



Australian Government

Australian Industrial Registry

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Mr Greg Hatton
Deputy CEO
Motor Traders' Association of New South Wales
Locked Bag 5012
DARLINGHURST NSW 2010

Dear Mr Hatton

**Financial Statements and Accounts for the MTANSW
for the year ending 31 December 2004 (FR2004/666)**

A review of outstanding matters on the Registry's case management system has disclosed that the Registry has not finally concluded its consideration of the above matter. I sincerely apologise for this and the delay in finalising consideration of the documents.

The financial year ending 31 December 2004 was the first year that the Association was required to comply with the new requirements introduced with the Registration and Accountability of Organisations Schedule to the *Workplace Relations Act 1996*.

The Association initially lodged its financial return on 31 March 2005 and this was subject to detailed comments provided by Mr Peter McKerrow of the Registry in a letter dated 18 April 2005 and further informal advice and assistance. The Association subsequently lodged a revised set of documents on 25 November 2005.

Although there remained a number of issues in relation to the revised documents, having regard to the length of time that has elapsed and the fact that the Association's subsequent financial returns have been filed, including the most recent one for the year ending 31 December 2007 about which there were no issues, I have decided to file the 2004 return.

Once again, please accept my apologies. The financial return for the year ending 31 December 2004 has now been filed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry Jenkins'.

Barry Jenkins
Deputy Industrial Registrar

7 August 2008



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.mfansw.com.au
ABN: 63 000 008 088

*The Voice of the
Motor Industry*

23rd November 2005

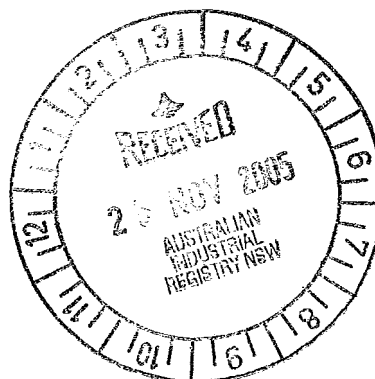
Australian Industrial Registry
80 William Street
East Sydney NSW 2011

Dear Stephen

Please find the accounts as discussed. Call me if you have any questions.

Best Regards

Philip Perdikaris



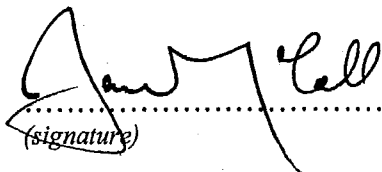
CERTIFICATE BY SECRETARY OF A STATE ORGANISATION

[The provisions of section 518(1)(b) of the *Industrial Relations Act 1991* and clause 65 of the *Industrial Relations Regulations 1992* apply as regulations under section 282(3) of the *Industrial Relations Act 1996*]

I, James McCall being the Chief Executive Officer of the Motor Traders' Association of New South Wales hereby, certify that the documents lodged herewith are true copies of the accounts, auditor's report and certificates of the organisation which were presented to the committee of management meeting held on the 18th October 2005 in respect of the financial year of the organisation ending 31st December 2004.

The documents lodged herewith are:

- (i) copies of the accounts prepared in accordance with the requirements of section 510(1) and of the 1991 Act and clause 58 of the 1992 Regulation, as applied by section 282(3) of the *Industrial Relations Act 1996* [*an account of income & expenditure and account of assets & liabilities*]; and
- (ii) a copy of the certificate given by the accounting officer of the organisation in accordance with the requirements of section 510(2) of the 1991 Act and clause 59(1)(a) of the 1992 Regulation; and
- (iii) a copy of the certificate given by the committee of management in accordance with the requirements of section 510(2) of the 1991 Act and clause 59(1)(b) of the 1992 Regulation; and
- (iv) a copy of the report of the auditor of the organisation prepared in accordance with the requirements of section 514 of the 1991 Act; and
- (v) a statement by an officer of the organisation in respect of loans, grants or donations by the organisation which are notifiable in accordance with the requirements of section 280 of the 1996 Act.


.....
(signature)

18th October 2005.
.....
(date)

CERTIFICATE BY COMMITTEE OF MANAGEMENT OF A STATE ORGANISATION

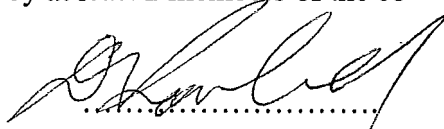
[The provisions of section 210(2) of the *Industrial Relations Act 1991* and clause 59(1)(b) of the section 282(3) of the *Industrial Relations Regulation 1992* apply as regulations under section 282(3) of the *Industrial Relations Act 1996*]

We, the undersigned members of the committee of management of the Motor Traders' Association of New South Wales hereby certify in respect of the financial year ended 31st December 2004 that:

- (i) in the opinion of the committee of management the accounts prepared show a true and fair view of the financial affairs of the organisation as at end of the financial year to which they relate; and
- (ii) in the opinion of the committee of management, during the financial year to which the accounts relate, meetings of the committee of management were, in the opinion of the committee, held in accordance with the rules of the organisation; and
- (iii) to the knowledge of any member of the committee, there have not been, during the financial year to which the accounts relate, instances where records of the organisation or other documents (not being documents containing information made available to a member of the organisation under section 512 (2) of the 1991 Act, as applied by section 282 (3) of the *Industrial Relations Act 1996*, or copies of those records or other documents, or copies of the rules of the organisation, have not been furnished, or made available, to members of the organisation in accordance with the Act, this Regulation or the rules of the organisation, as the case may be; and
- (iv) in relation to the report prepared in accordance with section 514 of the 1991 Act, as applied by section 282 (3) of the *Industrial Relations Act 1996*, by the auditor of the organisation in respect of the financial year immediately preceding the financial year to which the account relate [i.e. the second most recently concluded financial year] and in relation to any accounts and statements prepared in accordance with section 510 (1) of the 1991 Act to which that report relates, the organisation has complied with section 517 (1) of the 1991 Act and whichever of subsections (5) and (6) of that section of that Act is applicable.

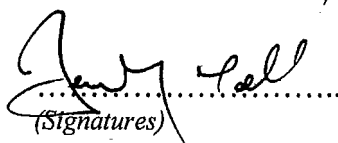
This certificate is in accordance with a resolution passed by the committee of management of the organisation in relation to the matters to be stated in the certificate and is signed on behalf of the committee of management by at least 2 members of the committee.

PON ROWLAND



18/10/05

JAMES MCCALL



18th October 2005

(Names of members of
Committee of Management)

(Signatures)

(Date)

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

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Proceeds from sale of 53 – 55 Brisbane Street, Surry Hills	3	5,750,000	-	5,750,000	-
Costs of sale of 53 – 55 Brisbane Street, Surry Hills	4	<u>(4,134,155)</u>	<u>-</u>	<u>(4,134,155)</u>	<u>-</u>
		1,615,845	-	1,615,845	-
Other revenue from ordinary activities	3	5,317,756	5,352,350	5,061,616	5,314,609
Other expenses from ordinary activities	4	<u>(5,397,284)</u>	<u>(5,478,367)</u>	<u>(4,959,576)</u>	<u>(5,107,313)</u>
Borrowing costs expense		<u>(100,428)</u>	<u>(202,721)</u>	<u>(100,428)</u>	<u>(202,721)</u>
Surplus / (deficit) from ordinary activities before income tax expense	5	1,435,889	(328,738)	1,617,457	4,575
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		1,435,889	(328,738)	1,617,457	4,575
Increase in asset revaluation reserves		<u>340,799</u>	<u>1,140,440</u>	<u>340,799</u>	<u>1,140,440</u>
Total changes in members funds	16	<u>1,776,688</u>	<u>811,702</u>	<u>1,958,256</u>	<u>1,145,015</u>

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
CURRENT ASSETS				
Cash assets	2,007,383	34,423	1,923,031	1,350
Receivables	7 673,081	356,243	1,373,300	895,552
Inventories	8 137,957	103,237	137,957	103,237
TOTAL CURRENT ASSETS	<u>2,818,421</u>	<u>493,903</u>	<u>3,434,288</u>	<u>1,000,139</u>
NON CURRENT ASSETS				
Other financial assets	9 5,461,632	5,120,827	5,461,635	5,121,830
Property, plant & equipment	10 5,355,070	9,099,365	5,341,325	9,084,540
TOTAL NON CURRENT ASSETS	<u>10,816,702</u>	<u>14,220,192</u>	<u>10,802,960</u>	<u>14,206,370</u>
TOTAL ASSETS	<u>13,635,123</u>	<u>14,714,095</u>	<u>14,237,248</u>	<u>15,206,509</u>
CURRENT LIABILITIES				
Payables	11 1,985,510	2,265,627	1,900,129	2,252,103
Provisions	12 340,310	278,303	340,310	278,303
Interest bearing liabilities	13 139,117	2,598,553	139,117	2,598,553
TOTAL CURRENT LIABILITIES	<u>2,464,937</u>	<u>5,142,483</u>	<u>2,379,556</u>	<u>5,128,959</u>
NON CURRENT LIABILITIES				
Provisions	14 8,028	6,277	8,028	6,277
Interest bearing liabilities	15 -	179,865	-	179,865
TOTAL NON CURRENT LIABILITIES	<u>8,028</u>	<u>186,142</u>	<u>8,028</u>	<u>186,142</u>
TOTAL LIABILITIES	<u>2,472,965</u>	<u>5,328,625</u>	<u>2,387,584</u>	<u>5,315,101</u>
NET ASSETS	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>
MEMBERS' FUNDS				
Accumulated funds	16 6,073,159	3,111,270	6,760,665	3,617,208
Reserves	17 5,088,999	6,274,200	5,088,999	6,274,200
TOTAL MEMBERS' FUNDS	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from subscriptions		3,677,247	3,511,489	3,677,247	3,511,489
Receipts from stationery sales		628,351	906,583	628,351	906,583
Interest received		68,606	18,733	117,636	17,102
Other income received		1,386,053	1,745,605	1,113,890	1,557,432
Payments to suppliers and employees		(5,862,763)	(6,043,558)	(5,722,600)	(5,569,597)
Interest paid		(101,682)	(202,721)	(100,428)	(202,761)
Net cash provided by/(used in) operating activities	18(c)	<u>(204,188)</u>	<u>(63,869)</u>	<u>(285,904)</u>	<u>220,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(660,904)	(13,905)	(657,087)	(11,428)
Proceeds on sale of property, plant and equipment		<u>5,505,900</u>	<u>386,168</u>	<u>5,505,900</u>	<u>386,218</u>
Net cash provided by investing activities		<u>4,844,996</u>	<u>372,263</u>	<u>4,848,813</u>	<u>374,790</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	(170,000)	-	(170,000)
Repayment of borrowings		(2,430,000)	-	(2,430,000)	-
Repayment of lease liabilities		(304,416)	(277,941)	(304,416)	(277,941)
Net loan received from/(provided to) related entities		<u>(28,547)</u>	<u>-</u>	<u>(1,927)</u>	<u>(265,912)</u>
Net cash used in financing activities		<u>(2,762,963)</u>	<u>(447,941)</u>	<u>(2,736,343)</u>	<u>(713,853)</u>
Net increase/(decrease) in cash held		1,877,845	(139,547)	1,826,566	(118,815)
Cash at the beginning of the year		<u>(9,579)</u>	<u>129,968</u>	<u>(42,652)</u>	<u>76,163</u>
Cash at the end of the year	18(a)	<u><u>1,868,266</u></u>	<u><u>(9,579)</u></u>	<u><u>1,783,914</u></u>	<u><u>(42,652)</u></u>

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Consensus Views and other mandatory professional reporting requirements, the requirements of the Associations Incorporations Act (New South Wales), the Workplace Relations Act 1996 and the Industrial 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 general purpose financial report.

