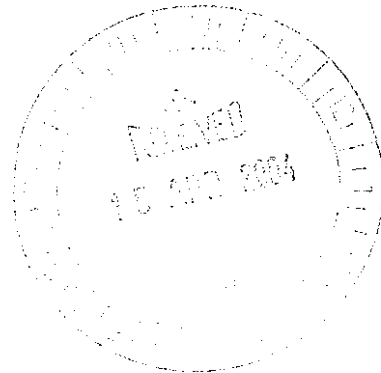
Deal with Someone You Can Trust

43-51 Brisbane Street (Locked Bag 5012) Darlinghurst NSW 2010
Phone: 02 9213 4222 Facsimile: 02 9212 6889
Website: www.mtansw.com.au
ABN: 63 000 008 088

*The Voice of the
Motor Industry*

30th March 2004

Deputy Industrial Registrar
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney NSW 2001



CHIEF EXECUTIVE OFFICER'S CERTIFICATE

In accordance with Section 268 of Schedule 1B Registration and Accountability of Organisations of the Workplace Relations Act, 1996, I certify that the enclosed copy of the Honorary Treasurer's Report which incorporates the Auditor's Report and Financial Statements for the year ended 31st December, 2003, that were presented to the Annual General Meeting of the Motor Traders' Association held on 26th March, 2004.

Attached is the Executive Board's (Committee of Management) Certificate incorporating a resolution arising out of a meeting of the Executive Board.

In accordance with the MTA Committee of Management resolution a concise financial report was compiled for information of members and subsequently published within the February 2004 edition of the MTA Journal (copy attached).

James McCall

CHIEF EXECUTIVE OFFICER

Before me:

A Justice of the Peace (G.D.P.)
Solicitor of the Supreme
Court of NSW



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TREASURERS REPORT

FINANCIAL YEAR 2003

The 2003 accounts for MTA NSW show that the board of MTA has been able to deliver to member's good financial control. This has been very difficult with some very tough decision having to be made in providing good services to members, while reducing cost.

Summarily been no easy task with major income been down with the loss of rent income by 37%, but on the positive side many Departments have fulfilled this task extremely well with the Stationery Department up by 36%, Training Department up by 46%.

The Association costs in 2003 have had been reduced by 28%, with the crucial reduction been in employee costs. Many businesses have had to face the fact of reducing costs or increasing production. The board in 2003 has set in motion many new initiatives, which will take MTA foreword in the coming years so that the association is less reliant on member's fees. MTA finance along with MTA Apprentships and Training are two new services that are now available to members along with MTA Insurance. These services can only progress with member support in using these services.

This year has seen a more accurate set of accounts given to members and in a much more simplified manner in which all members can read.

The Board has made a guideline in 2003 of informing the Governing Council of the actual financial situation and year-end forecast at each council meeting and intends to further develop the current system in 2004.

My gratitude goes to the President and Board for 2003 in their support and help and to the Management and staff of MTA NSW.

**MOTOR TRADERS' ASSOCIATION OF
NEW SOUTH WALES**



FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

DISCUSSION & ANALYSIS by Finance Director (Philip Perdikaris)

Statement of Financial Performance

The Association and its subsidiaries as represented in the financial statements as the Economic Entity experienced a operating deficit of \$328,738 for the year as compared to a deficit of \$2,169,490 in 2002. MTA as represented in the financial statements as the Parent Entity made a operating surplus of \$4,575 as compared to the deficit of \$1,994,761 in 2002. The Insurance Brokerage business which was the only trading subsidiary of the MTA incurred a deficit of \$333,313 as against \$396,125 in 2002.

Statement of Financial Position

The net assets of the Association have increased this year by \$811,702 after taking into account the deficit of the Insurance Brokerage.

The investment in the MTAA House Unit Trust was re-valued leading to an increase in the value of this investment of \$863,047. The Associations property holdings in Surry Hills were also re-valued to market adding another \$273,423. The property at 53-55 Brisbane street has been sold for \$5,750,000 which represents an \$1,750,000 excess over its valuation.

Property, Plant & Equipment decreased throughout the year by \$76,220. There were no major capital purchases made.

Current Assets decreased by \$258,227 mainly due to the decrease in trade debtors due to better collection rates than in 2002 and the decrease in cash holding mainly due to the policy of investing any excess cash against interest bearing liabilities.

Payables increased by \$239,150 mainly due to increases in subscriptions received in advance and the deposit received for sale of Brisbane Street. Trade Payables and Accruals actually decreased. Employee provisions decreased by \$90,212 as a result of less staff in 2003.

Interest bearing liabilities have decreased by \$403,939 during the year. This was due to mainly a decrease in motor vehicle leases \$277,941 and bank bills \$170,000.

Statement of Cash Flows

The Association experienced net operating cash outflows of \$63,869 this year as compared to last years outflow of \$1,262,609. MTA experienced a positive operating cash flow of \$220,248 as against last years outflow of \$922,077.

The Association experienced net investing cash inflows of \$372,263 due predominantly to the receipt of a deposit on the sale of the land and building at 53-55 Brisbane Street, Surry Hills.

The Association experienced net financing cash outflows of \$447,941 due to the repayment of bank bills and lease liabilities. The Association managed to pay back \$170,000 of its bank bills in 2003 as against having to borrow \$1,511,385 in 2002 to fund its operations. This represented a positive difference of \$1,681,385.

Overall the Association experienced a total net cash outflow of \$139,547. The significant point about the cash position is that the Association managed to not to have to borrow any extra funds in 2003 but reduced its interest bearing liabilities by \$403, 939 as against the year 2002 in which it increased these by \$1,734,174 from the year 2001.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

Summary

The result of 2003 can be split into two areas.

MTA's (excluding the Insurance Brokerage) positive result of \$4,575 is a significant turnaround from the consecutive losses of the last 2 years of \$2,289,616. (\$1,994,761 in 2002) (\$294,855 in 2001). A positive budget has been set for 2004.

The Insurance Brokerage deficit of \$333,313 is disappointing but was expected. The Brokerage suffered from a high fixed cost structure in the form of employees as compared to its revenue. This was rectified in December 2003. The Brokerage now employs two full time staff as compared to up to 4.5 in the past. A breakeven budget for the 12 months to December 2004 has been set.

