



**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: FR2005/553**

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, 2005**

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.

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'<sup>1</sup>). 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.

---

<sup>1</sup> 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](http://www.airc.gov.au)). When lodging the financial return please quote: **FR2005/550**.

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 [belinda.penna@air.gov.au](mailto: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](http://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  
23 January 2006



**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	✓
<b>1</b>	<b>General Purpose Financial Report</b>	
	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?	
<b>2</b>	<b>Committee of Management Statement</b>	
	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?	
<b>3</b>	<b>Auditor's Report</b>	
	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?	
<b>4</b>	<b>Operating Report</b>	
	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?	
<b>5</b>	<b>Concise report*</b>	
<b>6</b>	<b>Certificate of Secretary or other Authorised Officer</b>	
	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 Officer<sup>1</sup>**

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]<sup>2</sup>, referred to in s268 of the RAO Schedule; and
- that the [full report OR concise report]<sup>3</sup>, 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]<sup>3</sup> of the reporting unit on [insert date]; in accordance with section 266 of the RAO Schedule.

Signature

Date:

<sup>1</sup>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.

<sup>2</sup>Only applicable where a concise report is provided to members

<sup>3</sup>Insert whichever is applicable



*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](http://www.mtansw.com.au)  
ABN: 63 000 008 088

*The Voice of the  
Motor Industry*

13th April 2006

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

Dear Sir/Madam,

In accordance with the reporting requirements for organisations under the Workplace Relations Act 1996 and guidelines issued through your office please find the following attached.

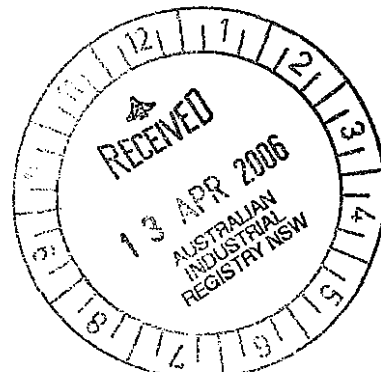
- A declaration from the Chief Executive Officer of the Association confirming the offices of the Association, details in relation to the register of members of the Association and details of a pending election to take place in accordance with the rules of the Association in November 2006.
- A Certificate from the Chief Executive Officer of the Association confirming details in relation to financial reports of the Association.
- A Statement from the Committee of Management of the Association confirming details in relation to a resolution associated with the financial statements.

Within the financial statements are required documents relevant to auditor and committee of management and Accounting Officers statements.

Should you require any further detail please contact me.

Yours faithfully  
Motor Traders' Association of NSW

  
Greg Hatton  
Director, Employment Relations Services



**Certificate of Secretary or Other Authorised Officer**  
**S268 of Schedule 1B Workplace Relations Act 1996**

I James McCall being the Chief Executive Officer of the Motor Traders' Association of New South Wales certify:

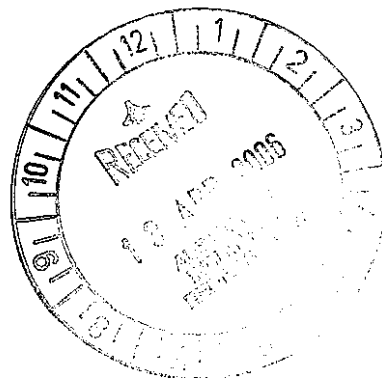
- That the documents lodged herewith are copies of the full report and the concise report, referred to in s268 of the RAO Schedule; and
- That the concise report was provided to members on 28<sup>th</sup> February 2006; and
- That the full report was presented to the Annual General Meeting of the Motor Traders' Association of New South Wales on the 31<sup>st</sup> March 2006 in accordance with section 266 of the RAO Schedule.

Signed: .....

*James McCall*

Date: .....

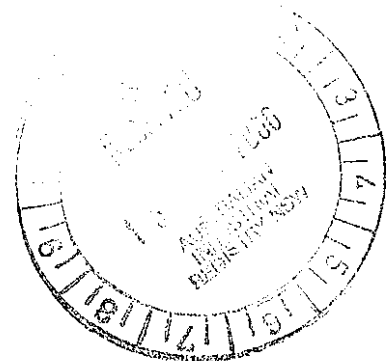
*10th April 2006*



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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2005**



**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES  
ABN 63 000 008 088**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>Page</b>
Income Statements	2
Balance Sheets	3
Statements of Changes in Members Funds	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Certificates to the Financial Report	22
Auditors' Report	26
Additional information	28
Detailed Income Statements	29

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	Consolidated Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
Net gain on disposal of property at 53 – 55 Brisbane Street, Surry Hills		-	1,615,845	-	1,615,845
Other revenue	4	4,856,137	5,098,369	4,832,421	4,842,229
Borrowing costs expense		(472)	(100,428)	(472)	(100,428)
Other expenses	5	(5,003,246)	(5,177,897)	(4,827,454)	(4,740,189)
Surplus / (deficit) before income tax expense		<u>(147,581)</u>	<u>1,435,889</u>	<u>4,495</u>	<u>1,617,457</u>
Income tax expense	2(d), 7	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus / (deficit) after related income tax expense		<u>(147,581)</u>	<u>1,435,889</u>	<u>4,495</u>	<u>1,617,457</u>

*The above Income Statements are to be read in conjunction with the attached notes.*