(a) Income tax

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the balance sheet as "future income tax benefits" or "provision for deferred income tax", as the case may be at current tax rates. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

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

(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 general purpose financial report.

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.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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	0% 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.

(g) Cash

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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

(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) Payables

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 general purpose financial report 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.

NOTE 2: NOTICES TO MEMBERS

Notice Required Under the Industrial Relations Act 1996

In accordance with the requirements of the Industrial Relations Act 1996, the attention of the members is drawn to the provisions of sub-section (1) and (2) of section 512 of the Industrial Relations Act 1991, preserved as regulations under section 283(3) Industrial Relations Act 1996, which provides: -

1. A member of an organisation, or the Industrial 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 the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 2: NOTICES TO MEMBERS (Continued)

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 section 275(5), 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 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 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	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 3: REVENUES FROM ORDINARY ACTIVITIES				
Operating activities				
Subscriptions received	3,054,595	2,949,360	3,054,595	2,949,360
Commission received	75,567	105,303	75,567	105,303
Income from insurance brokerage activities	325,172	105,633	-	-
Stationery and merchandise sales	571,228	724,166	571,228	724,166
Interest received	68,606	17,102	117,636	60,265
Training fees received	518,264	645,137	518,264	645,137
MTA journal and yearbook revenues	-	130,832	-	130,832
Affiliation fees	103,095	127,799	103,095	127,799
Events revenue	36,579	78,292	36,579	78,292
Other revenue	242,917	191,239	242,917	191,239
	<u>4,996,023</u>	<u>5,074,863</u>	<u>4,719,881</u>	<u>5,012,393</u>
Non-operating activities				
Rent	98,460	178,499	118,462	203,495
Proceeds from sale of 53 – 55 Brisbane Street, Surry Hills	5,750,000	-	5,750,000	-
Proceeds from sale of other property, plant and equipment	223,273	98,988	223,273	98,721
	<u>6,071,733</u>	<u>277,487</u>	<u>6,091,735</u>	<u>302,216</u>
Total revenue from ordinary activities	<u><u>11,067,756</u></u>	<u><u>5,352,350</u></u>	<u><u>10,811,616</u></u>	<u><u>5,314,609</u></u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 4: EXPENSES FROM ORDINARY ACTIVITIES				
Cost of goods sold	244,639	392,303	244,639	392,303
Costs of sale of 53 – 55 Brisbane Street, Surry Hills	4,134,155	-	4,134,155	-
Cost of sale of other property, plant and equipment	219,387	97,192	219,387	96,925
Employee related expense	2,372,484	2,357,532	2,229,100	2,120,145
Occupancy & equipment expenses	274,151	278,561	261,727	272,979
Depreciation & amortisation	188,591	266,356	183,822	259,877
Donations	2,050	-	2,050	-
Travel expenses	378,555	297,560	366,173	276,572
MTAA subscriptions & expenses	420,516	411,021	420,516	411,021
Marketing expenses	168,677	359,755	161,206	349,393
Administrative expenses	291,938	347,659	280,899	334,237
Training expenses	340,582	111,038	340,582	111,038
Legal expenses	110,678	39,624	109,442	37,542
Member meetings	15,634	9,666	15,339	9,301
Other expenses from ordinary activities	369,402	510,100	124,694	435,980
Total expenses from ordinary activities	<u>9,531,439</u>	<u>5,478,367</u>	<u>9,093,731</u>	<u>5,107,313</u>

NOTE 5: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES

Surplus/(deficit) from ordinary activities includes:

Gain on disposal of property, plant and equipment	1,619,731	1,796	1,619,731	1,796
Interest received	68,606	17,102	117,636	60,265
Amortisation of leased assets	71,160	160,296	71,160	160,296
Depreciation of property, plant and equipment	117,431	106,060	112,662	99,581
Borrowing costs:				
- Interest on leases	27,770	47,226	27,720	47,226
- Interest on loans	72,658	155,495	72,658	155,495
Bad and doubtful debts:				
- Trade debtors	(14,127)	(3,084)	(14,127)	(3,144)
- Loans to wholly owned subsidiaries	-	-	(221,397)	-
Auditors' remuneration				
- audit of the financial report	36,000	28,000	29,000	28,000
- other services	9,340	15,640	8,636	9,640

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 5: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES (Continued)				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Proceeds from sale of 53 – 55 Brisbane Street, Surry Hills	5,750,000	-	5,750,000	-
Costs of sale of 55 – 53 Brisbane Street, Surry Hills	<u>(4,134,155)</u>	<u>-</u>	<u>(4,134,155)</u>	<u>-</u>
	<u>1,615,845</u>	<u>-</u>	<u>1,615,845</u>	<u>-</u>
Reversal of provision for doubtful debts due from wholly owned subsidiaries	<u>-</u>	<u>-</u>	<u>221,397</u>	<u>-</u>

NOTE 6: INCOME TAX EXPENSE

Prima facie tax payable on operating surplus/(deficit) before income tax at 30%	430,765	(98,621)	485,236	1,373
Less tax effect of:				
- non-taxable member income arising from principle of mutuality	(418,817)	(1,373)	(485,236)	(1,373)
- non-allowable items	<u>1,876</u>	<u>3,931</u>	<u>-</u>	<u>-</u>
	13,824	(96,063)		-
Utilisation of prior period tax losses	(13,824)	-	-	-
Current period loss not brought to account as future income tax benefit	<u>-</u>	<u>96,063</u>	<u>-</u>	<u>-</u>
Income tax expense attributable to operating surplus/(deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 7: RECEIVABLES				
Trade accounts receivable	387,935	129,187	351,673	126,789
Less: Provision for doubtful debts	<u>(20,000)</u>	<u>(34,500)</u>	<u>(20,000)</u>	<u>(34,500)</u>
	<u>367,935</u>	<u>94,687</u>	<u>331,673</u>	<u>92,289</u>
Amounts due from subsidiaries	-	-	736,484	763,104
Less: Provision against amounts due from subsidiaries	-	-	-	(221,397)
Amounts due from joint venture entities	28,547	-	28,547	-
Other debtors	41,210	122,768	41,207	122,768
Prepayments	<u>235,389</u>	<u>138,788</u>	<u>235,389</u>	<u>138,788</u>
	<u>305,146</u>	<u>261,556</u>	<u>1,041,627</u>	<u>803,263</u>
Total receivables	<u>673,081</u>	<u>356,243</u>	<u>1,373,300</u>	<u>895,552</u>
Receivables expected to be recovered twelve months or more after reporting date	<u>98,947</u>	<u>-</u>	<u>768,547</u>	<u>731,104</u>
NOTE 8: INVENTORIES				
Stationery, merchandise and other	<u>137,957</u>	<u>103,237</u>	<u>137,957</u>	<u>103,237</u>
NOTE 9: OTHER FINANCIAL ASSETS				
Investments				
- Unlisted shares	55	50	58	1,053
- Listed shares	6,062	3,970	6,062	3,970
- Unlisted units in MTAA House Unit Trust	<u>5,455,515</u>	<u>5,116,807</u>	<u>5,455,515</u>	<u>5,116,807</u>
	<u>5,461,632</u>	<u>5,120,827</u>	<u>5,461,635</u>	<u>5,121,830</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 2004.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 10: PROPERTY PLANT & EQUIPMENT				
Freehold land and buildings - at valuation				
43 – 51 Brisbane Street, Surry Hills	4,550,000	4,550,000	4,550,000	4,550,000
53 – 55 Brisbane Street, Surry Hills	-	4,000,000	-	4,000,000
Less: Provision for depreciation	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>	<u>-</u>
	<u>4,522,000</u>	<u>8,550,000</u>	<u>4,522,000</u>	<u>8,550,000</u>
Furniture, fittings, and equipment - at cost	759,302	597,274	734,181	575,971
Less: Provision for depreciation	<u>(520,473)</u>	<u>(371,740)</u>	<u>(509,097)</u>	<u>(365,262)</u>
	<u>238,829</u>	<u>225,534</u>	<u>225,084</u>	<u>210,709</u>
Motor vehicles - at cost	594,241	64,490	594,241	64,490
Less: Provision for depreciation	<u>-</u>	<u>(45,075)</u>	<u>-</u>	<u>(45,075)</u>
	<u>594,241</u>	<u>19,415</u>	<u>594,241</u>	<u>19,415</u>
Leased motor vehicles – at cost	-	448,050	-	448,050
Less: Accumulated amortisation	<u>-</u>	<u>(173,397)</u>	<u>-</u>	<u>(173,397)</u>
	<u>-</u>	<u>274,653</u>	<u>-</u>	<u>274,653</u>
Leased plant & equipment – at cost	-	95,365	-	95,365
Less: Accumulated amortisation	<u>-</u>	<u>(65,602)</u>	<u>-</u>	<u>(65,602)</u>
	<u>-</u>	<u>29,763</u>	<u>-</u>	<u>29,763</u>
	<u>5,355,070</u>	<u>9,099,365</u>	<u>5,341,325</u>	<u>9,084,540</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 10: PROPERTY PLANT & EQUIPMENT (continued)

An independent valuation of the freehold land & buildings was performed by Colliers International on 27 February 2004. A revaluation of the land and buildings was performed as at 31 December 2003 on the basis of this valuation. The property at 53-55 Brisbane Street, Surry Hills was sold during the year for a consideration of \$5.75m.