New initiatives started include a Joint Venture in the form of MTA Finance Pty Ltd which is a non bank financier which was incorporated in October 2003. Apprentice Plus Ltd which is a apprenticeship and trainee employer has also been started as a Joint Venture. The MTA is not committed to any major funding for both these ventures.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
Revenue from ordinary activities	3	5,255,158	5,440,509	5,217,684	5,418,603
Expenses from ordinary activities	4	(5,381,175)	(7,492,489)	(5,010,388)	(7,295,854)
Borrowing costs expense		<u>(202,721)</u>	<u>(117,510)</u>	<u>(202,721)</u>	<u>(117,510)</u>
Surplus / (Deficit) from ordinary activities before income tax expense	5	(328,738)	(2,169,490)	4,575	(1,994,761)
Income tax expense relating to ordinary activities	1(a),6	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus / (Deficit) from ordinary activities after related income tax expense		<u>(328,738)</u>	<u>(2,169,490)</u>	<u>4,575</u>	<u>(1,994,761)</u>
Net increase in asset revaluation reserves		<u>1,140,440</u>	<u>1,732,896</u>	<u>1,140,440</u>	<u>1,732,896</u>
Total changes in members funds	16	<u>811,702</u>	<u>(436,594)</u>	<u>1,145,015</u>	<u>(261,865)</u>

The above Statement of Financial Performance is to be read in conjunction with the attached notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003**

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
CURRENT ASSETS					
Cash assets		34,423	129,968	1,350	76,163
Receivables	7	356,243	526,871	895,552	661,049
Inventories	8	<u>103,237</u>	<u>95,291</u>	<u>103,237</u>	<u>95,291</u>
TOTAL CURRENT ASSETS		<u>493,903</u>	<u>752,130</u>	<u>1,000,139</u>	<u>832,503</u>
NON CURRENT ASSETS					
Other financial assets	9	5,120,827	4,253,760	5,121,830	4,254,763
Property, plant & equipment	10	<u>9,099,365</u>	<u>9,175,585</u>	<u>9,084,540</u>	<u>9,156,491</u>
TOTAL NON CURRENT ASSETS		<u>14,220,192</u>	<u>13,429,345</u>	<u>14,206,370</u>	<u>13,411,254</u>
TOTAL ASSETS		<u>14,714,095</u>	<u>14,181,475</u>	<u>15,206,509</u>	<u>14,243,757</u>
CURRENT LIABILITIES					
Payables	11	2,265,627	2,026,477	2,252,103	1,916,134
Provisions	12	278,303	368,515	278,303	368,515
Interest bearing liabilities	13	<u>2,598,553</u>	<u>2,791,997</u>	<u>2,598,553</u>	<u>2,791,997</u>
TOTAL CURRENT LIABILITIES		<u>5,142,483</u>	<u>5,186,989</u>	<u>5,128,959</u>	<u>5,076,646</u>
NON CURRENT LIABILITIES					
Provisions	14	6,277	30,358	6,277	30,358
Interest bearing liabilities	15	<u>179,865</u>	<u>390,360</u>	<u>179,865</u>	<u>390,360</u>
TOTAL NON CURRENT LIABILITIES		<u>186,142</u>	<u>420,718</u>	<u>186,142</u>	<u>420,718</u>
TOTAL LIABILITIES		<u>5,328,625</u>	<u>5,607,707</u>	<u>5,315,101</u>	<u>5,497,364</u>
NET ASSETS		<u>9,385,470</u>	<u>8,573,768</u>	<u>9,891,408</u>	<u>8,746,393</u>
MEMBERS' FUNDS					
Accumulated funds	16	3,111,270	3,440,008	3,617,208	3,612,633
Reserves	17	<u>6,274,200</u>	<u>5,133,760</u>	<u>6,274,200</u>	<u>5,133,760</u>
TOTAL MEMBERS' FUNDS	16	<u>9,385,470</u>	<u>8,573,768</u>	<u>9,891,408</u>	<u>8,746,393</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	Economic Entity		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from subscriptions		3,511,489	2,958,988	3,511,489	2,958,988
Receipts from stationery sales		906,583	583,856	906,583	583,856
Interest received		17,102	6,391	17,102	18,891
Other income received		1,747,236	2,268,485	1,557,432	2,090,886
Payments to suppliers and employees		(6,043,558)	(6,966,411)	(5,569,597)	(6,460,780)
Interest paid		(202,721)	(113,918)	(202,761)	(113,918)
Net cash provided by/(used in) operating activities	18(c)	(63,869)	(1,262,609)	220,248	(922,077)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant & equipment		(13,905)	(183,645)	(11,428)	(162,361)
Proceeds on sale of property, plant & equipment		386,168	80,148	386,218	80,148
Net cash provided by/(used in) investing activities		372,263	(103,497)	374,790	(82,213)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		(170,000)	1,511,385	(170,000)	1,511,385
Repayment of lease liabilities		(277,941)	(214,483)	(277,941)	(214,483)
Net loan provided to related entities		-	-	(265,912)	(404,032)
Net cash provided by/(used in) financing activities		(447,941)	1,296,902	(713,853)	892,870
Net decrease in cash held		(139,547)	(69,204)	(118,815)	(111,420)
Cash at the beginning of the year		129,968	199,172	76,163	187,583
Cash at the end of the year	18(a)	(9,579)	129,968	(42,652)	76,163

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements constitute a general purpose financial report of The Motor Traders' Association of New South Wales that have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements, the requirements of the Associations Incorporations Act (New South Wales) and the Workplace Relations Act 1996. The financial report has also been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial statements.

(a) Income tax

The Association adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the surplus from ordinary activities before income tax adjusted for any permanent differences.

Non-member income of the Association is only assessable for tax, as member income is excluded under the principle of mutuality.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

(b) Principles of Consolidation

The economic entity comprises the financial report of Motor Traders' Association of New South Wales and its controlled entities. A controlled entity is any entity controlled by Motor Traders' Association of New South Wales. Control exists where Motor Traders' Association of New South Wales has the capacity to dominate the decision making in relation to the financial and operating policies of another so that the other entity operates with Motor Traders' Association of New South Wales to achieve the objectives of Motor Traders' Association of New South Wales. Details of the controlled entities are contained at Note 21 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average cost basis.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant & equipment

Property, plant and equipment are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation or amortisation.

Plant and equipment are depreciated on a diminishing value basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use. Leased plant and equipment are amortised on a straight-line basis over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

Class of plant & equipment	Depreciation Rate
Buildings	1%
Furniture, fittings and equipment	20% to 30%
Motor vehicles	33.3%
Leased plant and equipment	33.3%
Leased motor vehicles	25% to 33.3%

The carrying amount of property, plant and equipment is reviewed annually by the Association's officers to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight-line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Employee entitlements

Provision is made for the Association's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year have been measured at their nominal amount.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Cash

For the purposes of the statement of cash flows, cash includes cash on hand, at banks and on deposit.

(h) Accounts receivable

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(i) Investments

Non-current investments are measured at fair value. A net revaluation increment relating to a class of non-current investments is credited to an asset revaluation reserve except that, to the extent that the increment reverses a revaluation decrement previously recognised as an expense in respect of the same class of investments, it is recognised as revenue.