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**BALANCE SHEETS**  
**AS AT 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1,200,995	2,007,383	1,136,791	1,923,031
Trade and other receivables	8    1,744,127	673,086	2,627,110	1,373,300
Inventories	9    173,345	137,957	173,345	137,957
<b>TOTAL CURRENT ASSETS</b>	<u>3,118,467</u>	<u>2,818,426</u>	<u>3,937,246</u>	<u>3,434,288</u>
<b>NON CURRENT ASSETS</b>				
Other financial assets	10    6,856,316	5,461,577	6,856,382	5,461,635
Equity accounted investments	11            550	50	-	-
Property, plant & equipment	12    5,159,625	5,355,070	5,159,625	5,341,325
<b>TOTAL NON CURRENT ASSETS</b>	<u>12,016,491</u>	<u>10,816,697</u>	<u>12,016,007</u>	<u>10,802,960</u>
<b>TOTAL ASSETS</b>	<u>15,134,958</u>	<u>13,635,123</u>	<u>15,953,253</u>	<u>14,237,248</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13    2,191,306	1,985,510	2,170,019	1,900,129
Provisions	14            342,517	340,310	342,517	340,310
Interest bearing liabilities	15            177,758	139,117	177,758	139,117
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,711,581</u>	<u>2,464,937</u>	<u>2,690,294</u>	<u>2,379,556</u>
<b>NON CURRENT LIABILITIES</b>				
Provisions	16            14,063	8,028	14,063	8,028
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>14,063</u>	<u>8,028</u>	<u>14,063</u>	<u>8,028</u>
<b>TOTAL LIABILITIES</b>	<u>2,725,644</u>	<u>2,472,965</u>	<u>2,704,357</u>	<u>2,387,584</u>
<b>NET ASSETS</b>	<u>12,409,314</u>	<u>11,162,158</u>	<u>13,248,896</u>	<u>11,849,664</u>
<b>MEMBERS' FUNDS</b>				
Accumulated funds	17    5,925,578	6,073,159	6,765,160	6,760,665
Reserves	18    6,483,736	5,088,999	6,483,736	5,088,999
<b>TOTAL MEMBERS' FUNDS</b>	<u>12,409,314</u>	<u>11,162,158</u>	<u>13,248,896</u>	<u>11,849,664</u>

*The above Balance Sheets are to be read in conjunction with the attached notes.*

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**STATEMENTS OF CHANGES IN MEMBERS FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

Attributable to members of the Parent entity	Accumulated Funds	Revaluation Reserves	Total
	\$	\$	\$
<b>CONSOLIDATED</b>			
<b>Balance at 1 January 2004</b>	3,111,270	6,274,200	9,385,470
<b>Changes in members funds</b>			
Surplus attributable to members of the parent entity	1,435,889	-	1,435,889
Revaluation increments	-	340,799	340,799
Transfer to member funds from reserves	1,526,000	(1,526,000)	-
<b>Balance as at 31 December 2004</b>	6,073,159	5,088,999	11,162,158
<b>Changes in members funds</b>			
Surplus attributable to members of the parent entity	(147,581)	-	(147,581)
Revaluation increments	-	1,394,737	1,394,737
<b>Balance as at 31 December 2005</b>	5,925,578	6,483,736	12,409,314
<b>PARENT</b>			
<b>Balance at 1 January 2004</b>	3,617,208	6,274,200	9,891,408
<b>Changes in equity</b>			
Surplus attributable to members of the parent entity	1,617,457	-	1,617,457
Revaluation increments	-	340,799	340,799
Transfer to member funds from reserves	1,526,000	(1,526,000)	-
<b>Balance as at 31 December 2004</b>	6,760,665	5,088,999	11,849,664
<b>Changes in equity</b>			
Surplus attributable to members of the parent entity	4,495	-	4,495
Revaluation increments	-	1,394,737	1,394,737
<b>Balance as at 31 December 2005</b>	6,765,160	6,483,736	13,248,896



**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	Consolidated Entity		Parent Entity	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from subscriptions		3,408,040	3,677,247	3,408,040	3,677,247
Receipts from stationery sales		555,672	628,351	555,672	628,351
Interest received		100,710	68,606	140,446	117,636
Other income received		917,451	1,386,053	909,878	1,113,890
Payments to suppliers and employees		(5,496,267)	(5,862,763)	(5,327,134)	(5,722,600)
Interest paid		(472)	(101,682)	(472)	(100,428)
Net cash used in operating activities	19(b)	<u>(514,866)</u>	<u>(204,188)</u>	<u>(313,570)</u>	<u>(285,904)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment		(48,584)	(660,904)	(43,671)	(657,087)
Proceeds on sale of property, plant and equipment		56,343	5,505,900	38,698	5,505,900
Payment for investment		(500)	-	(13)	-
Net cash provided by / (used in) investing activities		<u>7,259</u>	<u>4,844,996</u>	<u>(4,986)</u>	<u>4,848,813</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		-	(2,430,000)	-	(2,430,000)
Repayment of lease liabilities		-	(304,416)	-	(304,416)
Net loan received from / (provided to) related entities		(337,422)	(28,547)	(506,325)	(1,927)
Net cash used in financing activities		<u>(337,422)</u>	<u>(2,762,963)</u>	<u>(506,325)</u>	<u>(2,736,343)</u>
<b>Net increase/(decrease) in cash held</b>		(845,029)	1,877,845	(824,881)	1,826,566
Cash at the beginning of the year		<u>1,868,266</u>	<u>(9,579)</u>	<u>1,783,914</u>	<u>(42,652)</u>
<b>Cash at the end of the year</b>	19(a)	<u><u>1,023,237</u></u>	<u><u>1,868,266</u></u>	<u><u>959,033</u></u>	<u><u>1,783,914</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 1: INTRODUCTION**

Motor Traders' Association of New South Wales is an Association incorporated under the Associations Incorporations Act (New South Wales) and registered under the Workplace Relations Act 1996 and the Industrial Relations Act 1996.

**Operations and principal activities**

The principal activities of the Association is to provide 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

**Currency**

The financial report is presented in Australian dollars and rounded to the nearest dollar.

**Registered office**

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.

**First-time adoption of International Financial Reporting Standards (AIFRS)**

This is the first AIFRS financial report presented by Motor Traders' Association of New South Wales.