Movements in Carrying Amounts

	\$	\$	\$	\$	\$	\$
	Land and Buildings	Furniture, Fittings and Equipment	Motor Vehicles	Leased Motor Vehicles	Leased Plant & Equipment	Total
Economic Entity						
Balance at the beginning of the year	8,550,000	225,534	19,415	274,653	29,763	9,099,365
Additions	-	18,573	594,241	-	48,090	660,904
Disposals	(3,983,240)	-	(3,293)	(230,075)	-	(4,216,608)
Transfers	-	49,760	-	-	(49,760)	-
Depreciation and amortisation	(44,760)	(55,038)	(16,122)	(44,578)	(28,093)	(188,591)
Balance at the end of the year	4,522,000	238,829	594,241	-	-	5,355,070

Parent Entity

Balance at the beginning of the year	8,550,000	210,709	19,415	274,653	29,763	9,084,540
Additions	-	14,755	594,241	-	48,090	657,086
Disposals	(3,983,240)	-	(3,293)	(230,075)	-	(4,216,608)
Transfers	-	49,760	-	-	(49,760)	-
Depreciation and amortisation	(44,760)	(50,140)	(16,122)	(44,578)	(28,093)	(183,693)
Balance at the end of the year	4,522,000	225,084	594,241	-	-	5,341,325

Economic Entity

Parent Entity

2004	2003	2004	2003
\$	\$	\$	\$

NOTE 11: PAYABLES – CURRENT

Unsecured:

Accounts payable	223,090	331,722	199,985	317,159
Legal expense payables	11,547	11,547	12,586	12,586
Other creditors and accruals	405,566	542,283	342,251	542,283
Deposits received in advance	-	323,125	-	323,125
Subscriptions received in advance	1,345,307	1,056,950	1,345,307	1,056,950
	<u>1,985,510</u>	<u>2,265,627</u>	<u>1,900,129</u>	<u>2,252,103</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 12: PROVISIONS – CURRENT				
Provision for annual leave	222,447	174,351	222,447	174,351
Provision for long service leave	<u>117,863</u>	<u>103,952</u>	<u>117,863</u>	<u>103,952</u>
	<u>340,310</u>	<u>278,303</u>	<u>340,310</u>	<u>278,303</u>

NOTE 13: INTEREST BEARING LIABILITIES – CURRENT

Secured:

Bank overdraft	139,117	44,002	139,117	44,002
Commercial bills	-	2,430,000	-	2,430,000
Lease liabilities	<u>-</u>	<u>124,551</u>	<u>-</u>	<u>124,551</u>
	<u>139,117</u>	<u>2,598,553</u>	<u>139,117</u>	<u>2,598,553</u>

The bank overdraft is secured by a registered mortgage over the property situated at 43-51 Brisbane Street, Surry Hills NSW 2010.

NOTE 14: PROVISIONS – NON CURRENT

Provision for long service leave	<u>8,028</u>	<u>6,277</u>	<u>8,028</u>	<u>6,277</u>
Aggregate employee provisions	<u>348,338</u>	<u>284,580</u>	<u>348,338</u>	<u>284,580</u>
Average number of employees throughout the year	<u>34</u>	<u>35</u>	<u>32</u>	<u>32</u>

NOTE 15: INTEREST BEARING LIABILITIES – NON CURRENT

Lease liabilities	<u>-</u>	<u>179,865</u>	<u>-</u>	<u>179,865</u>
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MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 16: ACCUMULATED FUNDS AND TOTAL MEMBERS FUNDS				
Accumulated Funds				
Balance at the beginning of the year	3,111,270	3,440,008	3,617,208	3,612,633
Net surplus/(deficit) for the year	1,435,889	(328,738)	1,617,457	4,575
Transfers from reserves	1,526,000	-	1,526,000	-
Balance at the end of the year	<u>6,073,159</u>	<u>3,111,270</u>	<u>6,760,665</u>	<u>3,617,208</u>
Total Members Funds				
Balance at the beginning of the year	9,385,470	8,573,768	9,891,408	8,746,393
Total changes in members funds recognised in the statement of financial performance	<u>1,776,688</u>	<u>811,702</u>	<u>1,958,256</u>	<u>1,145,015</u>
Balance at the end of the year	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>
NOTE 17: RESERVES				
Asset Revaluation Reserve	<u>5,088,999</u>	<u>6,274,200</u>	<u>5,088,999</u>	<u>6,274,200</u>
Movement in Reserves				
Balance at the beginning of the year	6,274,200	5,133,760	6,274,200	5,133,760
Revaluation of land and buildings	-	273,423	-	273,423
Revaluation of investment in MTAA House Unit Trust	338,707	863,047	338,707	863,047
Investment in listed shares	2,092	3,970	2,092	3,970
Transfers to accumulated funds	<u>(1,526,000)</u>	<u>-</u>	<u>(1,526,000)</u>	<u>-</u>
Balance at the end of the year	<u>5,088,999</u>	<u>6,274,200</u>	<u>5,088,999</u>	<u>6,274,200</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
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	2,007,383	34,423	1,923,031	1,350
Bank overdraft	<u>(139,117)</u>	<u>(44,002)</u>	<u>(139,117)</u>	<u>(44,002)</u>
	<u>1,868,266</u>	<u>(9,579)</u>	<u>1,783,914</u>	<u>(42,652)</u>
(b) Financing facilities				
A Commercial Bill Facility of \$Nil (2003 - \$3,600,000) was available to the Association at 31 December 2004. As at that date, the amount utilised under this facility was \$Nil (2003 - \$2,430,000).				
An Asset Finance Facility of \$Nil (2003: \$450,000) was available to the Association at 31 December 2003. As at that date, the amount utilised under this facility was \$Nil (2003 - \$304,416).				
(c) Reconciliation of net cash provided by operating activities to operating surplus/(deficit)				
Operating surplus/(deficit) after income tax	1,435,889	(328,738)	1,617,457	4,575
Amortisation	71,160	160,296	71,160	160,296
Depreciation	117,431	106,060	112,662	99,581
Profit on sale of property, plant and equipment	(1,619,730)	(1,796)	(1,619,730)	(1,796)
Change in assets and liabilities:				
(Increase)/decrease in trade debtors	(258,748)	194,054	(239,384)	110,495
(Increase)/decrease in other receivables	(15,013)	(32,518)	(235,154)	(88,178)
(Increase)/decrease in inventories	(34,720)	(7,946)	(34,720)	(7,946)
Increase/(decrease) in creditors and accruals	(252,571)	(251,165)	(310,309)	(154,395)
Increase/(decrease) in subscriptions in advance	288,357	211,908	288,357	211,908
Increase/(decrease) in provisions	<u>63,757</u>	<u>(114,024)</u>	<u>63,757</u>	<u>(114,292)</u>
Net cash provided by/(used in) operating activities	<u>(204,188)</u>	<u>(63,869)</u>	<u>(285,904)</u>	<u>220,248</u>

d) Non-cash investing activities.

During the year the Association acquired plant and equipment with a value of \$48,090 (2003: \$348,050) by means of finance lease. These acquisitions are not reflected in the statement of cash flows.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

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:

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	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets												
Cash	5.1	3.0	2,007,383	34,423	-	-	-	-	-	-	-2,007,383	34,423
Receivables	-	-	-	-	-	-	-	-	396,482	94,687	396,482	94,687
Investments	-	-	-	-	-	-	-	-	-5,461,582	5,120,827	5,461,582	5,120,827
			2,007,383	34,423	-	-	-	-	-5,858,064	5,215,514	7,865,447	5,249,937
Financial liabilities												
Bank overdraft	9.1	9.1	139,117	44,002	-	-	-	-	-	-	139,117	44,002
Bank loans	-	5.8	-	-	-2,430,000	-	-	-	-	-	-	-2,430,000
Trade and sundry creditors	-	-	-	-	-	-	-	-	640,153	885,552	640,153	885,552
Income received in advance	-	-	-	-	-	-	-	-	-1,345,307	1,380,075	1,345,307	1,380,075
Lease liabilities	-	8.8	-	-	-124,551	-	-179,865	-	-	-	-	-304,416
			139,117	44,002	2,554,551	-	-179,865	-	1,985,460	2,265,627	2,124,577	5,044,045

(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.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 20: COMMITMENTS FOR EXPENDITURE

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
Finance Leasing Commitments				
Payable				
- not longer than 1 year	-	156,909	-	156,909
- longer than 1 year but not longer than 5 years	-	188,367	-	188,367
Minimum lease payments	-	345,276	-	345,276
Less: future finance charges	-	(40,860)	-	(40,860)
Total lease liability	-	304,416	-	304,416
The lease liability is disclosed as:				
Current (Note 13)	-	124,551	-	124,551
Non-current (Note 14)	-	179,865	-	179,865
Total	-	304,416	-	304,416

The Association repaid all finance leases during the year.

Capital Commitments

There are no capital expenditure commitments as at 31 December 2004.

NOTE 21: CONTROLLED ENTITIES

Controlled Entity	Country of Incorporation	Percentage Owned	
		2004 %	2003 %
Parent Entity:			
Motor Traders' Association of New South Wales	Australia		
Controlled Entities:			
MTA Financial and Insurance Brokers Pty Limited	Australia	100	100

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 22: INTERESTS IN JOINT VENTURES				
Interest in joint venture entities:				
MTA Finance Pty Limited provides financial service advice to customers within the motor industry				
Ownership interests	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>
Members funds attributable to interests in joint venture entities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying value of investments in joint venture entities	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

NOTE 23: FUNDS HELD IN TRUST

Tyre Dealers	<u>3,911</u>	<u>3,911</u>	<u>3,911</u>	<u>3,911</u>
ERA	<u>241</u>	<u>1092</u>	<u>241</u>	<u>1092</u>
Brake Specialists	<u>12,757</u>	<u>14,006</u>	<u>12,757</u>	<u>14,006</u>
Body Repairers	<u>38,808</u>	<u>53,957</u>	<u>38,808</u>	<u>53,957</u>

NOTE 24: 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 expenses of \$5,380 (2003: \$334,072) on behalf of MTA Financial and Insurance Brokers Pty Limited.

At 31 December 2004, the amount owing to Motor Traders' Association of New South Wales by MTA Financial and Insurance Brokers Pty Limited was \$736,484 (2003: \$763,104). Interest is charged at 5.1% per annum on the outstanding balance.

NOTE 25: 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.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE GENERAL PURPOSE FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 25: IMPACTS OF ADOPTING OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian equivalents to International Financial Reporting Standards (AIFRS) will be adopted in the financial report for the year ending 31 December 2005 and the comparative information presented in that report for the year ending 31 December 2004. In preparation for the transition, opening balances as at 1 January 2004 for the comparative year ending 31 December 2004 will be converted to AIFRS in accordance with new accounting standard AASB 1 "First Time Adoption of Australian International Financial Reporting Pronouncements".

The association's management are assessing the significance of these changes and preparing for their implementation.

The association's management has completed an initial review of the key differences in accounting policies expected to arise from adoption of AIFRS and are currently unaware of any changes that will have a material effect on the general purpose financial report of Motor Traders' Association of New South Wales.

The association's management will continue to assess the impact of AIFRS, however, they do not believe the adoption of AIFRS will have a significant effect on the association's financial performance and financial position.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

REPORTS REFERRING TO THE 2004 FINANCIAL REPORT

1. ACCOUNTING OFFICER'S REPORT

In accordance with the requirements of the Workplace Relations Act 1996, I, LEO DELISSEN, being the officer responsible for keeping the accounting records of the Motor Traders' Association of New South Wales, certify that:

- (i) as at 31 December 2004 the number of the members of the Association was 4,423.
- (ii) 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 2004;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) all loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vii) the register of members of the Association was maintained in accordance with the Act.



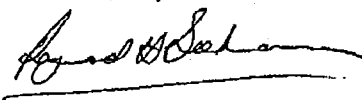
Leo Delissen
Honorary Treasurer and Principal Accounting Officer
Dated this 15th day of February 2005

2. EXECUTIVE BOARD'S REPORT

In accordance with the requirements of the Workplace Relations Act 1996, we, RAYMOND BEEKMAN and LEO DELISSEN being two members of the Executive Board of the Motor Traders' Association of New South Wales, do state on behalf of the Executive Board and in accordance with a resolution passed by the Executive 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 2004;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2004 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 2004 and the Auditors Report thereon.