(j) Accounts payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(k) Interest bearing liabilities

Commercial bills are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

(l) Revenue Recognition

Revenues are recognised on an accruals basis, when the amount of revenue can be measured reliably and it is probable that it will be received by the company.

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

Subscription income received prior to the period to which it relates is brought to account as a liability "subscription received in advance".

(m) Comparative figures

Where required by Accounting Standards and the Workplace Relations Act 1996 and where the format of the financial report has been changed to suit the needs of the members, comparative figures have been adjusted to conform to these changes in presentation for the current year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 2: NOTICE REQUIRED UNDER THE WORKPLACE RELATIONS ACT 1996

In accordance with the requirements of the Workplace Relations Act 1996, the attention to the members is drawn to the provisions of sub-section (1), (2) and (3) of section 274, which reads as follows: -

1. A member of an organisation, or a registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
2. An organisation shall, on application made under sub-section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
3. A registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 3: REVENUES FROM ORDINARY ACTIVITIES				
Subscriptions received	2,949,360	2,927,855	2,949,360	2,927,855
Commission received	105,303	80,235	105,303	80,235
Stationery and merchandise sales	724,166	530,778	724,166	530,778
Interest received	17,102	6,391	60,265	18,891
Training fees received	645,137	441,873	645,137	441,873
MTA journal and yearbook revenues	130,832	107,867	130,832	107,867
Affiliation fees	127,799	93,593	127,799	93,593
Rent	178,499	282,033	203,495	294,533
Profit on disposal of non-current assets	1,796	21,585	1,796	21,585
Sponsorship income	-	89,514	-	89,514
Events revenue	78,292	758,487	78,292	758,487
Other revenue	296,872	100,298	191,239	53,392
Total revenue from ordinary activities	<u><u>5,255,158</u></u>	<u><u>5,440,509</u></u>	<u><u>5,217,684</u></u>	<u><u>5,418,603</u></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Economic Entity		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
NOTE 4: EXPENSES FROM ORDINARY ACTIVITIES				
Cost of goods sold	392,303	321,881	392,303	321,881
Employee related expense	2,357,532	3,412,053	2,120,145	3,142,016
Occupancy & equipment expenses	278,561	409,135	272,979	401,916
Depreciation & amortisation	266,356	308,374	259,877	308,374
Events expenses	15,438	247,601	15,438	247,601
Travel expenses	297,560	519,250	276,572	488,859
MTAA subscriptions & expenses	411,021	417,698	411,021	417,698
Marketing expenses	359,755	874,418	349,393	853,408
Administrative expenses	347,659	349,170	334,237	343,711
Other expenses from ordinary activities	<u>654,990</u>	<u>632,909</u>	<u>578,423</u>	<u>770,390</u>
Total expenses from ordinary activities	<u>5,381,175</u>	<u>7,492,489</u>	<u>5,010,388</u>	<u>7,295,854</u>

NOTE 5: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES

Surplus/(deficit) from ordinary activities includes:

Gain on disposal of property, plant and equipment	1,796	21,585	1,796	21,585
Interest received	17,102	6,391	60,265	18,891
Amortisation of leased assets	160,296	174,868	160,296	174,868
Depreciation of property, plant and equipment	106,060	133,506	99,581	133,506
Borrowing Costs:				
- Interest on leases	47,226	50,194	47,226	50,194
- Interest on loans	155,495	67,316	155,495	67,316
Bad debts	20,416	132,297	17,356	132,297
Provision for doubtful debts	(23,560)	58,060	(20,500)	276,397
Auditors' remuneration				
- audit of the financial report	28,000	28,000	28,000	28,000
- other services	<u>15,640</u>	<u>14,433</u>	<u>9,640</u>	<u>8,433</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 6: INCOME TAX EXPENSE				
Prima facie tax payable on operating surplus/(deficit) before income tax at 30%	(98,621)	(650,847)	1,373	(508,428)
Less tax effect of:				
- non-taxable member income arising from principle of mutuality	(1,373)	508,428	(1,373)	508,428
- non-allowable items	(3,931)	(5,452)	-	-
	<u>(103,925)</u>	<u>(147,871)</u>	<u>-</u>	<u>-</u>
Current period loss not brought to account as future income tax benefit	<u>103,925</u>	<u>147,871</u>	<u>-</u>	<u>-</u>
Income tax expense attributable to operating surplus/(deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 NOTE 7: RECEIVABLES				
Accounts receivable	129,187	346,801	126,789	257,784
Less: Provision for doubtful debts	<u>(34,500)</u>	<u>(58,060)</u>	<u>(34,500)</u>	<u>(55,000)</u>
	<u>94,687</u>	<u>288,741</u>	<u>92,289</u>	<u>202,784</u>
Amounts due from subsidiaries	-	-	763,104	429,032
Less: Provision against amounts due from subsidiaries	-	-	(221,397)	(221,397)
Other debtors	122,768	9,721	122,768	22,221
Prepayments	<u>138,788</u>	<u>228,409</u>	<u>138,788</u>	<u>228,409</u>
	<u>261,556</u>	<u>238,130</u>	<u>803,263</u>	<u>458,265</u>
Total receivables	<u>356,243</u>	<u>526,871</u>	<u>895,552</u>	<u>661,049</u>
 NOTE 8: INVENTORIES				
Stationery, merchandise and other	<u>103,237</u>	<u>95,291</u>	<u>103,237</u>	<u>95,291</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 9: OTHER FINANCIAL ASSETS				
Investments				
- Unlisted shares	50	-	1,053	1,003
- Listed shares	3,970	-	3,970	-
- Unlisted units in MTAA House Unit Trust	5,116,807	4,253,760	5,116,807	4,253,760
	<u>5,120,827</u>	<u>4,253,760</u>	<u>5,121,830</u>	<u>4,254,763</u>

The Unlisted units in The MTAA House Unit Trust are valued based on the net asset value of the Unit Trust as at 30 June 2003.