The transition from the previous Australian Generally Accepted Accounting Principles to AIFRS has no effect on the reported financial position and financial performance of the Parent Entity or Consolidated Entity

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report constitute a general purpose financial report of The Motor Traders' Association of New South Wales (MTANSW) 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 comprises the economic entity of The Motor Traders Association of New South Wales and its controlled entities, and MTANSW as an individual entity.

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

**Statement of compliance with IFRS**

Australian Accounting standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with the Australian equivalents to IFRS (AIFRS) ensures that the financial report, comprising the economic entity's financial statements and notes and the parent entity financial statements and notes of MTANSW, complies with IFRS.

**Basis of Preparation**

The financial report has also been prepared on an accrual basis and is based on 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Significant judgements and key assumptions**

The following key assumption has been made concerning the future and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Included in accounts receivables is an amount due from MTA Financial and Insurance Brokers Pty Limited (MTAFIB) a wholly owned subsidiary. MTAFIB has made an operational loss of \$152,076 for the year ended 31 December 2005 and has a deficiency in net assets of \$ 839,579 at 31 December 2005 (2004 :\$ 687,503)

MTAFIB holds income units in MTA Insurance Agency Trust a joint venture entity of MTANSW, which entitles MTAFIB to distributable profits from MTA Insurance Agency Trust. The Directors have prepared discounted cashflow projections which confirm that, provided MTA Insurance Agency Trust meet their profit expectations, MTAFIB will generate sufficient cashflows from the distributable profits received from MTA Insurance Agency Trust, to enable MTAFIB to repay the amount of \$ 921,745 payable to MTANSW.

**(b) Principles of consolidation**

The consolidated 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) Financial assets and financial liabilities**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired primarily for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Loans and receivables**

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

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Held-to-maturity investments**

Held-to-maturity investment have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at the amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from change in fair value are taken directly to equity.

**Financial liabilities**

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

**(d) Income tax**

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering/(settling) all assets/(liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Motor Traders Association of New South Wales the parent entity is an employer's association registered under the Workplace Relations Act 1996. The Association therefore qualifies for exemption from Income tax under section 50-15 of the Income Tax Assessments Act 1997.

**(e) 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.

**(f) Property, plant & equipment**

Land and land and buildings are stated at fair value. All other classes of property, plant and equipment are stated at cost. When an asset's carrying amount is increased as a result of a revaluation, the increase is, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, credited directly to revaluation reserve. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is, except to the extent of any credit balance existing in the revaluation reserve in respect of that asset, recognised in profit or loss. The revaluation surplus is transferred directly to retained earnings when the asset is derecognised.

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:

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Property, plant & equipment (cont'd)**

<b>Class of plant &amp; equipment</b>	<b>Depreciation Rate</b>
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 been discounted to their present values in determining the recoverable amounts.

**(g) 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.

**(h) 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.

**(i) Cash**

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

**(j) Interest in joint venture**

Interests in jointly controlled entities are accounted for and reported using the equity method whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the share of net assets of the jointly controlled entity. The income statement reflects the share of the results of operations of the jointly controlled entity.

Interests in jointly controlled entities that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

In the separate financial statements of Motor Traders Association of New South Wales Limited, investments in jointly controlled entities that are not classified as held for sale or included in a disposal group classified as held for sale are accounted for at cost

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) 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".

**(l) 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 3: 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.

**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.

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 4: REVENUES</b>				
Subscriptions received	3,250,872	3,054,595	3,250,872	3,054,595
Commission received	169,336	75,567	169,336	75,567
Income from insurance brokerage activities	72,446	325,172	-	-
Stationery and merchandise sales	505,157	571,228	505,157	571,228
Interest received	100,710	68,606	140,446	117,636
Training fees received	310,713	518,264	310,713	518,264
Affiliation fees	94,798	103,095	94,798	103,095
Events revenue	32,562	36,579	32,562	36,579
Other revenue	208,383	242,917	208,302	242,917
Rent	108,875	98,460	118,043	118,462
Net gain on disposal of property at 53 – 55 Brisbane Street, Surry Hills	-	1,615,845	-	1,615,845
Net gain on disposal of other property, plant and equipment	<u>2,285</u>	<u>3,886</u>	<u>2,192</u>	<u>3,886</u>
<b>Total revenue</b>	<u><u>4,856,137</u></u>	<u><u>6,714,214</u></u>	<u><u>4,832,421</u></u>	<u><u>6,458,074</u></u>

**NOTE 5: EXPENSES**

Cost of goods sold	283,098	244,639	283,098	244,639
Employee related expenses	2,429,867	2,372,484	2,339,986	2,229,100
Occupancy & equipment expenses	218,797	274,151	202,488	261,727
Depreciation & amortisation	190,426	188,591	188,866	183,822
Donations	-	2,050	-	2,050
Events expenses	5,546	2,032	5,546	2,032
Travel expenses	385,716	378,555	359,430	366,173
MTAA subscriptions & expenses	436,690	420,516	436,690	420,516
Marketing expenses	192,630	168,677	182,642	161,206
Administrative expenses	237,519	291,938	230,922	280,899
Training expenses	120,183	340,582	120,183	340,582
Legal expenses	129,225	110,678	129,225	109,442
Members meetings	17,310	15,634	17,310	15,339
Other expenses	<u>356,239</u>	<u>367,370</u>	<u>331,068</u>	<u>122,662</u>
<b>Total expenses</b>	<u><u>5,003,246</u></u>	<u><u>5,177,897</u></u>	<u><u>4,827,454</u></u>	<u><u>4,740,189</u></u>