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.



R Beekman, President



L Delissen, Board Member and Treasurer

Dated this 15th day of February 2005

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

REPORTS REFERRING TO THE 2004 FINANCIAL REPORT (Continued)

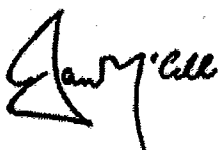
3. OPERATING REPORT

In accordance with the requirements with section 254 of the Workplace Relations Act 1996 I, JAMES McCALL, being the officer responsible for management of the Motor Traders' Association of New South Wales, hereby state that:

The Motor Traders' Association of New South Wales principal activities during the year were the provision of services to its membership. These include legal and industrial advice, technical advice, sale of merchandise, and the holding of special events. The Association produced a surplus from ordinary activities after related income tax expense of \$1,435,889. Total members funds increased by \$1,776,688 during the year. Net Assets stand at \$11,162,158.

The 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 a holding of special events for its members who are involved in the motor industry. The Associations core activities and aims have not changed over the last 12 months.

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) All loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (v) The register of members of the Association was maintained in accordance with the Act.
- (vi) As at December 2004 the number of members of the Association was 4,423.
- (vii) There has been a significant change to the financial affairs of the Association with a profit of \$ 1,453,889 being declared in the year 2004 as against a loss of \$328,738 in the year 2003. This was mainly due to the sale of a property asset of the MTA.
- (viii) The number of staff employed by the Association as at the end of the year 2004 expressed as Full Time equivalents was 34.
- (ix) The members who were on the Executive Board of Management as at December 2004 were Raymond Beekman (President) ,Leo Delissen (Treasurer), Donald Rowland, Sal Solano, John Young, Geoff King, Doug Clark, John Wilcox, John Cruickshank, and Maurie Pinfeld. These members term began in March 2003 except for Sal Solano whose term began in April 2004 and Maurie Pinfeld in October 2004. Michael Tynan served as President from March 2003 until his resignation effective June 2004. Bill Caley served as Treasurer from March 2003 until his resignation effective October 2004. Ray Beekman and Leo Delissen were elected to these respective positions.
- (x) In accordance with the requirements under the Act members are advised that in accordance with Rule 18 of the Associations Constitution and Rules members may resign by tendering their resignation in writing to the Chief Executive Officer.



James McCall
Chief Executive Officer
Dated this 15th day of February 2005

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

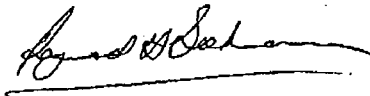
REPORTS REFERRING TO THE 2004 FINANCIAL REPORT (Continued)

4. REPORT BY EXECUTIVE BOARD

In accordance with the requirements of the Industrial Relations Act 1996, we, RAYMOND BEEKMAN and LEO DELISSEN being two members of the Executive Board of the Motor Traders' Association of New South Wales, do state on behalf of the Executive Board and in accordance with a resolution passed by the Executive 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 2004;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2004 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 section 512(2) of the 1991 Act, as applied by section 282(3) of the Industrial 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 Act, this Regulation or the rules of the Association; and
- (iv) in relation to the report prepared in accordance with Section 514 of the 1991 Act, as applied by section 282(3) of the Industrial Relations Act 1996, by the auditor of the Association in respect of the financial year ending 31 December 2004 and in relation to any accounts and statements prepared in accordance with Section 510(1) of the 1991 Act to which that report relates, the Association has complied with Section 517(1) of the 1991 Act and subsection (6) of that section.

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.



R Beekman, President

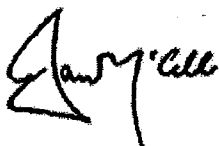


L Delissen, Board Member and Treasurer

Dated this 15th day of February 2005

5. STATEMENT OF PARTICULARS OF LOANS, GRANTS AND DONATIONS

In accordance with the requirements of the Industrial Relations Act 1996, clause 28 I JAMES McCALL as Chief Executive Officer of the Motor Traders' Association of New South Wales state, in respect of the financial year of the Association ended 31st December 2004 that No loans, grants or donations of an amount exceeding \$1,000 were made during the financial year.



JAMES McCALL

Dated this 15th day of February 2005

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



Chartered Accountants
& Business Advisers

NSW Partnership
ABN 83 236 985 726

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Sydney NSW 2000

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Professional Standards Act 1994 (NSW)

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

Scope

The financial report and board members responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes, certificates and notice to members for Motor Traders' Association of New South Wales and the consolidated entity for the year ended 31 December 2004. The consolidated entity comprise both the Association and the entities it controlled during that year.

The Association's board members are responsible for the preparation and true and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Association. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, 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.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the board members.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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

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 2004 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;
- (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 2004 and the income and expenditure, and any surplus or deficit for the year in accordance with the Workplace Relations Act 1996; and
- (e) so as to give a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2004 and the income and expenditure, and any surplus or deficit for the year in accordance with the Industrial Relations Act 1996;
- (f) the Association maintained satisfactory accounting records during the year ended 31 December 2004 detailing the sources and nature of income (including income from members) and the purpose and nature of expenditure of the Association;
- (g) we received all the information and explanations we required for the purposes of our audit; and
- (h) where additional disclosures have been made in the financial report for the year ended 31 December 2004, the comparative figures for the prior year have been restated.

In addition we report that in accordance with the provisions of section 514 of the Industrial Relations Act 1991 (as regulations under section 282(3) of the Industrial Relations Act 1996) we report that we have inspected and audited the accounting records of the Motor Traders' Association of New South Wales in relation to the financial year ended 31st December 2004 and report that in our opinion satisfactory accounting records were kept by the Association in relation to the year including,

- (a) records of sources and nature of income of the Association (including income from members); and
- (b) records of the nature and purposes of the expenditure of the Association.

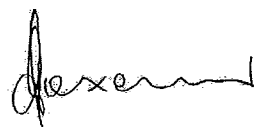
In our opinion the accounts and other statements prepared under section 510 of the Industrial Relations Act 1991 in relation to the year were properly drawn up so as to give a true and fair view of;

- (a) the financial affairs of the Association as at the end of the year; and
- (b) the income and expenditure, and any surplus or deficit, of the Association for the year; and
- (c) all information, being information which was reasonably wanted for the purpose of this audit, which was required and sought by ourselves or by any person authorised by us for the purpose of the audit, was provided.

We understand that to the extent that there was any deficiency, failure or shortcoming in relation to the matters referred to above, we must report particulars and that those particulars, if any, which form part of this report, are attached. There were no such particulars to report.



PKF
Chartered Accountants
A New South Wales Partnership



Grant F. Saxon
Partner
SYDNEY: 15th February, 2005

KELLETT, Stephen

From: Nicole Tindall [nicole.tindall@mtansw.com.au]
Sent: Friday, 18 November 2005 5:08 PM
To: stephen.kellett@air.gov.au
Subject: MTANSW 2004 Financial Papers

Hi Stephen,

Apparently the papers were sent to your office about a month ago however I will email them through to you on Monday as some are not in soft copy.

Take care and have a lovely weekend.

Kind Regards,

Nicole Tindall

Nicole Tindall

Executive Assistant to CEO

Meeting & Events Coordinator

Phone: 02 9213 4202

Fax: 02 9211 0231

www.mtansw.com.au



Australian Government

Australian Industrial Registry

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

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

Dear Mr McCall

Financial Return for year ending 31 December 2004 (FR 2004/666)

I refer to the financial documents of the Association lodged in the Registry on 31 March 2005.

For the reasons I will outline below, some of the documents appear to have been prepared to meet the financial reporting requirements of the former and now repealed provisions of the Workplace Relations Act 1996. They omit information and reports required to be prepared under the financial reporting provisions of the RAO Schedule. These requirements were summarised in the Registry's letter to the Association of 19 January 2005 of which I enclose a copy.

I would appreciate your comments on the following matters:

Committee of Management Statement

The documents do not include this Statement. Section 253(2)(c) of the RAO Schedule provides that the general purpose financial report (GPFR) must include "any other reports or statements required by the reporting guidelines" of the Industrial Registrar. Paragraph 16 of the guidelines requires the committee of management of the Association to prepare a "committee of management statement" giving its opinion on the matters set out in paragraph 17. A sample committee of management statement is at Attachment C to the letter of 19 January 2005.

On page 21 of the financial documents lodged there are an "accounting officer's certificate" and an "executive board's certificate". Both certificates were required under former financial reporting provisions of the Act which are now superseded by the RAO Schedule provisions.

Operating Report

Section 254 of the RAO Schedule requires the committee of management of the Association to prepare an operating report containing the information specified in s254(2)(f). The documents lodged do not include this report.

Although the "Treasurer's Report" appears to address issues going to the Association's principal activities and its financial affairs which are relevant to an operating report, the document omits other required information including:

- details of the right of members of the Association to resign under s174
- the information prescribed in regulation 159 of the Workplace Relations (RAO) Regulations, namely:
 - the number of persons who were at the end of the reporting period, recorded in the register of members of the Association
 - the number of persons who were at the end of the reporting period, employees of the Association - measured on a full time equivalent basis
 - the name of each person who has been a member of the committee of management of the Association at any time during the reporting period and the period for which he or she held such a position

The operating report is a distinct report which must be provided to members together with the GPFR and the auditor's report or as part of the concise report.

General Purpose Financial Report

As I have outlined above, the certificates accompanying the financial documents suggest the Association may have prepared the financial report to meet the requirements of the former legislation. The committee of management of the Association should consider, before making its Committee of Management Statement, if the GPFR as prepared, meets the requirements of s253(2) and particularly includes all reports and statements required by the reporting guidelines of the Industrial Registrar.

The GPFR must also include the notice required under s272(5) of the RAO Schedule. The notice on page 8 is in the form required under the former provisions of the Act.

Concise Financial Report

The documents lodged include a copy of the Association's "concise financial report" published in its journal of February 2005.

Although an organisation may discharge its financial reporting obligations to its members by provision of a concise report, any concise report must comply with s265(3) and the concise financial report with RAO Regulation 161. It is important to distinguish between what the legislation calls the concise financial report and the concise report itself.

I have enclosed a copy of s254 which describes the contents of the concise report and RAO Regulation 161 which details the contents of the concise financial report.

The concise report including the concise financial report as published in the copy of the journal attached to your letter does not appear to include an operating report or address all of the matters required. The "Discussion & Analysis" document which I referred to above in the context of the operating report appears to address the "discussion and analysis" requirement of a concise financial report but this document does not appear to have been published with the other parts of the concise financial report.

For the reasons outlined above, the two certificates also included with the concise financial report are not relevant to RAO Schedule financial reporting requirements.

Auditor's Report

You may wish to bring to the auditor's attention the provisions of s257(5) of the RAO Schedule which provides for the matters in relation to the GPFR on which the auditor must give an opinion. The auditor's opinion dated 15 February 2005 includes references to matters specified in the former provisions of the Act on which he was required to express an opinion.

Section 257(5) requires the opinion to specifically address consistency with the Australian Accounting Standards and "any other requirements imposed" by Part 3 of Chapter 8 of the RAO Schedule.