NOTE 10: PROPERTY PLANT & EQUIPMENT

Freehold land and buildings - at valuation

43 – 51 Brisbane Street, Surry Hills	4,550,000	4,517,839	4,550,000	4,517,839
53 – 55 Brisbane Street, Surry Hills	4,000,000	3,900,000	4,000,000	3,900,000
Less: Provision for depreciation	-	(92,403)	-	(92,403)
	<u>8,550,000</u>	<u>8,325,436</u>	<u>8,550,000</u>	<u>8,325,436</u>

Furniture, fittings, and equipment - at cost	597,274	366,928	575,971	345,643
Less: Provision for depreciation	(371,740)	(97,829)	(365,262)	(95,638)
	<u>225,534</u>	<u>269,099</u>	<u>210,709</u>	<u>250,005</u>

Motor vehicles - at cost	64,490	-	64,490	-
Less: Provision for depreciation	(45,075)	-	(45,075)	-
	<u>19,415</u>	<u>-</u>	<u>19,415</u>	<u>-</u>

Leased motor vehicles – at cost	448,050	718,734	448,050	718,734
Less: Accumulated amortisation	(173,397)	(209,480)	(173,397)	(209,480)
	<u>274,653</u>	<u>509,254</u>	<u>274,653</u>	<u>509,254</u>

Leased plant & equipment – at cost	95,365	315,790	95,365	315,790
Less: Accumulated amortisation	(65,602)	(243,994)	(65,602)	(243,994)
	<u>29,763</u>	<u>71,796</u>	<u>29,763</u>	<u>71,796</u>
	<u>9,099,365</u>	<u>9,175,585</u>	<u>9,084,540</u>	<u>9,156,491</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 10: PROPERTY PLANT & EQUIPMENT (continued)

An independent valuation of the freehold land & buildings was performed by Colliers International on 27 February 2003. A revaluation of the land and buildings was performed on the basis of this valuation. Subsequent to the end of the financial year, the property at 53-55 Brisbane Street, Surry Hills was sold for consideration in excess of its carrying amount.

Movements in Carrying Amounts

	\$	\$	\$	\$	\$	\$
	Land & Buildings	Furniture, Fittings and Equipment	Motor Vehicles	Leased Motor Vehicles	Leased Plant & Equipment	Total
Economic Entity						
Balance at the beginning of the year	8,325,436	269,099	-	509,254	71,796	9,175,585
Additions	877	13,028	-	-	-	13,905
Disposals	-	(269)	-	(96,923)	-	(97,192)
Transfers	-	-	19,415	(19,415)	-	-
Revaluations	273,423	-	-	-	-	273,423
Depreciation and amortisation	(49,736)	(56,324)	-	(118,263)	(42,033)	(266,356)
Balance at the end of the year	<u>8,550,000</u>	<u>225,534</u>	<u>19,415</u>	<u>274,653</u>	<u>29,763</u>	<u>9,099,365</u>
Parent Entity						
Balance at the beginning of the year	8,325,436	250,005	-	509,254	71,796	9,156,491
Additions	877	10,551	-	-	-	11,428
Disposals	-	(2)	-	(96,923)	-	(96,925)
Transfers	-	-	19,415	(19,415)	-	-
Revaluations	273,423	-	-	-	-	273,423
Depreciation and amortisation	(49,736)	(49,845)	-	(118,263)	(42,033)	(259,877)
Balance at the end of the year	<u>8,550,000</u>	<u>210,709</u>	<u>19,415</u>	<u>274,653</u>	<u>29,763</u>	<u>9,084,540</u>

Economic Entity

Parent Entity

2003

2002

2003

2002

\$

\$

\$

\$

NOTE 11: PAYABLES - CURRENT

Accounts payable	343,269	485,927	329,745	390,584
Other creditors and accruals	542,283	695,508	542,283	680,508
Deposits received in advance	323,125	-	323,125	-
Subscriptions received in advance	1,056,950	845,042	1,056,950	845,042
	<u>2,265,627</u>	<u>2,026,477</u>	<u>2,252,103</u>	<u>1,916,134</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Economic Entity		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
NOTE 12: PROVISIONS – CURRENT				
Provision for annual leave	174,351	240,359	174,351	240,359
Provision for long service leave	<u>103,952</u>	<u>128,156</u>	<u>103,952</u>	<u>128,156</u>
	<u>278,303</u>	<u>368,515</u>	<u>278,303</u>	<u>368,515</u>

NOTE 13: INTEREST BEARING LIABILITIES - CURRENT

Bank overdraft	44,002	-	44,002	-
Commercial bills	2,430,000	2,600,000	2,430,000	2,600,000
Lease liabilities	<u>124,551</u>	<u>191,997</u>	<u>124,551</u>	<u>191,997</u>
	<u>2,598,553</u>	<u>2,791,997</u>	<u>2,598,553</u>	<u>2,791,997</u>

The commercial bills are secured by a registered mortgage over the property situated at 43-51 and 53-55 Brisbane Street, Surry Hills NSW 2010.

NOTE 14: PROVISIONS – NON CURRENT

Provision for long service leave	<u>6,277</u>	<u>30,358</u>	<u>6,277</u>	<u>30,358</u>
Aggregate employee provisions	<u>284,580</u>	<u>398,873</u>	<u>284,580</u>	<u>398,873</u>
Average number of employees throughout the year	<u>35</u>	<u>44</u>	<u>32</u>	<u>40</u>

NOTE 15: INTEREST BEARING LIABILITIES – NON CURRENT

Lease liabilities	<u>179,865</u>	<u>390,360</u>	<u>179,865</u>	<u>390,360</u>
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 16: ACCUMULATED FUNDS AND TOTAL MEMBERS FUNDS				
Accumulated Funds				
Balance at the beginning of the year	3,440,008	5,609,498	3,612,633	5,607,394
Net surplus/(deficit) for the year	<u>(328,738)</u>	<u>(2,169,490)</u>	<u>4,575</u>	<u>(1,994,761)</u>
Balance at the end of the year	<u>3,111,270</u>	<u>3,440,008</u>	<u>3,617,208</u>	<u>3,612,633</u>
Total Members Funds				
Balance at the beginning of the year	8,573,768	9,010,362	8,746,393	9,008,258
Total changes in members funds recognised in the statement of financial performance	(328,738)	(2,169,490)	4,575	(1,994,761)
Revaluations in the year	<u>1,140,440</u>	<u>1,732,896</u>	<u>1,140,440</u>	<u>1,732,896</u>
Balance at the end of the year	<u>9,385,470</u>	<u>8,573,768</u>	<u>9,891,408</u>	<u>8,746,393</u>
NOTE 17: RESERVES				
Asset Revaluation Reserve	<u>6,274,200</u>	<u>5,133,760</u>	<u>6,274,200</u>	<u>5,133,760</u>
Movement in Reserves				
Balance at the beginning of the year	5,133,760	3,400,864	5,133,760	3,400,864
Revaluation of Land & Buildings	273,423	1,400,000	273,423	1,400,000
Revaluation of investment in MTAA House Unit Trust	863,047	332,896	863,047	332,896
Investment in NRMA	<u>3,970</u>	<u>-</u>	<u>3,970</u>	<u>-</u>
Balance at the end of the year	<u>6,274,200</u>	<u>5,133,760</u>	<u>6,274,200</u>	<u>5,133,760</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

Economic Entity

Parent Entity

2003
\$

2002
\$

2003
\$

2002
\$

NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and on deposit. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:-

Cash on hand and at bank	34,423	129,968	1,350	76,163
Bank overdraft	<u>(44,002)</u>	<u>-</u>	<u>(44,002)</u>	<u>-</u>
	<u>(9,579)</u>	<u>129,968</u>	<u>(42,652)</u>	<u>76,163</u>

(b) Financing facilities

A Commercial Bill Facility of \$3,600,000 (2002 - \$2,600,000) was available to the Association at 31 December 2003. As at that date, the amount utilised under this facility was \$2,430,000 (2002 - \$2,600,000).