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 6: ITEMS INCLUDED IN SURPLUS/(DEFICIT)</b>				
Net gain on disposal of property, plant and equipment	2,285	1,619,731	2,192	1,619,731
Interest received	100,710	68,606	140,446	117,636
Amortisation of leased assets	-	71,160	-	71,160
Depreciation of property, plant and equipment	190,426	117,431	188,866	112,662
Borrowing costs:				
- Interest on leases	-	27,770	-	27,720
- Interest on loans	472	72,658	472	72,658
Bad and doubtful debts:				
- Trade debtors	59,763	(14,127)	59,763	(14,127)
- Loans to wholly owned subsidiaries	-	-	-	(221,397)
Auditors' remuneration:				
- audit of the financial report	39,500	36,000	33,000	29,000
- other services	21,697	9,340	3,346	8,636
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**NOTE 7: INCOME TAX EXPENSE**

Prima facie tax payable on operating surplus/(deficit) before income tax at 30%	(44,274)	430,765	1,348	485,236
Less tax effect of:				
- Income exempt from income tax	(1,348)	(418,817)	(1,348)	(485,236)
- non-allowable items	220	1,876	-	-
	<u>(45,402)</u>	<u>13,824</u>	<u>-</u>	<u>-</u>
Utilisation of prior period tax losses	-	(13,824)	-	-
Current period loss not brought to account as future income tax benefit	45,402	-	-	-
Income tax expense attributable to operating surplus/(deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 8: TRADE AND OTHER RECEIVABLES</b>				
Trade accounts receivable	1,291,215	387,935	1,290,846	351,673
Less: Allowance for doubtful debts	<u>(70,000)</u>	<u>(20,000)</u>	<u>(70,000)</u>	<u>(20,000)</u>
	<u>1,221,215</u>	<u>367,935</u>	<u>1,220,846</u>	<u>331,673</u>
Amounts due from subsidiaries	-	-	921,745	736,484
Amounts due from joint venture entities	67,468	28,547	48,564	28,547
Other debtors	184,973	41,215	165,484	41,207
Prepayments	<u>270,471</u>	<u>235,389</u>	<u>270,471</u>	<u>235,389</u>
	<u>522,862</u>	<u>305,151</u>	<u>1,406,264</u>	<u>1,041,627</u>
Total receivables	<u>1,744,127</u>	<u>673,086</u>	<u>2,627,110</u>	<u>1,373,300</u>

**NOTE 9: INVENTORIES**

Stationery, merchandise and other	<u>173,345</u>	<u>137,957</u>	<u>173,345</u>	<u>137,957</u>
-----------------------------------	----------------	----------------	----------------	----------------

**NOTE 10: OTHER FINANCIAL ASSETS**

Available for sale financial assets				
- Listed shares	5,203	6,062	5,203	6,062
- Unlisted units in MTAA House Unit Trust	6,851,113	5,455,515	6,851,113	5,455,515
Investment in subsidiaries at cost	-	-	16	3
Investment in joint controlled entities at cost	<u>-</u>	<u>-</u>	<u>50</u>	<u>55</u>
	<u>6,856,316</u>	<u>5,461,577</u>	<u>6,856,382</u>	<u>5,461,635</u>

Available for sale financial assets includes listed units in MTAA House Unit Trust. There is no fixed return or fixed maturity date attached to this investment. The fair value is based on the net asset value of the Unit Trust at 30 June 2005, which in the Director's opinion is a reliable estimate of the fair value at 31 December 2005.

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**Consolidated Entity**

**Parent Entity**

**2005**  
\$

**2004**  
\$

**2005**  
\$

**2004**  
\$

**NOTE 11: EQUITY ACCOUNTED INVESTMENTS**

Jointly controlled entities

MTA has a 50% interest in the Joint Venture entity MTA Insurance Agency Trust registered in Australia which provides insurance underwriting services within the motor industry

MTA has a 50% interest in the Joint Venture MTA Finance Pty Ltd which provides Financial services advice to customers within the motor industry.

Carrying amount of investment in joint venture of entity:

Balance at the beginning of year	50	50	-	-
Profits in Joint venture entities	-	-	-	-
Additional investments during the year	500	-	-	-
Balance at the end of the year	<u>550</u>	<u>50</u>	<u>-</u>	<u>-</u>

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>NOTE 12: PROPERTY PLANT &amp; EQUIPMENT</b>				
Freehold land and buildings - at valuation				
43 – 51 Brisbane Street, Surry Hills	4,554,480	4,550,000	4,554,480	4,550,000
Less: Provision for depreciation	<u>(56,045)</u>	<u>(28,000)</u>	<u>(56,045)</u>	<u>(28,000)</u>
	<u>4,498,435</u>	<u>4,522,000</u>	<u>4,498,435</u>	<u>4,522,000</u>
Furniture, fittings, and equipment - at cost				
	773,373	759,302	773,373	734,181
Less: Provision for depreciation	<u>(558,129)</u>	<u>(520,473)</u>	<u>(558,129)</u>	<u>(509,097)</u>
	<u>215,244</u>	<u>238,829</u>	<u>215,244</u>	<u>225,084</u>
Motor vehicles - at cost				
	557,428	594,241	557,428	594,241
Less: Provision for depreciation	<u>(111,482)</u>	<u>-</u>	<u>(111,482)</u>	<u>-</u>
	<u>445,946</u>	<u>594,241</u>	<u>445,946</u>	<u>594,241</u>
	<u>5,159,625</u>	<u>5,355,070</u>	<u>5,159,625</u>	<u>5,341,325</u>