Legislation

Of necessity, I have summarised or paraphrased provisions of the legislation above. The full text of all relevant provisions including the RAO Schedule, the Workplace Relations (RAO) Regulations and the Reporting Guidelines of the Industrial Registrar can be found on our website: www.airc.gov.au.

From the information provided to date it appears the Association has not yet discharged its financial reporting obligations under the RAO Schedule.

Subject to any comments the Association may wish to make, the Association should now:

- prepare a GPFR consistent with the requirements of the legislation (if the GPFR already prepared does not meet those requirements)
- arrange for its Committee of Management to meet and resolve to give its opinion on the matters specified in paragraphs 16 and 17 of the reporting guidelines and sign and date the Committee of Management Statement
- prepare an operating report
- arrange for the auditor to give a report on the GPFR
- provide either the full report (GPFR, auditor's report and operating report) to the members of the Association OR provide a concise report to the members
- present the full report to either a general meeting of members (after an interval of at least 21 days) or (if the rules of Association are consistent with s266(3) of the RAO Schedule), to a meeting of a the committee of management of the Association
- lodge a copy of the full report and the concise report (if any) in the Registry with the certificate of the secretary or other appropriate officer - a sample certificate is at Attachment D of the letter of 19 January 2005.

I would be happy to discuss any of these matters with you or the Association's auditor. Please contact me on (02) 8374 6666.

Yours sincerely



Peter McKerrow
for Deputy Industrial Registrar

18 April 2005

161 Concise report (RAO Schedule, s 265 (3) (a))

(1) For subsection 265 (3) of the RAO Schedule, a concise financial report must include:

(a) the following financial statements presented as in the full report except for the omission of cross-references to notes to the financial statements in the full report:

- (i) a profit and loss statement for the financial year;
- (ii) a balance sheet for the end of the financial year;
- (iii) a statement of cash flows for the financial year; and

(b) disclosure of information for the preceding financial year corresponding to the disclosures made for the current financial year; and

(c) discussion and analysis of the principal factors affecting the financial performance, financial position and financial and investing activities of the reporting unit to assist the understanding of members; and

(d) any reports or statements mentioned in paragraph 253 (2) (c) of the RAO Schedule; and

(e) in addition to the statement required by paragraph 265 (3) (e) of the RAO Schedule, a statement that the concise financial report has been derived from the full report and cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the reporting unit as the full report; and

(f) the notice mentioned in subsection 272 (5) of the RAO Schedule.

(2) A concise report may include any other information consistent with the full report.

Division 5-Reporting requirements**265 Copies of full report or concise report to be provided to members**

(1) A reporting unit must provide free of charge to its members either:

(a) a full report consisting of:

(i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and

(ii) a copy of the general purpose financial report to which the report relates; and

(iii) a copy of the operating report to which the report relates; or

(b) a concise report for the financial year that complies with subsection (3).

Note: This subsection is a civil penalty provision (see section 305).

(2) A concise report may only be provided if, under the rules of the reporting unit, the committee of management of the reporting unit resolves that a concise report is to be provided.

(3) A concise report for a financial year consists of:

(a) a concise financial report for the year drawn up in accordance with the regulations; and

(b) the operating report for the year; and

(c) a statement by the auditor:

(i) that the concise financial report has been audited; and

(ii) whether, in the auditor's opinion, the concise financial report complies with the relevant Australian Accounting Standards; and

(d) a copy of anything included under subsection 257(5), (6) or (7) in the auditor's report on the full report; and

(e) a statement that the report is a concise report and that a copy of the full report and auditor's report will be sent to the member free of charge if the member asks for them.

(4) If a member requests a copy of the full report and auditor's report, as mentioned in paragraph (3)(e), the reporting unit must send those reports to the person within 28 days of the request being made.

Note: This subsection is a civil penalty provision (see section 305).

(5) The copies referred to in subsection (1) must be provided within:

(a) if a general meeting of members of the reporting unit to consider the reports is held within 6 months after the end of the financial year-the period starting at the end of the financial year and ending 21 days before that meeting; or

(b) in any other case-the period of 5 months starting at the end of the financial year.

A Registrar may, upon application by the reporting unit, extend the period during which the meeting referred to in paragraph (a) may be held, or the period set out in paragraph (b), by no more than one month.

Note: This subsection is a civil penalty provision (see section 305).

(6) Where a reporting unit publishes a journal of the reporting unit that is available to the members of the reporting unit free of charge, the reporting unit may comply with subsection (1):

(a) by publishing in the journal the full report; or

(b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.

(7) Where a reporting unit consists of 2 or more branches of an organisation and one of those branches publishes a journal of the branch that is available to the members of the branch free of charge, the reporting unit may comply with subsection (1) in relation to those members:

(a) by publishing in the journal the full report; or

(b) by preparing a concise report as described in subsection (3) and publishing the concise report in the journal.



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*

31st March 2005

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, 2004, that were presented to the Annual General Meeting of the Motor Traders' Association held on 22nd March, 2005.

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 2005 edition of the MTA Journal (copy attached).

James McCall
CHIEF EXECUTIVE OFFICER



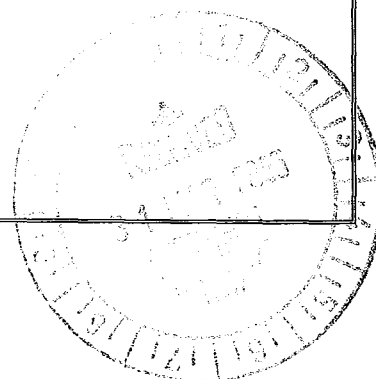
Before me:

A Justice of the Peace
No 7100504

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

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004



MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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Statement of Financial Position	3
Statement of Cash Flows	4
Notes to and forming part of the Financial Statements	5
Certificates to the Financial Report	21
Auditors' Report	23

DISCUSSION & ANALYSIS

Statement of Financial Performance

The Association experienced a net surplus of \$1,435,889 for the year as compared to a deficit of \$328,738 in 2003. From this years result the MTA itself made a surplus of \$1,617,457 as compared to the surplus of \$4,575 in 2003. The Insurance Brokerage business experienced a surplus of \$39,838 as against a deficit of \$396,125 in 2003.

Statement of Financial Position

The net assets of the Association have increased this year by \$1,776,688.

The investment in the MTAA House Unit Trust was revalued to market value, leading to an increase in the value of this investment of \$338,707.

Property, plant & equipment decreased throughout the year by \$3,744,295.

Interest bearing liabilities have decreased by \$2,459,436 during the year. This was due to the repayment of motor vehicle leases and bank bills.

Subscriptions in advance increased by \$288,357 this year.

Statement of Cash Flows

The Association experienced net operating cash outflows of \$204,188 this year as compared to last years outflow of \$63,869. There were net investing cash inflows of \$4,844,996 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 \$2,762,963 were experienced due to the repayment of bank bills and lease liabilities. The Association managed to pay back \$2,430,000 of its bank bills in 2004 and has no bank debts as at December 2004.

Overall the Association experienced a total positive net cash flow of \$1,877,845

Conclusion

The MTA in itself has managed to put a stop to the deficits it had experienced in previous years. Whilst the result of \$1,617,457 represents a surplus in itself, it must be reviewed in conjunction with the surplus of \$4,575 experienced in the year 2003 and the deficits totalling \$2,289,616 for the years 2002 and 2001. The next challenge is now to build on this positive result in the future to ensure that the MTA remains financially stable in order to serve its members.



Leo Delissen
Honorary Treasurer and Principal Accounting Officer

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
Proceeds from sale of 53 – 55 Brisbane Street, Surry Hills	3	5,750,000	-	5,750,000	-
Costs of sale of 53 – 55 Brisbane Street, Surry Hills	4	<u>(4,134,155)</u>	<u>-</u>	<u>(4,134,155)</u>	<u>-</u>
		1,615,845	-	1,615,845	-
Other revenue from ordinary activities	3	5,317,756	5,352,350	5,061,616	5,314,609
Other expenses from ordinary activities	4	(5,397,284)	(5,478,367)	(4,959,576)	(5,107,313)
Borrowing costs expense		<u>(100,428)</u>	<u>(202,721)</u>	<u>(100,428)</u>	<u>(202,721)</u>
Surplus / (deficit) from ordinary activities before income tax expense	5	1,435,889	(328,738)	1,617,457	4,575
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		1,435,889	(328,738)	1,617,457	4,575
Increase in asset revaluation reserves		<u>340,799</u>	<u>1,140,440</u>	<u>340,799</u>	<u>1,140,440</u>
Total changes in members funds	16	<u>1,776,688</u>	<u>811,702</u>	<u>1,958,256</u>	<u>1,145,015</u>

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

		Economic Entity		Parent Entity	
		2004 \$	2003 \$	2004 \$	2003 \$
CURRENT ASSETS					
Cash assets		2,007,383	34,423	1,923,031	1,350
Receivables	7	673,081	356,243	1,373,300	895,552
Inventories	8	137,957	103,237	137,957	103,237
TOTAL CURRENT ASSETS		<u>2,818,421</u>	<u>493,903</u>	<u>3,434,288</u>	<u>1,000,139</u>
NON CURRENT ASSETS					
Other financial assets	9	5,461,632	5,120,827	5,461,635	5,121,830
Property, plant & equipment	10	5,355,070	9,099,365	5,341,325	9,084,540
TOTAL NON CURRENT ASSETS		<u>10,816,702</u>	<u>14,220,192</u>	<u>10,802,960</u>	<u>14,206,370</u>
TOTAL ASSETS		<u>13,635,123</u>	<u>14,714,095</u>	<u>14,237,248</u>	<u>15,206,509</u>
CURRENT LIABILITIES					
Payables	11	1,985,510	2,265,627	1,900,129	2,252,103
Provisions	12	340,310	278,303	340,310	278,303
Interest bearing liabilities	13	139,117	2,598,553	139,117	2,598,553
TOTAL CURRENT LIABILITIES		<u>2,464,937</u>	<u>5,142,483</u>	<u>2,379,556</u>	<u>5,128,959</u>
NON CURRENT LIABILITIES					
Provisions	14	8,028	6,277	8,028	6,277
Interest bearing liabilities	15	-	179,865	-	179,865
TOTAL NON CURRENT LIABILITIES		<u>8,028</u>	<u>186,142</u>	<u>8,028</u>	<u>186,142</u>
TOTAL LIABILITIES		<u>2,472,965</u>	<u>5,328,625</u>	<u>2,387,584</u>	<u>5,315,101</u>
NET ASSETS		<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>
MEMBERS' FUNDS					
Accumulated funds	16	6,073,159	3,111,270	6,760,665	3,617,208
Reserves	17	5,088,999	6,274,200	5,088,999	6,274,200
TOTAL MEMBERS' FUNDS	16	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004**

		Economic Entity		Parent Entity	
	Note	2004 \$	2003 \$	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from subscriptions		3,677,247	3,511,489	3,677,247	3,511,489
Receipts from stationery sales		628,351	906,583	628,351	906,583
Interest received		68,606	18,733	117,636	17,102
Other income received		1,386,053	1,745,605	1,113,890	1,557,432
Payments to suppliers and employees		(5,862,763)	(6,043,558)	(5,722,600)	(5,569,597)
Interest paid		(101,682)	(202,721)	(100,428)	(202,761)
Net cash provided by/(used in) operating activities	18(c)	(204,188)	(63,869)	(285,904)	220,248
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(660,904)	(13,905)	(657,087)	(11,428)
Proceeds on sale of property, plant and equipment		5,505,900	386,168	5,505,900	386,218
Net cash provided by investing activities		4,844,996	372,263	4,848,813	374,790
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	(170,000)	-	(170,000)
Repayment of borrowings		(2,430,000)	-	(2,430,000)	-
Repayment of lease liabilities		(304,416)	(277,941)	(304,416)	(277,941)
Net loan received from/(provided to) related entities		(28,547)	-	(1,927)	(265,912)
Net cash used in financing activities		(2,762,963)	(447,941)	(2,736,343)	(713,853)
Net increase/(decrease) in cash held		1,877,845	(139,547)	1,826,566	(118,815)
Cash at the beginning of the year		(9,579)	129,968	(42,652)	76,163
Cash at the end of the year	18(a)	1,868,266	(9,579)	1,783,914	(42,652)

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Consensus Views and other mandatory professional reporting requirements, the requirements of the Associations Incorporations Act (New South Wales), the Workplace Relations Act 1996 and the Industrial 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

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the balance sheet as "future income tax benefits" or "provision for deferred income tax", as the case may be at current tax rates. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

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

(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.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

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	0% 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.