An Asset Finance Facility of \$450,000 (2002: \$650,000) was available to the Association at 31 December 2003. As at that date, the amount utilised under this facility was \$304,416 (2002 - \$582,357).

(c) Reconciliation of net cash provided by operating activities to operating surplus/(deficit)

Operating surplus/(deficit) after income tax	(328,738)	(2,169,490)	4,575	(1,994,761)
Amortisation	160,296	174,868	160,296	174,868
Depreciation	106,060	133,506	99,581	133,506
Profit on sale of property, plant and equipment	(1,796)	(21,585)	(1,796)	(21,585)
Change in assets and liabilities:				
(Increase)/decrease in trade debtors	194,054	(17,259)	110,495	68,698
(Increase)/decrease in other receivables	(32,518)	145,375	(88,178)	337,616
(Increase)/decrease in inventories	(7,946)	88,391	(7,946)	88,391
Increase/(decrease) in creditors and accruals	(251,165)	619,973	(154,395)	507,578
Increase/(decrease) in subscriptions in advance	211,908	(220,607)	211,908	(220,607)
Increase/(decrease) in provisions	<u>(114,024)</u>	<u>4,219</u>	<u>(114,292)</u>	<u>4,219</u>
Net cash provided by /(used in) operating activities	<u>(63,869)</u>	<u>(1,262,609)</u>	<u>220,248</u>	<u>(922,077)</u>

d) Non-cash investing activities.

During the year the Association acquired plant and equipment with a value of \$Nil (2002: \$348,050) by means of finance lease. These acquisitions are not reflected in the statement of cash flows.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

NOTE 19: INTEREST RATE RISK

(a) Interest rate risk

The Association has exposure to interest rate risk through its bank borrowing facilities. The Association also has an exposure to interest rate risk through its cash investments.

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2003 (Economic Entity)	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within a Year		Fixed Interest Rate Maturing Within 1 to 5 Years		Non Interest Bearing		Total	
	2003 %	2002 %	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Financial assets												
Cash	3.0	2.1	34,423	129,968	-	-	-	-	-	-	34,423	129,968
Receivables	-	-	-	-	-	-	-	-	94,687	288,741	94,687	288,741
Investments	-	-	-	-	-	-	-	-	5,120,827	4,253,760	5,120,827	4,253,760
			<u>34,423</u>	<u>129,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,215,514</u>	<u>4,542,501</u>	<u>5,249,937</u>	<u>4,672,469</u>
Financial liabilities												
Bank overdraft	9.1	-	44,002	-	-	-	-	-	-	-	44,002	-
Bank loans	5.8	5.7	-	-	2,430,000	2,600,000	-	-	-	-	2,430,000	2,600,000
Trade and sundry creditors	-	-	-	-	-	-	-	-	885,552	1,181,435	885,552	1,181,435
Income received in advance	-	-	-	-	-	-	-	-	1,380,075	845,042	1,380,075	845,042
Lease liabilities	8.8	8.8	-	-	124,551	191,997	179,865	390,360	-	-	304,416	582,357
			<u>44,002</u>	<u>-</u>	<u>2,554,551</u>	<u>2,791,997</u>	<u>179,865</u>	<u>390,360</u>	<u>2,265,627</u>	<u>2,026,477</u>	<u>5,044,045</u>	<u>5,208,834</u>

(b) Credit risk

The credit risk on financial assets of the Association which have been recognised on the balance sheet, is the carrying amount of any net provisions for doubtful debts. The Association is not materially exposed to any individual debtor.

(c) Net fair value

The balance sheet carrying amounts of the Association's financial assets and liabilities approximate net fair value where the value is the present value of contractual future cash flows.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 20: COMMITMENTS FOR EXPENDITURE

	Economic Entity		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
Finance Leasing Commitments				
Payable				
- not longer than 1 year	156,909	229,856	156,909	229,856
- longer than 1 year but not longer than 5 years	<u>188,367</u>	<u>448,408</u>	<u>188,367</u>	<u>448,408</u>
Minimum lease payments	345,276	678,264	345,276	678,264
Less: future finance charges	<u>(40,860)</u>	<u>(95,907)</u>	<u>(40,860)</u>	<u>(95,907)</u>
Total lease liability	<u>304,416</u>	<u>582,357</u>	<u>304,416</u>	<u>582,357</u>
The lease liability is disclosed as:				
Current (Note 13)	124,551	191,997	124,551	191,997
Non-current (Note 14)	<u>179,865</u>	<u>390,360</u>	<u>179,865</u>	<u>390,360</u>
Total	<u>304,416</u>	<u>582,357</u>	<u>304,416</u>	<u>582,357</u>

The Association has acquired various plant and equipment and motor vehicles by means of finance lease. The lease terms vary up to a period of 5 years.

Capital Commitments

There are no capital expenditure commitments as at 31 December 2003.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 21: CONTROLLED ENTITIES

Controlled Entity	Country of Incorporation	Percentage Owned	
		2003 %	2002 %
Parent Entity:			
Motor Traders' Association of New South Wales	Australia		
Controlled Entities:			
Motor Traders' Insurance Brokers Pty Limited	Australia	100	100
MTA Financial and Insurance Brokers Pty Limited *	Australia	100	100
MTA Finance Pty Limited **	Australia	50	-

* MTA Financial and Insurance Brokers Pty Limited changed its name from MTA Financial and Insurance Services Pty Limited on 14 February 2002.

** MTA Finance Pty Limited was registered on 31 October 2003.

NOTE 22: RELATED PARTY TRANSACTIONS

During the year the following transactions took place with related parties.

MTA Financial and Insurance Brokers Pty Limited

During the year, Motor Traders' Association of New South Wales incurred net expenses of \$334,072 (2002: \$420,045) on behalf of MTA Financial and Insurance Brokers Pty Limited.

At 31 December 2003, the amount owing to Motor Traders' Association of New South Wales by MTA Financial and Insurance Brokers Pty Limited was \$763,104 (2002: \$429,032).

MTA Financial and Insurance Brokers Pty Limited

During the year, Motor Traders' Association of New South Wales incurred expenses of \$1,192 (2002: \$Nil) on behalf of MTA Finance Pty Limited.

At 31 December 2003, the amount owing to Motor Traders' Association of New South Wales by MTA Finance Pty Limited was \$1,192 (2002: \$Nil).