**Movements in Carrying Amounts**

	\$	\$	\$	\$
	Land and Buildings	Furniture, Fittings and Equipment	Motor Vehicles	Total
<b>Consolidated Entity</b>				
Balance at the beginning of the year	4,522,000	238,829	594,241	5,355,070
Additions	4,480	45,957	-	50,437
Disposals	-	(18,853)	(36,603)	(55,456)
Depreciation and amortisation	<u>(28,045)</u>	<u>(50,689)</u>	<u>(111,692)</u>	<u>(190,426)</u>
Balance at the end of the year	<u>4,498,435</u>	<u>215,244</u>	<u>445,946</u>	<u>5,159,625</u>
<b>Parent Entity</b>				
Balance at the beginning of the year	4,522,000	225,084	594,241	5,341,325
Additions	4,480	39,289	-	43,769
Disposals	-	-	(36,603)	(36,603)
Depreciation and amortisation	<u>(28,045)</u>	<u>(49,129)</u>	<u>(111,692)</u>	<u>(188,866)</u>
Balance at the end of the year	<u>4,498,435</u>	<u>215,244</u>	<u>445,946</u>	<u>5,159,625</u>

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>NOTE 13: TRADE AND OTHER PAYABLES</b>				
<i>Unsecured:</i>				
Trade accounts payable	214,091	234,637	195,535	212,571
Other creditors and accruals	334,561	405,566	331,830	342,251
Subscriptions received in advance	1,642,654	1,345,307	1,642,654	1,345,307
	<u>2,191,306</u>	<u>1,985,510</u>	<u>2,170,019</u>	<u>1,900,129</u>

**NOTE 14: PROVISIONS – CURRENT**

Provision for annual leave	218,443	222,447	218,443	222,447
Provision for long service leave	<u>124,074</u>	<u>117,863</u>	<u>124,074</u>	<u>117,863</u>
	<u>342,517</u>	<u>340,310</u>	<u>342,517</u>	<u>340,310</u>

**NOTE 15: INTEREST BEARING LIABILITIES**

*Secured:*

Bank overdraft	<u>177,758</u>	<u>139,117</u>	<u>177,758</u>	<u>139,117</u>
----------------	----------------	----------------	----------------	----------------

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

**NOTE 16: PROVISIONS – NON CURRENT**

Provision for long service leave	<u>14,063</u>	<u>8,028</u>	<u>14,063</u>	<u>8,028</u>
Aggregate employee provisions	<u>356,580</u>	<u>348,338</u>	<u>356,580</u>	<u>348,338</u>
Average number of employees throughout the year	<u>35</u>	<u>34</u>	<u>34</u>	<u>32</u>

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>NOTE 17: ACCUMULATED FUNDS AND TOTAL MEMBERS FUNDS</b>				
<b>Accumulated Funds</b>				
Balance at the beginning of the year	6,073,159	3,111,270	6,760,665	3,617,208
Net surplus/(deficit) for the year	(147,581)	1,435,889	4,495	1,617,457
Transfers from reserves	-	1,526,000	-	1,526,000
Balance at the end of the year	<u>5,925,578</u>	<u>6,073,159</u>	<u>6,765,160</u>	<u>6,760,665</u>
<b>NOTE 18: RESERVES</b>				
Asset Revaluation Reserve	<u>6,483,736</u>	<u>5,088,999</u>	<u>6,483,736</u>	<u>5,088,999</u>
<b>Movement in Reserves</b>				
Balance at the beginning of the year	5,088,999	6,274,200	5,088,999	6,274,200
Revaluation of investment in MTAA House Unit Trust	1,395,597	338,707	1,395,597	338,707
Investment in listed shares	(860)	2,092	(860)	2,092
Transfers to accumulated funds	-	(1,526,000)	-	(1,526,000)
Balance at the end of the year	<u>6,483,736</u>	<u>5,088,999</u>	<u>6,483,736</u>	<u>5,088,999</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**Consolidated Entity**

**Parent Entity**

**2005**  
\$

**2004**  
\$

**2005**  
\$

**2004**  
\$

**NOTE 19: 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	1,200,995	2,007,383	1,136,791	1,923,031
Bank overdraft	<u>(177,758)</u>	<u>(139,117)</u>	<u>(177,758)</u>	<u>(139,117)</u>
	<u>1,023,237</u>	<u>1,868,266</u>	<u>959,033</u>	<u>1,783,914</u>

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

Operating surplus/(deficit) after income tax	(147,581)	1,435,889	4,495	1,617,457
Amortisation	-	71,160	-	71,160
Depreciation	190,426	117,431	188,866	112,662
Profit on sale of property, plant and equipment	(2,286)	(1,619,730)	(2,193)	(1,619,730)
Change in assets and liabilities:				
(Increase)/decrease in trade receivables	(555,279)	(258,748)	(588,172)	(239,384)
(Increase)/decrease in other receivables	(178,844)	(15,013)	(87,665)	(235,154)
(Increase)/decrease in inventories	(35,389)	(34,720)	(35,388)	(34,720)
Increase/(decrease) in creditors and accruals	(91,501)	(252,571)	(99,101)	(310,309)
Increase/(decrease) in subscriptions in advance	297,347	288,357	297,347	288,357
Increase/(decrease) in provisions	<u>8,241</u>	<u>63,757</u>	<u>8,241</u>	<u>63,757</u>
Net cash provided by /(used in) operating activities	<u>(514,866)</u>	<u>(204,188)</u>	<u>(313,570)</u>	<u>(285,904)</u>

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 20: FINANCIAL INSTRUMENTS: INTEREST AND CREDIT RISK EXPOSURE**

**(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		Non Interest Bearing		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	%	%	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>								
Cash	5.3	5.1	1,200,995	2,007,383	-	-	1,200,995	2,007,383
Trade and other Receivables		-	-	-	1,425,592	396,482	1,425,592	396,482
Investments		-	-	-	6,856,316	5,461,582	6,856,316	5,461,582
			<u>1,200,995</u>	<u>2,007,383</u>	<u>8,281,908</u>	<u>5,858,064</u>	<u>9,482,903</u>	<u>7,865,447</u>
<b>Financial liabilities</b>								
Bank overdraft	9.3	9.1	177,758	139,117	-	-	177,758	139,117
Trade and other payables		-	-	-	548,652	640,153	548,652	640,153
Income received in advance		-	-	-	1,642,654	1,345,307	1,642,654	1,345,307
			<u>177,758</u>	<u>139,117</u>	<u>2,191,306</u>	<u>1,985,460</u>	<u>2,369,064</u>	<u>2,124,577</u>

**(b) Credit risk**

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

**(c) Net fair value**

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

**NOTE.21: COMMITMENTS FOR EXPENDITURE**

**Capital Commitments**

There are no capital expenditure commitments as at 31 December 2005.