(g) Cash

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

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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

(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) Payables

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.

NOTE 2: NOTICES TO MEMBERS

Notice Required Under the Industrial Relations Act 1996

In accordance with the requirements of the Industrial Relations Act 1996, the attention of the members is drawn to the provisions of sub-section (1) and (2) of section 512 of the Industrial Relations Act 1991, preserved as regulations under section 283(3) Industrial Relations Act 1996, which provides: -

1. A member of an organisation, or the Industrial 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 the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 2: NOTICES TO MEMBERS (Continued)

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	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 3: REVENUES FROM ORDINARY ACTIVITIES				
Operating activities				
Subscriptions received	3,054,595	2,949,360	3,054,595	2,949,360
Commission received	75,567	105,303	75,567	105,303
Income from insurance brokerage activities	325,172	105,633	-	-
Stationery and merchandise sales	571,228	724,166	571,228	724,166
Interest received	68,606	17,102	117,636	60,265
Training fees received	518,264	645,137	518,264	645,137
MTA journal and yearbook revenues	-	130,832	-	130,832
Affiliation fees	103,095	127,799	103,095	127,799
Events revenue	36,579	78,292	36,579	78,292
Other revenue	242,917	191,239	242,917	191,239
	<u>4,996,023</u>	<u>5,074,863</u>	<u>4,719,881</u>	<u>5,012,393</u>
Non-operating activities				
Rent	98,460	178,499	118,462	203,495
Proceeds from sale of 53 – 55 Brisbane Street, Surry Hills	5,750,000	-	5,750,000	-
Proceeds from sale of other property, plant and equipment	223,273	98,988	223,273	98,721
	<u>6,071,733</u>	<u>277,487</u>	<u>6,091,735</u>	<u>302,216</u>
Total revenue from ordinary activities	<u><u>11,067,756</u></u>	<u><u>5,352,350</u></u>	<u><u>10,811,616</u></u>	<u><u>5,314,609</u></u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 4: EXPENSES FROM ORDINARY ACTIVITIES				
Cost of goods sold	244,639	392,303	244,639	392,303
Costs of sale of 53 – 55 Brisbane Street, Surry Hills	4,134,155	-	4,134,155	-
Cost of sale of other property, plant and equipment	219,387	97,192	219,387	96,925
Employee related expense	2,372,484	2,357,532	2,229,100	2,120,145
Occupancy & equipment expenses	274,151	278,561	261,727	272,979
Depreciation & amortisation	188,591	266,356	183,822	259,877
Events expenses	2,032	15,438	2,032	15,438
Travel expenses	378,555	297,560	366,173	276,572
MTAA subscriptions & expenses	420,516	411,021	420,516	411,021
Marketing expenses	168,677	359,755	161,206	349,393
Administrative expenses	291,938	347,659	280,899	334,237
Training expenses	340,582	111,038	340,582	111,038
Other expenses from ordinary activities	<u>495,732</u>	<u>543,952</u>	<u>249,493</u>	<u>467,385</u>
Total expenses from ordinary activities	<u>9,531,439</u>	<u>5,478,367</u>	<u>9,093,731</u>	<u>5,107,313</u>

NOTE 5: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES

Surplus/(deficit) from ordinary activities includes:

Gain on disposal of property, plant and equipment	1,619,731	1,796	1,619,731	1,796
Interest received	68,606	17,102	117,636	60,265
Amortisation of leased assets	71,160	160,296	71,160	160,296
Depreciation of property, plant and equipment	117,431	106,060	112,662	99,581
Borrowing costs:				
- Interest on leases	27,770	47,226	27,720	47,226
- Interest on loans	72,658	155,495	72,658	155,495
Bad and doubtful debts:				
- Trade debtors	(14,127)	(3,084)	(14,127)	(3,144)
- Loans to wholly owned subsidiaries	-	-	(221,397)	-
Auditors' remuneration				
- audit of the financial report	36,000	28,000	29,000	28,000
- other services	<u>9,340</u>	<u>15,640</u>	<u>8,636</u>	<u>9,640</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 5: SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES (Continued)				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Proceeds from sale of 53 – 55 Brisbane Street, Surry Hills	5,750,000	-	5,750,000	-
Costs of sale of 55 – 53 Brisbane Street, Surry Hills	<u>(4,134,155)</u>	-	<u>(4,134,155)</u>	-
	<u>1,615,845</u>	-	<u>1,615,845</u>	-
Reversal of provision for doubtful debts due from wholly owned subsidiaries	<u>-</u>	<u>-</u>	<u>221,397</u>	<u>-</u>

NOTE 6: INCOME TAX EXPENSE

Prima facie tax payable on operating surplus/(deficit) before income tax at 30%	430,765	(98,621)	485,236	1,373
Less tax effect of:				
- non-taxable member income arising from principle of mutuality	(418,817)	(1,373)	(485,236)	(1,373)
- non-allowable items	<u>1,876</u>	<u>3,931</u>	<u>-</u>	<u>-</u>
	13,824	(96,063)	-	-
Utilisation of prior period tax losses	(13,824)	-	-	-
Current period loss not brought to account as future income tax benefit	<u>-</u>	<u>96,063</u>	<u>-</u>	<u>-</u>
Income tax expense attributable to operating surplus/(deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 7: RECEIVABLES				
Trade accounts receivable	387,935	129,187	351,673	126,789
Less: Provision for doubtful debts	<u>(20,000)</u>	<u>(34,500)</u>	<u>(20,000)</u>	<u>(34,500)</u>
	367,935	94,687	331,673	92,289
Amounts due from subsidiaries	-	-	736,484	763,104
Less: Provision against amounts due from subsidiaries	-	-	-	(221,397)
Amounts due from joint venture entities	28,547	-	28,547	-
Other debtors	41,210	122,768	41,207	122,768
Prepayments	<u>235,389</u>	<u>138,788</u>	<u>235,389</u>	<u>138,788</u>
	305,146	261,556	1,041,627	803,263
Total receivables	<u>673,081</u>	<u>356,243</u>	<u>1,373,300</u>	<u>895,552</u>
Receivables expected to be recovered twelve months or more after reporting date	<u>98,947</u>	<u>-</u>	<u>768,547</u>	<u>731,104</u>

NOTE 8: INVENTORIES

Stationery, merchandise and other	<u>137,957</u>	<u>103,237</u>	<u>137,957</u>	<u>103,237</u>
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NOTE 9: OTHER FINANCIAL ASSETS

Investments

- Unlisted shares	55	50	58	1,053
- Listed shares	6,062	3,970	6,062	3,970
- Unlisted units in MTAA House Unit Trust	<u>5,455,515</u>	<u>5,116,807</u>	<u>5,455,515</u>	<u>5,116,807</u>
	<u>5,461,632</u>	<u>5,120,827</u>	<u>5,461,635</u>	<u>5,121,830</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 2004.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 10: PROPERTY PLANT & EQUIPMENT				
Freehold land and buildings - at valuation				
43 – 51 Brisbane Street, Surry Hills	4,550,000	4,550,000	4,550,000	4,550,000
53 – 55 Brisbane Street, Surry Hills	-	4,000,000	-	4,000,000
Less: Provision for depreciation	(28,000)	-	(28,000)	-
	<u>4,522,000</u>	<u>8,550,000</u>	<u>4,522,000</u>	<u>8,550,000</u>
Furniture, fittings, and equipment - at cost	759,302	597,274	734,181	575,971
Less: Provision for depreciation	(520,473)	(371,740)	(509,097)	(365,262)
	<u>238,829</u>	<u>225,534</u>	<u>225,084</u>	<u>210,709</u>
Motor vehicles - at cost	594,241	64,490	594,241	64,490
Less: Provision for depreciation	-	(45,075)	-	(45,075)
	<u>594,241</u>	<u>19,415</u>	<u>594,241</u>	<u>19,415</u>
Leased motor vehicles – at cost	-	448,050	-	448,050
Less: Accumulated amortisation	-	(173,397)	-	(173,397)
	<u>-</u>	<u>274,653</u>	<u>-</u>	<u>274,653</u>
Leased plant & equipment – at cost	-	95,365	-	95,365
Less: Accumulated amortisation	-	(65,602)	-	(65,602)
	<u>-</u>	<u>29,763</u>	<u>-</u>	<u>29,763</u>
	<u>5,355,070</u>	<u>9,099,365</u>	<u>5,341,325</u>	<u>9,084,540</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 10: PROPERTY PLANT & EQUIPMENT (continued)

An independent valuation of the freehold land & buildings was performed by Colliers International on 27 February 2004. A revaluation of the land and buildings was performed as at 31 December 2003 on the basis of this valuation. The property at 53-55 Brisbane Street, Surry Hills was sold during the year for a consideration of \$5.75m.