NOTE 23: ASSOCIATION DETAILS

Motor Traders' Association of New South Wales is run by the Board of Management on behalf of its members. The association provides a range of services including legal and industrial advice, technical advice, sale of merchandise, and the holding of special events for its members who are involved in the motor industry.


The principal place of business of the Association is 43-51 Brisbane Street, Surry Hills, NSW 2010. The Association operates solely within New South Wales, Australia.

CERTIFICATES REFERRING TO THE 2003 FINANCIAL REPORT

1. ACCOUNTING OFFICER'S CERTIFICATE

I, BILL CALEY being the officer responsible for keeping the accounting records of the Motor Traders' Association of New South Wales, certify that as at 31 December 2003 the number of the members of the Association was 4,317.

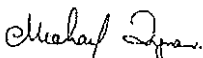
- (i) the attached accounts show a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2003;
- (ii) a record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Association;
- (iii) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (iv) with regard to funds of the Association raised by compulsory levies of voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (v) all loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vi) the register of members of the Association was maintained in accordance with the Act.

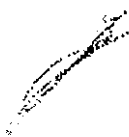

Bill Caley
Honorary Treasurer and Principal Accounting Officer
Dated this 17th day of February 2004

2. EXECUTIVE BOARD'S CERTIFICATE

We, MICHAEL TYNAN and BILL CALEY being two members of the Board of Management of the Motor Traders' Association of New South Wales, do state on behalf of the Board and in accordance with a resolution passed by the Board that:

- (i) in the opinion of the Executive Board, the attached financial report shows a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2003;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2003 in accordance with the rules of the Association;
- (iii) to the knowledge of any member of the Executive Board, there have been, during the financial year to which the accounts relate, no instances where records of the Association or other documents (not being documents containing information made available to a member of the Association under sub-section 274(2) of the Workplace Relations Act 1996) or copies of those records or other documents, or copies of the rules of the Association have not been furnished, or made available, to members in accordance with the requirements of the Workplace Relations Act 1996 the Regulations thereto or the rules of the Association; and
- (iv) in relation to the report prepared in accordance with Section 276 of the Act and the accounts and statements prepared in accordance with sub-section 273(1) of the Act to which that report relates, the Association has complied with sub-section 279(1) and (6) of the Act in relation to the financial accounts in respect of the year ended 31 December 2003 and the Auditors Report thereon.
- (v) At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.


M Tynan
President


B Caley
Board Member

Dated this 17th day of February 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

Scope

We have audited the financial report of Motor Traders' Association of New South Wales ("the association") and its controlled entities for the year ended 31 December 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the statements and certificates. The financial report includes the consolidated financial statements of the consolidated entity comprising the association and the entities it controlled at the year's end or from time to time during the financial year. The Association's board members are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the association's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

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

Audit opinion

In our opinion, the financial report of Motor Traders' Association of New South Wales and its controlled entities is properly drawn up:

- (a) so as to present fairly the state of affairs of the Association and its controlled entities as at 31 December 2003 and the results for the financial year ended on that date;
- (b) in accordance with the Associations Incorporation Act;
- (c) in accordance with Australian Accounting Standards and other mandatory professional reporting requirements; and
- (d) so as to give a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2003 and the income and expenditure, and any surplus or deficit for the year in accordance with the Workplace Relations Act 1996.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

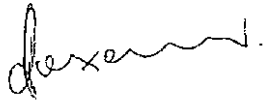
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES (Continued)**

Audit opinion (continued)

In addition we report the following:

- (e) the Association maintained satisfactory accounting records during the year ended 31 December 2003 detailing the sources and nature of income (including income from members) and the purpose and nature of expenditure of the Association;
- (f) we received all the information and explanations we required for the purposes of our audit; and
- (g) where additional disclosures have been made in the financial statements for the year ended 31 December 2003, the comparative figures for the prior year have been restated.

PKF
Chartered Accountants
A New South Wales Partnership



Grant F. Saxon
Partner

SYDNEY: 17 February, 2004



CERTIFICATES REFERRING TO THE 2003 CONCISE FINANCIAL REPORT

1. ACCOUNTING OFFICER'S CERTIFICATE

I, BILL CALEY, being the officer responsible for keeping the accounting records of the Motor Traders' Association of New South Wales, certify that as at 31 December 2003 the number of the members of the Association was 4,317, and that:

- (i) the Concise Financial Report has been derived from the and is consistent with the full financial report of Motor Traders' Association of New South Wales;
- (ii) a record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Association;
- (iii) before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (iv) with regard to funds of the Association raised by compulsory levies of voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (v) all loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vi) the register of members of the Association was maintained in accordance with the Act.

BILL CALEY

Bill Caley,
Honorary Treasurer and Principal Accounting Officer
Dated this 17th day of February 2004

2. EXECUTIVE BOARD'S CERTIFICATE

We, MICHAEL TYNAN and BILL CALEY being two members of the Board of Management of the Motor Traders' Association of New South Wales, do state on behalf of the Board and in accordance with a resolution passed by the Board that in the opinion of the Executive Board:

- (i) the Concise Financial Report has been derived from the and is consistent with the full financial report of Motor Traders' Association of New South Wales;
- (ii) meetings of the Board were held during the year ended 31 December 2003 in accordance with the rules of the Association;
- (iii) to the knowledge of any member of the Executive Board, there have been, during the financial year to which the accounts relate, no instances where records of the Association or other documents (not being documents containing information made available to a member of the Association under sub-section 274(2) of the Workplace Relations Act 1996) or copies of those records or other documents, or copies of the rules of the Association have not been furnished, or made available, to members in accordance with the requirements of the Workplace Relations Act 1996 the Regulations thereto or the rules of the Association; and
- (iv) in relation to the report prepared in accordance with Section 276 of the Act and the accounts and statements prepared in accordance with sub-section 273(1) of the Act to which that report relates, the Association has complied with sub-section 279(1) and (6) of the Act in relation to the financial accounts in respect of the year ended 31 December 2003 and the Auditors Report thereon.
- (v) At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

M Tynan, President

B Caley, Board Member and Treasurer

Dated this 17th day of February 2004



MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

CONCISE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

DISCUSSION & ANALYSIS

by Finance Director (Philip Perdikaris)

Statement of Financial Performance

The Association experienced a net deficit of \$328,738 for the year as compared to a deficit of \$2,169,490 in 2002. From this year's result the MTA itself made a small surplus of \$4,575 as compared to the deficit of \$1,994,761 in 2002. The Insurance Brokerage business, which makes up the rest of the Association's result, incurred a deficit of \$333,313 as against \$396,125 in 2002.

Statement of Financial Position

The net assets of the Association have increased this year by \$811,702 after taking into account the deficit of the Insurance Brokerage.