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 22: CONTROLLED ENTITIES**

Controlled Entity	Country of Incorporation	Percentage Owned	
		2005 %	2004 %
Parent Entity: Motor Traders' Association of New South Wales	Australia		
Controlled Entities: MTA Financial and Insurance Brokers Pty Limited	Australia	100	100
MTA Investment Trust	Australia	100	-

**NOTE 23 RELATED PARTY TRANSACTIONS**

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

**(i) Wholly owned subsidiaries**

During the year, Motor Traders' Association of New South Wales incurred expenses of \$ 185,261 (2004: \$5,380) on behalf of MTA Financial and Insurance Brokers Pty Limited.

At 31 December 2005, the amount owing to Motor Traders' Association of New South Wales by MTA Financial and Insurance Brokers Pty Limited was \$921,745 (2004: \$736,484). Interest is charged at 5.45% per annum on the outstanding balance.

**(ii) Joint Venture Entities**

	2005	2004
Receivables from Joint Venture entities		
MTA Finance Pty Ltd	48,064	28,547
MTA Insurance Agency Trust	19,404	-

**(iii) Director Related Entities**

During the year MTA NSW incurred expenses of \$301,000 (2004: \$104,259) on behalf of Apprentices Plus Limited, a company which James Mc Call and Raymond Beekman are Directors.

At 31 December 2005 the amount owing to MTA NSW by Apprentices Plus Limited was \$405,259 (2004: \$104,259)



**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES**  
**ABN 63 000 008 088**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**NOTE 24: EVENTS AFTER BALANCE SHEET DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material nature likely, in the opinion of the Board of Management of MTANSW, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

**NOTE 25: ASSOCIATION DETAILS**

Motor Traders' Association of New South Wales is operated 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.

**NOTE 26: FUNDS HELD IN TRUST**

	Consolidated Entity		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
Tyre Dealers	2,952	3,911	2,952	3,911
ERA	3,247	241	3,247	241
Brake Specialists	8,967	12,757	8,967	12,757
Body Repairers	(99,934)	38,808	(99,934)	38,808
APRA	<u>1,298</u>	<u>-</u>	<u>1,298</u>	<u>-</u>

**CERTIFICATES REFERRING TO THE 2005 FINANCIAL REPORT**

**1. ACCOUNTING OFFICER'S CERTIFICATE**

In accordance with the requirements of the Workplace Relations Act 1996, I, Don Rowland, 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 2005 the number of the members of the Association was 4,462.
- (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 2005;
- (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.



Don Rowland  
Honorary Treasurer and Principal Accounting Officer  
Dated this 21st day of February 2006

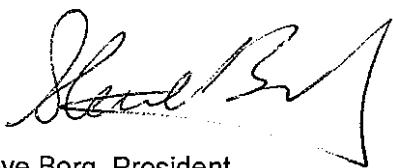
CERTIFICATES REFERRING TO THE 2005 FINANCIAL REPORT (Continued)

2. EXECUTIVE BOARD'S CERTIFICATE

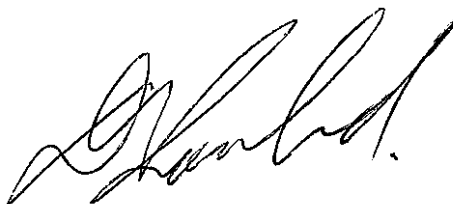
In accordance with the requirements of the Workplace Relations Act 1996, we, Steve Borg and Don Rowland being two members of the Executive Board of the Motor Traders' Association of New South Wales, do state on behalf of the Executive Board and in accordance with a resolution passed by the Executive 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 2005;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2005 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 2005 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.



Steve Borg, President



D Rowland, Board Member and Treasurer

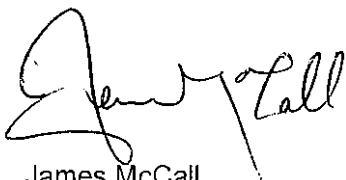
Dated this 21st day of February 2006

CERTIFICATES REFERRING TO THE 2005 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:

- (i) The Motor Traders' Association of New South Wales is operated 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.
- (ii) A record has been kept of all moneys paid by, or collected from, members and all moneys so paid or collected have been credited to the bank account to which those moneys are to be credited, in accordance with the rules of the Association;
- (iii) Before any expenditure was incurred by the Association, approval of the incurring of the expenditure was obtained in accordance with the rules of the Association;
- (iv) With regard to funds of the Association raised by compulsory levies of voluntary contributions from members, or funds other than the General Fund operated in accordance with the rules, no payments were made out of any such fund for purposes other than those for which the fund was operated;
- (v) All loans or other financial benefits granted to persons holding office in the Association were authorised in accordance with the rules; and
- (vi) The register of members of the Association was maintained in accordance with the Act.
- (vii) As at December 2005 the number of members of the Association was 4,462.
- (viii) There has been a significant change to the financial affairs of the Association with a loss of \$147,581 being declared in the year 2005 as against a profit of \$1,453,889 in the year 2004. This was mainly due to the sale of a property asset of the MTA.
- (ix) The average number of persons employed by the Association throughout the year 2005 was 35 as against 34 in the previous year.
- (x) The members who were on the Executive Board of Management as at December 2005 were Steve Borg (President), Don Rowland (Treasurer), Mike Mills-Thorn, Denis Sargent, Neil Oven, Ken Webb, Maurie Pinfold, Les Oakman, Richard Nathan and Steve Leonard.
- (xi) In accordance with the requirements under the Act, members are advised that in accordance with Rule 18 of the Association's Constitution and Rules, members may resign by tendering their resignation in writing to the Chief Executive Officer.