Movements in Carrying Amounts

	\$	\$	\$	\$	\$	\$
	Land and Buildings	Furniture, Fittings and Equipment	Motor Vehicles	Leased Motor Vehicles	Leased Plant & Equipment	Total
Economic Entity						
Balance at the beginning of the year	8,550,000	225,534	19,415	274,653	29,763	9,099,365
Additions	-	18,573	594,241	-	48,090	660,904
Disposals	(3,983,240)	-	(3,293)	(230,075)	-	(4,216,608)
Transfers	-	49,760	-	-	(49,760)	-
Depreciation and amortisation	(44,760)	(55,038)	(16,122)	(44,578)	(28,093)	(188,591)
Balance at the end of the year	<u>4,522,000</u>	<u>238,829</u>	<u>594,241</u>	<u>-</u>	<u>-</u>	<u>5,355,070</u>

Parent Entity

Balance at the beginning of the year	8,550,000	210,709	19,415	274,653	29,763	9,084,540
Additions	-	14,755	594,241	-	48,090	657,086
Disposals	(3,983,240)	-	(3,293)	(230,075)	-	(4,216,608)
Transfers	-	49,760	-	-	(49,760)	-
Depreciation and amortisation	(44,760)	(50,140)	(16,122)	(44,578)	(28,093)	(183,693)
Balance at the end of the year	<u>4,522,000</u>	<u>225,084</u>	<u>594,241</u>	<u>-</u>	<u>-</u>	<u>5,341,325</u>

Economic Entity

Parent Entity

2004	2003	2004	2003
\$	\$	\$	\$

NOTE 11: PAYABLES – CURRENT

Unsecured:

Accounts payable	234,637	343,269	212,571	329,745
Other creditors and accruals	405,566	542,283	342,251	542,283
Deposits received in advance	-	323,125	-	323,125
Subscriptions received in advance	<u>1,345,307</u>	<u>1,056,950</u>	<u>1,345,307</u>	<u>1,056,950</u>
	<u>1,985,510</u>	<u>2,265,627</u>	<u>1,900,129</u>	<u>2,252,103</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
NOTE 12: PROVISIONS – CURRENT				
Provision for annual leave	222,447	174,351	222,447	174,351
Provision for long service leave	<u>117,863</u>	<u>103,952</u>	<u>117,863</u>	<u>103,952</u>
	<u>340,310</u>	<u>278,303</u>	<u>340,310</u>	<u>278,303</u>

NOTE 13: INTEREST BEARING LIABILITIES – CURRENT

Secured:

Bank overdraft	139,117	44,002	139,117	44,002
Commercial bills	-	2,430,000	-	2,430,000
Lease liabilities	<u>-</u>	<u>124,551</u>	<u>-</u>	<u>124,551</u>
	<u>139,117</u>	<u>2,598,553</u>	<u>139,117</u>	<u>2,598,553</u>

The bank overdraft is secured by a registered mortgage over the property situated at 43-51 Brisbane Street, Surry Hills NSW 2010.

NOTE 14: PROVISIONS – NON CURRENT

Provision for long service leave	<u>8,028</u>	<u>6,277</u>	<u>8,028</u>	<u>6,277</u>
Aggregate employee provisions	<u>348,338</u>	<u>284,580</u>	<u>348,338</u>	<u>284,580</u>
Average number of employees throughout the year	<u>34</u>	<u>35</u>	<u>32</u>	<u>32</u>

NOTE 15: INTEREST BEARING LIABILITIES – NON CURRENT

Lease liabilities	<u>-</u>	<u>179,865</u>	<u>-</u>	<u>179,865</u>
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MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 16: ACCUMULATED FUNDS AND TOTAL MEMBERS FUNDS				
Accumulated Funds				
Balance at the beginning of the year	3,111,270	3,440,008	3,617,208	3,612,633
Net surplus/(deficit) for the year	1,435,889	(328,738)	1,617,457	4,575
Transfers from reserves	<u>1,526,000</u>	<u>-</u>	<u>1,526,000</u>	<u>-</u>
Balance at the end of the year	<u>6,073,159</u>	<u>3,111,270</u>	<u>6,760,665</u>	<u>3,617,208</u>
Total Members Funds				
Balance at the beginning of the year	9,385,470	8,573,768	9,891,408	8,746,393
Total changes in members funds recognised in the statement of financial performance	<u>1,776,688</u>	<u>811,702</u>	<u>1,958,256</u>	<u>1,145,015</u>
Balance at the end of the year	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>
NOTE 17: RESERVES				
Asset Revaluation Reserve	<u>5,088,999</u>	<u>6,274,200</u>	<u>5,088,999</u>	<u>6,274,200</u>
Movement in Reserves				
Balance at the beginning of the year	6,274,200	5,133,760	6,274,200	5,133,760
Revaluation of land and buildings	-	273,423	-	273,423
Revaluation of investment in MTAA House Unit Trust	338,707	863,047	338,707	863,047
Investment in listed shares	2,092	3,970	2,092	3,970
Transfers to accumulated funds	<u>(1,526,000)</u>	<u>-</u>	<u>(1,526,000)</u>	<u>-</u>
Balance at the end of the year	<u>5,088,999</u>	<u>6,274,200</u>	<u>5,088,999</u>	<u>6,274,200</u>

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

Economic Entity

Parent Entity

2004
\$

2003
\$

2004
\$

2003
\$

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	2,007,383	34,423	1,923,031	1,350
Bank overdraft	<u>(139,117)</u>	<u>(44,002)</u>	<u>(139,117)</u>	<u>(44,002)</u>
	<u>1,868,266</u>	<u>(9,579)</u>	<u>1,783,914</u>	<u>(42,652)</u>

(b) Financing facilities

A Commercial Bill Facility of \$Nil (2003 - \$3,600,000) was available to the Association at 31 December 2004. As at that date, the amount utilised under this facility was \$Nil (2003 - \$2,430,000).

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

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

Operating surplus/(deficit) after income tax	1,435,889	(328,738)	1,617,457	4,575
Amortisation	71,160	160,296	71,160	160,296
Depreciation	117,431	106,060	112,662	99,581
Profit on sale of property, plant and equipment	(1,619,730)	(1,796)	(1,619,730)	(1,796)
Change in assets and liabilities:				
(Increase)/decrease in trade debtors	(258,748)	194,054	(239,384)	110,495
(Increase)/decrease in other receivables	(15,013)	(32,518)	(235,154)	(88,178)
(Increase)/decrease in inventories	(34,720)	(7,946)	(34,720)	(7,946)
Increase/(decrease) in creditors and accruals	(252,571)	(251,165)	(310,309)	(154,395)
Increase/(decrease) in subscriptions in advance	288,357	211,908	288,357	211,908
Increase/(decrease) in provisions	<u>63,757</u>	<u>(114,024)</u>	<u>63,757</u>	<u>(114,292)</u>
Net cash provided by /(used in) operating activities	<u>(204,188)</u>	<u>(63,869)</u>	<u>(285,904)</u>	<u>220,248</u>

d) Non-cash investing activities.

During the year the Association acquired plant and equipment with a value of \$48,090 (2003: \$348,050) by means of finance lease. These acquisitions are not reflected in the statement of cash flows.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

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:

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	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets												
Cash	5.1	3.0	2,007,383	34,423	-	-	-	-	-	-	-2,007,383	34,423
Receivables	-	-	-	-	-	-	-	-	396,482	94,687	396,482	94,687
Investments	-	-	-	-	-	-	-	-	5,461,582	5,120,827	5,461,582	5,120,827
			2,007,383	34,423	-	-	-	-	5,858,064	5,215,514	7,865,447	5,249,937
Financial liabilities												
Bank overdraft	9.1	9.1	139,117	44,002	-	-	-	-	-	-	139,117	44,002
Bank loans	-	5.8	-	-	-2,430,000	-	-	-	-	-	-	-2,430,000
Trade and sundry creditors	-	-	-	-	-	-	-	-	640,153	885,552	640,153	885,552
Income received in advance	-	-	-	-	-	-	-	-	1,345,307	1,380,075	1,345,307	1,380,075
Lease liabilities	-	8.8	-	-	-124,551	-	-179,865	-	-	-	-	-304,416
			139,117	44,002	2,554,551	-	-179,865	-	1,985,460	2,265,627	2,124,577	5,044,045

(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.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 20: COMMITMENTS FOR EXPENDITURE

	Economic Entity		Parent Entity	
	2004 \$	2003 \$	2004 \$	2003 \$
Finance Leasing Commitments				
Payable				
- not longer than 1 year	-	156,909	-	156,909
- longer than 1 year but not longer than 5 years	-	188,367	-	188,367
Minimum lease payments	-	345,276	-	345,276
Less: future finance charges	-	(40,860)	-	(40,860)
Total lease liability	-	304,416	-	304,416
The lease liability is disclosed as:				
Current (Note 13)	-	124,551	-	124,551
Non-current (Note 14)	-	179,865	-	179,865
Total	-	304,416	-	304,416

The Association repaid all finance leases during the year.

Capital Commitments

There are no capital expenditure commitments as at 31 December 2004.

NOTE 21: CONTROLLED ENTITIES

Controlled Entity	Country of Incorporation	Percentage Owned	
		2004 %	2003 %
Parent Entity: Motor Traders' Association of New South Wales	Australia		
Controlled Entities: MTA Financial and Insurance Brokers Pty Limited	Australia	100	100

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
NOTE 22: INTERESTS IN JOINT VENTURES				
Interest in joint venture entities:				
MTA Finance Pty Limited provides financial service advice to customers within the motor industry				
Ownership interests	<u>50%</u>	<u>50%</u>	<u>50%</u>	<u>50%</u>
Members funds attributable to interests in joint venture entities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying value of investments in joint venture entities	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

NOTE 23: 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 expenses of \$5,380 (2003: \$334,072) on behalf of MTA Financial and Insurance Brokers Pty Limited.

At 31 December 2004, the amount owing to Motor Traders' Association of New South Wales by MTA Financial and Insurance Brokers Pty Limited was \$736,484 (2003: \$763,104). Interest is charged at 5.1% per annum on the outstanding balance.

NOTE 24: 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.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

NOTE 25: IMPACTS OF ADOPTING OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian equivalents to International Financial Reporting Standards (AIFRS) will be adopted in the financial report for the year ending 31 December 2005 and the comparative information presented in that report for the year ending 31 December 2004. In preparation for the transition, opening balances as at 1 January 2004 for the comparative year ending 31 December 2004 will be converted to AIFRS in accordance with new accounting standard AASB 1 "First Time Adoption of Australian International Financial Reporting Pronouncements".

The association's management are assessing the significance of these changes and preparing for their implementation.

The association's management has completed an initial review of the key differences in accounting policies expected to arise from adoption of AIFRS and are currently unaware of any changes that will have a material effect on the financial statements of Motor Traders' Association of New South Wales.

The association's management will continue to assess the impact of AIFRS, however, they do not believe the adoption of AIFRS will have a significant effect on the association's financial performance and financial position.

MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES

CERTIFICATES REFERRING TO THE 2004 FINANCIAL REPORT

1. ACCOUNTING OFFICER'S CERTIFICATE

In accordance with the requirements of the Workplace Relations Act 1996, I, LEO DELISSEN, being the officer responsible for keeping the accounting records of the Motor Traders' Association of New South Wales, certify that:

- (i) as at 31 December 2004 the number of the members of the Association was 4,423.
- (ii) 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 2004;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) all loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vii) the register of members of the Association was maintained in accordance with the Act.



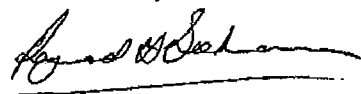
Leo Delissen
Honorary Treasurer and Principal Accounting Officer
Dated this 15th day of February 2005

2. EXECUTIVE BOARD'S CERTIFICATE

In accordance with the requirements of the Workplace Relations Act 1996, we, RAYMOND BEEKMAN and LEO DELISSEN being two members of the Executive Board of the Motor Traders' Association of New South Wales, do state on behalf of the Executive Board and in accordance with a resolution passed by the Executive 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 2004;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2004 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 2004 and the Auditors Report thereon.