The investment in the MTAA House Unit Trust was revalued to market value, leading to an increase in the value of this investment of \$863,047.

Property, Plant & Equipment decreased throughout the year by \$76,220. Land and buildings were revalued during the year leading to revaluation upward adjustment of \$273,422.

Interest bearing liabilities have decreased by \$403,939 during the year. This was due to mainly a decrease in motor vehicle leases and bank bills.

Statement of Cash Flows

The Association experienced net operating cash outflows of \$63,869 this year as compared to last year's outflow of \$1,262,609. MTA experienced a positive operating cash flow of \$220,248 as against last year's outflow of \$922,077.

There were net investing cash inflows of \$372,263 due predominantly to the receipt of a deposit on the sale of the land and building at 53-55 Brisbane Street, Surry Hills.

Net financing cash outflows of \$447,941 were experienced due to the repayment of bank bills and lease liabilities. The Association managed to pay back \$170,000 of its bank bills in 2003 as against having to borrow \$1,511,385 in 2002. This represented a positive difference of \$1,681,385.

Overall the Association experienced a total net cash outflow of \$139,547.

Conclusion

The result of 2003 can be split into two areas.

MTA's (excluding the Insurance Brokerage) positive result of \$4,575 is a significant turnaround from the consecutive losses of the last two years of \$2,289,616. (\$1,994,761 in 2002) (\$294,855 in 2001). A positive budget has been set for 2004.

The Insurance Brokerage deficit of \$333,313 is disappointing but was expected. The Brokerage suffered from a high cost structure as compared to revenue. This was rectified in December 2003. A positive budget for the 12 months to December 2004 has been set by its Board who see no reason why it will not be achieved.

New initiatives started include a Joint Venture in the form of MTA Finance Pty Ltd which is a non-bank financier and Apprenticeships Plus Ltd which is an apprenticeship and trainee employer.

**STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 December 2003**

	Note	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenue from ordinary activities	4	5,255,158	5,440,509	5,217,684	5,418,603
Expenses from ordinary activities		(5,381,175)	(7,492,489)	(5,010,388)	(7,295,854)
Borrowing costs expense		(202,721)	(117,510)	(202,721)	(117,510)
Surplus/(deficit) from ordinary activities before income tax expense		(328,738)	(2,169,490)	4,575	(1,994,761)
Income tax expense relating to ordinary activities		-	-	-	-
Surplus/(deficit) from ordinary activities after related income tax expense		(328,738)	(2,169,490)	4,575	(1,994,761)
Net increase in asset revaluation reserves		1,140,440	1,732,896	1,140,440	1,732,896
Total changes in members funds		811,702	(436,594)	1,145,015	(261,865)

The above Statement of Financial Performance is to be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION as at 31 December 2003

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
CURRENT ASSETS				
Cash assets	34,423	129,968	1,350	76,163
Receivables	356,243	526,871	895,552	661,049
Inventories	103,237	95,291	103,237	95,291
TOTAL CURRENT ASSETS	493,903	752,130	1,000,139	832,503
NON CURRENT ASSETS				
Other financial assets	5,120,827	4,253,760	5,121,830	4,254,763
Property, plant & equipment	9,099,365	9,175,585	9,084,540	9,156,491
TOTAL NON CURRENT ASSETS	14,220,192	13,429,345	14,206,370	13,411,254
TOTAL ASSETS	14,714,095	14,181,475	15,206,509	14,243,757
CURRENT LIABILITIES				
Payables	2,265,627	2,026,477	2,252,103	1,916,134
Provisions	278,303	368,515	278,303	368,515
Interest bearing liabilities	2,598,553	2,791,997	2,598,553	2,791,997
TOTAL CURRENT LIABILITIES	5,142,483	5,186,989	5,128,959	5,076,646
NON CURRENT LIABILITIES				
Provisions	6,277	30,358	6,277	30,358
Interest bearing liabilities	179,865	390,360	179,865	390,360
TOTAL NON CURRENT LIABILITIES	186,142	420,718	186,142	420,718
TOTAL LIABILITIES	5,328,625	5,607,707	5,315,101	5,497,364
NET ASSETS	9,385,470	8,573,768	9,891,408	8,746,393
MEMBERS' FUNDS				
Accumulated funds	3,111,270	3,440,008	3,617,208	3,612,633
Reserves	6,274,200	5,133,760	6,274,200	5,133,760
TOTAL MEMBERS' FUNDS	9,385,470	8,573,768	9,891,408	8,746,393

The above Statement of Financial Position is to be read in conjunction with the attached notes.



STATEMENT OF CASH FLOWS for the year ended 31 December 2003

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from subscriptions	3,511,489	2,958,988	3,511,489	2,958,988
Receipts from stationery sales	906,583	583,856	906,583	583,856
Interest received	18,733	6,391	17,102	18,891
Other income received	1,745,605	2,268,485	1,557,432	2,090,886
Payments to suppliers and employees	(6,043,558)	(6,966,411)	(5,569,597)	(6,460,780)
Interest paid	(202,721)	(113,918)	(202,761)	(113,918)
Net cash provided by/(used in) operating activities	<u>(63,869)</u>	<u>(1,262,609)</u>	<u>220,248</u>	<u>(922,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for property, plant & equipment	(13,905)	(183,645)	(11,428)	(162,361)
Proceeds on sale of property, plant & equipment	<u>386,168</u>	<u>80,148</u>	<u>386,218</u>	<u>80,148</u>
Net cash provided by/(used in) investing activities	<u>372,263</u>	<u>(103,497)</u>	<u>374,790</u>	<u>(82,213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	(170,000)	1,511,385	(170,000)	1,511,385
Repayment of lease liabilities	(277,941)	(214,483)	(277,941)	(214,483)
Net loan provided to related entities	<u>-</u>	<u>-</u>	<u>(265,912)</u>	<u>(404,032)</u>
Net cash provided by/(used in) financing activities	<u>(447,941)</u>	<u>1,296,902</u>	<u>(713,853)</u>	<u>892,870</u>
Net decrease in cash held	(139,547)	(69,204)	(118,815)	(111,420)
Cash at the beginning of the year	<u>129,968</u>	<u>199,172</u>	<u>76,163</u>	<u>187,583</u>
Cash at the end of the year	<u>(9,579)</u>	<u>129,968</u>	<u>(42,652)</u>	<u>76,163</u>

The above Statement of Cash Flows is to be read in conjunction with the attached notes.



NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements, specific disclosures and other information included in the Concise Financial Report is derived from and is consistent with the full financial report of Motor Traders' Association of New South Wales and its controlled entities. The Concise Financial Report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Motor Traders' Association of New South Wales and its controlled entities as the full financial report.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those of the previous financial year. The Concise Financial Report has been prepared on the going concern basis.