James McCall  
Chief Executive Officer  
Dated this 21st day of February 2006

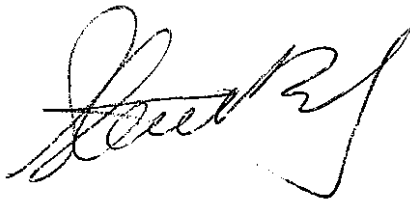
CERTIFICATES REFERRING TO THE 2005 FINANCIAL REPORT (Continued)

**4. CERTIFICATE BY EXECUTIVE BOARD**

In accordance with the requirements of the Industrial Relations Act 1996, we, Steve Borg and LEO Don Rowland, 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 2005;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2005 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 2005 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.



Steve Borg, President

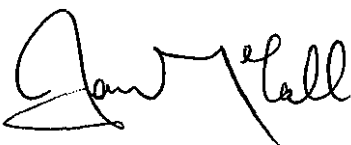


Don Rowland, Board Member and Treasurer

Dated this 21st day of February, 2006

**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 31<sup>st</sup> December 2005 that No loans, grants or donations of an amount exceeding \$1,000 were made during the financial year.



James McCall  
Chief Executive Officer

Dated this 21st day of February 2006

**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 income statements, balance sheets, statements of changes in equity, notes to the financial statements, certificates and notice to members for Motor Traders' Association of New South Wales and the consolidated entity for the year ended 31 December 2005. 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 2005 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 2005 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 2005 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 2005, 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 31<sup>st</sup> December 2005 and report that in our opinion satisfactory accounting records were kept by the Association in relation to the year including,

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

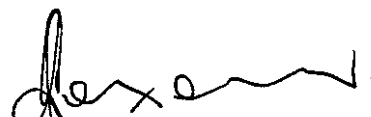
In our opinion the accounts and other statements prepared under section 510 of the Industrial Relations Act 1991 in relation to the year were properly drawn up so as to give a true and fair view of;

- (k) the financial affairs of the Association as at the end of the year; and
- (l) the income and expenditure, and any surplus or deficit, of the Association for the year; and
- (m) 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  
New South Wales Partnership  
Sydney: 21 February 2006



**Grant F. Saxon**  
Partner

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES  
ABN 63 000 008 088**

**SUMMARY ANALYSIS by Director of Finance**

**Income Statement**

The MTA excluding the Insurance Brokerage as represented by the Parent Entity column of the Income statement shows a surplus of \$4,495 as compared to the surplus of \$1,617,457 in 2004. The 2004 surplus was largely due to the sale of 53 Brisbane Street. The Insurance Brokerage posted a loss of \$152,076 which resulted in a combined total deficit with the MTA of \$147,581 as represented by the consolidated column. The Brokerage only traded for 6 months from January to June 2005 and will close its operations in the near future. This business has been replaced by MTA's investment in MTA Insurance Agency Pty Ltd.

**Balance Sheet**

The consolidated Net Assets of the MTA increased by \$1,247,156 over the last 12 months.

The investment in the MTAA House Unit Trust was revalued to market value, leading to an increase in the value of this investment of \$ 1,395,597. This investment is now valued at \$6,851,113.

Property, plant & equipment decreased throughout the year by \$195,445.

Subscriptions in advance increased by \$297,347 this year.

**Conclusion**

The Association has increased the value of its Assets by \$1,247,156 over last year and by \$3,023,844 over the last two years and has managed to post combined surpluses of \$1,288,308 over the last two years. The Association has no bank debt in 2005.

**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES  
ABN 63 000 008 088**

**INCOME STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Consolidated		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
Net gain on disposal of property at 53 – 55 Brisbane Street, Surry Hills	-	1,615,845	-	1,615,845
Other revenue	4,856,137	5,098,369	4,832,421	4,842,229
Other expenses	(5,003,246)	(5,177,897)	(4,827,454)	(4,740,189)
Borrowing costs expense	(472)	(100,428)	(472)	(100,428)
Surplus / (deficit) before income tax expense	(147,581)	1,435,889	4,495	1,617,457
Income tax expense	-	-	-	-
Surplus / (deficit) after related income tax expense	<u>(147,581)</u>	<u>1,435,889</u>	<u>4,495</u>	<u>1,617,457</u>

*The above Income Statements are to be read in conjunction with the attached notes.*