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.



R Beekman, President



L Delissen, Board Member and Treasurer

Dated this 15th day of February 2005

A Member Firm of PKF International



Chartered Accountants
& Business Advisers

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

Scope

The financial report and board members responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes, certificates and notice to members for Motor Traders' Association of New South Wales and the consolidated entity for the year ended 31 December 2004. The consolidated entity comprise both the Association and the entities it controlled during that year.

The Association's board members are responsible for the preparation and true and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Association. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, 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.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the board members.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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 2004 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;
- (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 2004 and the income and expenditure, and any surplus or deficit for the year in accordance with the Workplace Relations Act 1996; and
- (e) so as to give a true and fair view of the financial affairs of the Association and its controlled entities as at 31 December 2004 and the income and expenditure, and any surplus or deficit for the year in accordance with the Industrial Relations Act 1996;

In addition we report the following:

- (f) the Association maintained satisfactory accounting records during the year ended 31 December 2004 detailing the sources and nature of income (including income from members) and the purpose and nature of expenditure of the Association;
- (g) we received all the information and explanations we required for the purposes of our audit; and
- (h) where additional disclosures have been made in the financial report for the year ended 31 December 2004, the comparative figures for the prior year have been restated.


PKF

Chartered Accountants
A New South Wales Partnership


Grant F. Saxon
Partner

SYDNEY: 15th February, 2005



**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES
CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

DISCUSSION & ANALYSIS by Finance Director (Philip Perdikaris)

Statement of Financial Performance

The Association experienced a net surplus of \$1,435,889 for the year as compared to a deficit of \$328,738 in 2003. From this year's result the MTA itself made a surplus of \$1,617,457 as compared to the surplus of \$4,575 in 2003. The Insurance Brokerage business experienced a surplus of \$39,838 as against a deficit of \$396,125 in 2003.

Statement of Financial Position

The net assets of the Association have increased this year by \$1,776,688.

The investment in the MTAA House Unit Trust was revalued to market value, leading to an increase in the value of this investment of \$338,707.

Property, plant & equipment decreased throughout the year by \$3,744,295.

Interest bearing liabilities have decreased by \$2,459,436 during the year. This was due to the repayment of motor vehicle leases and bank bills.

Subscriptions in advance increased by \$288,357 this year.

Statement of Cash Flows

The Association experienced net operating cash outflows of \$204,188 this year as compared to last year's outflow of \$63,869.

There were net investing cash inflows of \$4,844,996 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 \$2,762,963 were experienced due to the repayment of bank bills and lease liabilities. The Association managed to pay back \$2,430,000 of its bank bills in 2004 and has no bank debt as at December 2004.

Overall the Association experienced a total positive net cash flow of \$1,877,845

Conclusion

The MTA in itself has managed to put a stop to the deficits it had experienced in the last 2 years at least. Whilst the result of \$1,617,457 represents a small surplus in itself, it must be reviewed in conjunction with the surplus of \$4,575 experienced in the year 2003 and the deficit of \$294,855 incurred in the year 2001. The next challenge is now to build on this positive result in the future to ensure that the MTA remains financially stable in order to serve its members.

The Insurance Brokerage positive has also been the first in its history and the budget for next year is also positive.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Note	Economic Entity		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Proceeds from sale of 53-55 Brisbane Street, Surry Hills		5,750,000	—	5,750,000	—
Costs of sale of 53-55 Brisbane Street, Surry Hills	5	(4,134,155)	—	(4,134,155)	—
		<u>1,615,845</u>	<u>—</u>	<u>1,615,845</u>	<u>—</u>
Other revenue from ordinary activities		5,317,756	5,352,350	5,061,616	5,314,609
Other expenses from ordinary activities	5	(5,397,284)	(5,478,367)	(4,959,576)	(5,107,313)
Borrowing costs expense		<u>(100,428)</u>	<u>(202,721)</u>	<u>(100,428)</u>	<u>(202,721)</u>
Surplus / (deficit) from ordinary activities before income tax expense		1,435,889	(328,738)	1,617,457	4,575
Income tax expense relating to ordinary activities		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Surplus / (deficit) from ordinary activities after related income tax expense		1,435,889	(328,738)	1,617,457	4,575
Increase in asset revaluation reserves		<u>340,799</u>	<u>1,140,440</u>	<u>340,799</u>	<u>1,140,440</u>
Total changes in members funds		<u><u>1,776,688</u></u>	<u><u>811,702</u></u>	<u><u>1,958,256</u></u>	<u><u>1,145,015</u></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 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
CURRENT ASSETS				
Cash assets	2,007,383	34,423	1,923,031	1,350
Receivables	673,081	356,243	1,373,300	895,552
Inventories	137,957	103,237	137,957	103,237
TOTAL CURRENT ASSETS	<u>2,818,421</u>	<u>493,903</u>	<u>3,434,288</u>	<u>1,000,139</u>
NON CURRENT ASSETS				
Other financial assets	5,461,632	5,120,827	5,461,635	5,121,830
Property, plant & equipment	5,355,070	9,099,365	5,341,325	9,084,540
TOTAL NON CURRENT ASSETS	<u>10,816,702</u>	<u>14,220,192</u>	<u>10,802,960</u>	<u>14,206,370</u>
TOTAL ASSETS	<u>13,635,123</u>	<u>14,714,095</u>	<u>14,237,198</u>	<u>15,206,509</u>
CURRENT LIABILITIES				
Payables	1,985,510	2,265,627	1,900,129	2,252,103
Provisions	340,310	278,303	340,310	278,303
Interest bearing liabilities	139,117	2,598,553	139,117	2,598,553
TOTAL CURRENT LIABILITIES	<u>2,464,937</u>	<u>5,142,483</u>	<u>2,379,556</u>	<u>5,128,959</u>
NON CURRENT LIABILITIES				
Provisions	8,028	6,277	8,028	6,277
Interest bearing liabilities	-	179,865	-	179,865
TOTAL NON CURRENT LIABILITIES	<u>8,028</u>	<u>186,142</u>	<u>8,028</u>	<u>186,142</u>
TOTAL LIABILITIES	<u>2,472,965</u>	<u>5,328,625</u>	<u>2,387,584</u>	<u>5,315,101</u>
NET ASSETS	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>
MEMBERS' FUNDS				
Accumulated funds	6,073,159	3,111,270	6,760,665	3,617,208
Reserves	5,088,999	6,274,200	5,088,999	6,274,200
TOTAL MEMBERS' FUNDS	<u>11,162,158</u>	<u>9,385,470</u>	<u>11,849,664</u>	<u>9,891,408</u>

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 2004**

	Economic Entity		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from subscriptions	3,677,247	3,511,489	3,677,247	3,511,489
Receipts from stationery sales	628,351	906,583	628,351	906,583
Interest received	68,606	18,733	117,636	17,102
Other income received	1,386,053	1,745,605	1,113,890	1,557,432
Payments to suppliers and employees	(5,862,763)	(6,043,558)	(5,722,600)	(5,569,597)
Interest paid	(101,682)	(202,721)	(100,428)	(202,761)
Net cash provided by/(used in) operating activities	<u>(204,188)</u>	<u>(63,869)</u>	<u>(285,904)</u>	<u>220,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for property, plant & equipment	(660,904)	(13,905)	(657,087)	(11,428)
Proceeds on sale of property, plant & equipment	5,505,900	386,168	5,505,900	386,218
Net cash provided by/(used in) investing activities	<u>4,844,996</u>	<u>372,263</u>	<u>4,848,813</u>	<u>374,790</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	–	(170,000)	–	(170,000)
Repayment of borrowings	(2,430,000)	–	(2,430,000)	–
Repayment of lease liabilities	(304,416)	(277,941)	(304,416)	(277,941)
Net loan provided to related entities	(28,547)	–	(1,927)	(265,912)
Net cash provided by/(used in) financing activities	<u>(2,762,963)</u>	<u>(447,941)</u>	<u>(6,043,558)</u>	<u>(713,853)</u>
Net increase / (decrease) in cash held	1,877,845	(139,547)	1,826,566	(118,815)
Cash at the beginning of the year	(9,579)	129,968	(42,652)	76,163
Cash at the end of the year	<u>1,868,266</u>	<u>(9,579)</u>	<u>1,783,914</u>	<u>(42,652)</u>

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



CERTIFICATES REFERRING TO THE 2004 FINANCIAL REPORT

1. ACCOUNTING OFFICER'S CERTIFICATE

In accordance with the requirements of the Workplace Relations Act 1996, I, LEO DELISSEN, being the officer responsible for keeping the accounting records of the Motor Traders' Association of New South Wales, certify that:

- (i) as at 31 December 2004 the number of the members of the Association was 4,423;
- (ii) 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 2004;
- (iii) 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;
- (iv) 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;
- (v) 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;
- (vi) all loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vii) the register of members of the Association was maintained in accordance with the Act.

Leo Delissen
Honorary Treasurer and Principal Accounting Officer
Dated this 15th day of February 2005

2. EXECUTIVE BOARD'S CERTIFICATE

In accordance with the requirements of the Workplace Relations Act 1996, we, RAYMOND BEEKMAN and LEO DELISSEN being two members of the Executive Board of the Motor Traders' Association of New South Wales, do state on behalf of the Executive Board and in accordance with a resolution passed by the Executive 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 2004;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2004 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 2004 and the Auditors Report thereon.

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.

R Beekman

President

L Delissen

Board Member and Treasurer

Dated this 15th day of February 2005



Chartered Accountants
& Business Advisors

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Sydney NSW 2000

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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 2004, 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 2004. Our audit report on the full financial report was signed on 14th February 2005, 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 2004 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: 14th February, 2005



Australian Government
Australian Industrial Registry

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

Ref: FR2004/666-[066N]

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

Dear Mr McCall

Financial Return - year ending 31 December, 2004

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

New legislation

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

The legislation has changed since your last return. In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'¹). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

The key differences under the new legislation affecting financial returns are:

- a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)
- a greater emphasis given to Australian Accounting Standards
- the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)
- extensions of time are limited to one month
- restructured penalty provisions involving more extensive use of Civil Penalties
- the introduction of the Industrial Registrar's Reporting Guidelines
- organisations and their branches to report according to their financial structures, known as 'reporting units'.

We recommend you discuss the new requirements with your accountant or auditor.

¹ Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as “*reporting units*”. Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

Industrial Registrar’s Guidelines

The Industrial Registrar’s reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit’s economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar’s Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor’s Report, comprise the reporting unit’s financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar’s Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au). When lodging the financial return please quote: **FR2004/666**.

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or where the reporting unit has no financial affairs in the financial year, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at peter.mckerrow@air.gov.au or belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule and RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely



for Deputy Industrial Registrar
19 January 2005

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

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

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view* of the financial performance, financial position and cash flows 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;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held* in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been* kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been* furnished to the member or Registrar; and
 - #(vi) there has been* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

* Where compliance or full compliance has not been attained - set out details of non compliance instead.

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

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

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

Signature

Date:

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

(a) the secretary; or

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

²*Only applicable where a concise report is provided to members*

³*Insert whichever is applicable*