NOTE 2: NOTICE REQUIRED UNDER THE WORKPLACE RELATIONS ACT 1996

In accordance with the requirements of the Workplace Relations Act 1996, the attention to the members is drawn to the provisions of sub-section (1), (2) and (3) of section 274, which reads as follows: -

- (1) A member of an organisation, or a registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under sub-section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of Motor Traders' Association of New South Wales, the results of those operations, or the state of affairs of Motor Traders' Association of New South Wales in future years.

NOTE 4: REVENUES FROM ORDINARY ACTIVITIES

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Subscriptions received	2,949,360	2,927,855	2,949,360	2,927,855
Commission received	105,303	80,235	105,303	80,235
Stationery and merchandise sales	724,166	530,778	724,166	530,778
Interest received	17,102	6,391	60,265	18,891
Training and Industrial department fees received	645,137	441,873	645,137	441,873
MTA journal and yearbook revenues	130,832	107,867	130,832	107,867
Affiliation fees	127,799	93,593	127,799	93,593
Rent	178,499	282,033	203,495	294,533
Profit on disposal of non-current assets	1,796	21,585	1,796	21,585
Sponsorship income	-	89,514	-	89,514
Events revenue	78,292	758,487	78,292	758,487
Other revenue	296,872	100,298	191,239	53,392
Total revenue from ordinary activities	<u>5,255,158</u>	<u>5,440,509</u>	<u>5,217,684</u>	<u>5,418,603</u>



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

SCOPE

We have audited the Concise Financial Report of Motor Traders' Association of New South Wales and its controlled entities for the financial year ended 31 December 2003, comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, the Notes to and Forming Part of the Concise Financial Report and Certificates, in order to express an opinion to the members of Motor Traders' Association of New South Wales. The Association's board is responsible for the Concise Financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Concise Financial Report is free of material misstatement. We have also performed an independent audit of the full financial report of Motor Traders' Association of New South Wales for the year ended 31 December 2003. Our audit report on the full financial report was signed on 17 February 2004, and was not subject to any qualification.

Our procedures in respect of the audit of the Concise Financial Report included testing that the information in the Concise Financial Report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussions and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the Concise Financial Report is presented fairly in accordance with Accounting Standards AASB 1039: Concise Financial Reports.

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

AUDIT OPINION

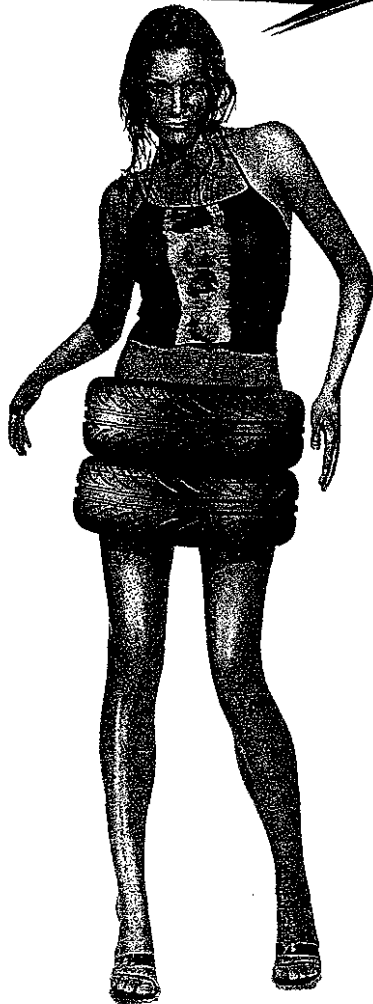
In our opinion, the information reported in the Concise Financial Report of Motor Traders' Association of New South Wales for the year ended 31 December 2003 is consistent with the general purpose financial report from which it was derived and upon which we expressed an unqualified audit opinion.

PKF
Chartered Accountants

Grant F. Saxon
Partner

SYDNEY: 17 February, 2004

STUNNER



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306-310 Keira Street, Wollongong NSW 2500

Chief Executive Officer's Report

Roadside service project



JAMES MCCALL
CEO

Members would have read recent media reports that indicated that MTA was about to launch a roadside assistance programme of a similar nature to that offered by NRMA.

MTA has many proposals put to it from time to time and quite a few of those seem relevant to the business of our members and therefore merit the Association giving full consideration.

MTA decided that it should carry out a feasibility study into the roadside service proposal, prepare a business plan and financial analysis and determine if the project was desirable and viable.

Such a step would be a heavy commitment by the Association and one that will not be made without a clear understanding of the Association's ability to make a success of the scheme. Failure would be a disaster for the Association and its members.

Accordingly, the Governing Council authorised a Committee of the Board to carry out a study and prepare a business plan.

Unfortunately, the media got hold of the story well before the business study and financial analysis had been completed. The media highlighted the story. In all my statements to the media I emphasised that this was a project that was under examination by the Association and that no decision had been made.

It was necessary for the Board to take action that would quell media speculation and allow the Board's

Committee and senior management at MTA to complete a comprehensive study.

This was done and, as the Journal goes to press, that study is proceeding. Part of the process was to gauge member's interest in participating in such a scheme if were to be progressed by the Association.

Members were asked to express interest in either participating as "call out" service or in retailing the service package to the motoring public.

That information is an essential part of the study and any member interested in participating in the programme and who has not yet advised MTA I would ask them to send back the expression of interest form immediately.

When the study has been completed the whole issue will be submitted to the Board of MTA for its consideration and for a decision to be made on the desirability and viability of such a programme.

Every avenue of risk will be identified as well as the Association's capability to introduce a scheme of this magnitude.

At the same time discussion will be carried out on alternatives to the proposed system and on other operations that might prove of benefit to members.

When the process is complete a full and factual account of the outcomes will be conveyed to members immediately.

James McCall
Chief Executive

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Motor Traders' Association of NSW will be held at the Royal Automobile Club, Sydney, on the 15th day of February 2004 at 7.30pm. The meeting will be held in the presence of the Hon. Justice Gummow, Chairman of the Motor Traders' Association of NSW. The meeting will be held in the presence of the Hon. Justice Gummow, Chairman of the Motor Traders' Association of NSW. The meeting will be held in the presence of the Hon. Justice Gummow, Chairman of the Motor Traders' Association of NSW.



AUSTRALIAN INDUSTRIAL REGISTRY

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Mr James McCall
Chief Executive Officer
Motor Traders Association of NSW
Locked Bag 5012
DARLINGHURST NSW 2010

Dear Mr McCall

Re: Lodgement of Financial Statements for the year ending 31 December 2003 (FR2003/669)

The above financial statements were lodged in the Registry on 15 April 2004.

The documents have been filed.

Yours sincerely,

Stephen Kellett
for Deputy Industrial Registrar

29 April 2004