**MOTOR TRADERS' ASSOCIATION OF NEW SOUTH WALES  
ABN 63 000 008 088**

**BALANCE SHEETS  
AS AT 31 DECEMBER 2005**

	Consolidated		Parent Entity	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>CURRENT ASSETS</b>				
Cash assets	1,200,995	2,007,383	1,136,791	1,923,031
Receivables	1,744,127	673,086	2,627,110	1,373,300
Inventories	173,345	137,957	173,345	137,957
<b>TOTAL CURRENT ASSETS</b>	<u>3,118,467</u>	<u>2,818,426</u>	<u>3,937,246</u>	<u>3,434,288</u>
<b>NON CURRENT ASSETS</b>				
Other financial assets	6,856,316	5,461,577	6,856,382	5,461,635
Equity accounted investments	550	50	-	-
Property, plant & equipment	5,159,625	5,355,070	5,159,625	5,341,325
<b>TOTAL NON CURRENT ASSETS</b>	<u>12,016,491</u>	<u>10,816,697</u>	<u>12,016,007</u>	<u>10,802,960</u>
<b>TOTAL ASSETS</b>	<u>15,134,958</u>	<u>13,635,123</u>	<u>15,953,253</u>	<u>14,237,248</u>
<b>CURRENT LIABILITIES</b>				
Payables	2,191,306	1,985,510	2,170,019	1,900,129
Provisions	342,517	340,310	342,517	340,310
Interest bearing liabilities	177,758	139,117	177,758	139,117
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,711,581</u>	<u>2,464,937</u>	<u>2,690,294</u>	<u>2,379,556</u>
<b>NON CURRENT LIABILITIES</b>				
Provisions	14,063	8,028	14,063	8,028
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>14,063</u>	<u>8,028</u>	<u>14,063</u>	<u>8,028</u>
<b>TOTAL LIABILITIES</b>	<u>2,725,644</u>	<u>2,472,965</u>	<u>2,704,357</u>	<u>2,387,584</u>
<b>NET ASSETS</b>	<u>12,409,314</u>	<u>11,162,158</u>	<u>13,248,896</u>	<u>11,849,664</u>
<b>MEMBERS' FUNDS</b>				
Accumulated funds	5,925,578	6,073,159	6,765,160	6,760,665
Reserves	6,483,736	5,088,999	6,483,736	5,088,999
<b>TOTAL MEMBERS' FUNDS</b>	<u>12,409,314</u>	<u>11,162,158</u>	<u>13,248,896</u>	<u>11,849,664</u>

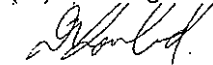
*The above Balance Sheets are to be read in conjunction with the attached notes.*

CERTIFICATES REFERRING TO THE 2005 FINANCIAL REPORT

1. ACCOUNTING OFFICER'S CERTIFICATE

In accordance with the requirements of the Workplace Relations Act 1996, I, DON ROWLAND, 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 2005 the number of the members of the Association was 4,462.
- (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 2005;
- (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.



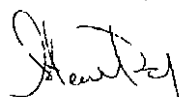
D Rowland  
Honorary Treasurer and Principal Accounting Officer  
Dated this 21st day of February 2006

2. EXECUTIVE BOARD'S CERTIFICATE

In accordance with the requirements of the Workplace Relations Act 1996, we, STEVE BORG, and DON ROWLAND 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 2005;
- (ii) in the opinion of the Executive Board, meetings of the Board were held during the year ended 31 December 2005 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.



S Borg, President

Dated this 21st day of February 2006



D Rowland, Board Member and Treasurer



**New South Wales Partnership**

ABN 83 236 985 726

Liability limited by a scheme approved under Professional Standards Legislation



Chartered Accountants  
& Business Advisers

**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 2005, 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 2005. Our audit report on the full financial report was signed on 21 February 2006, 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.

**Independence**

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

**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 2005 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 Saxon**

**Partner**

**PKF Chartered Accountants**

**Sydney, 21 February 2006**

Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia  
DX 10173 | Sydney Stock Exchange | New South Wales  
Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au

## Committee of Management Statement BY:.....

On 21<sup>st</sup> March 2006 the Committee of Management of the Motor Traders' Association of New South Wales passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31st December 2005:

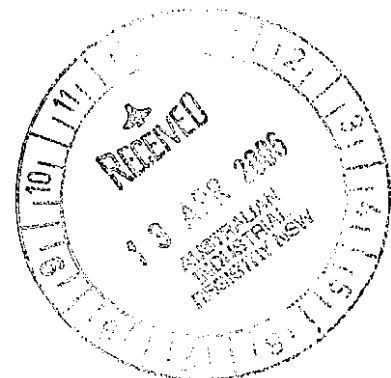
The Committee of Management declares in relation to the GPFR that in its option:

- 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 come 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; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation; 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) the organisation does not consist of two or more reporting units; and
  - (v) 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) No orders have been made by the Commission under section 273 of the RAO Schedule

For the Committee of Management: Mr Steve Borg

Signed: *Steve Borg*

Dated: 12 April 2006





**Australian Government**  
**Australian Industrial Registry**

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

Mr Greg Hatton  
Director, Employment Relations Services  
Motor Traders' Association of New South Wales  
Locked Bag 5012  
DARLINGHURST NSW 2010

Dear Mr Hatton

**Re Financial Return – Motor Traders' Association of New South Wales – year  
ending 31 December 2005 (FR2005/553)**

I refer to the above financial report and statements which were received in the Registry on 13 April 2006.

The documents will be filed. However, I should draw your attention to the following details which should be reflected in future returns for complete compliance with the requirements for financial reporting under Schedule 1B ('the RAO Schedule') of the *Workplace Relations Act 1996* ('the Act').

- (1) The Committee of Management Statement omitted several declarations required by the Industrial Registrar's Guidelines in relation to recovery of wages activity. I enclose the relevant extract, which applies to financial reports for financial years commencing on or after 1 November 2004;
- (2) The Operating Report did not specify the periods in which the various office-holders held office during the year but merely reported the names "as at December 2005";
- (3) There did not appear to be any evidence by way of any declaration or other statement on any of the documents that the Committee of Management passed a resolution to provide members with a concise report as required by s265(2) of the RAO Schedule. A specific resolution to this effect must be passed and a statement confirming such resolution should be included if in the future a concise report is provided to members in place of the full report.
- (4) The notice at Note 3 set out the subsections of the repealed s274 instead of subsections (1), (2) and (3) of s272 as required by s272(5).

If you have any queries regarding the above, please do not hesitate to contact Belinda Penna on (02) 8374 6618.

Yours sincerely

Stephen Kellett  
Assistant Manager, Sydney Registry

17 May 2006

**s265 (Extract re Concise Reports)**

*(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.*

### ***Recovery of wages activity financial report***

22. Where the reporting unit has undertaken recovery of wages activity (and has derived revenues for the financial year in respect of such activity) the reporting unit must cause to be prepared for purposes of paragraph 8(d) of these reporting guidelines a financial report in which is disclosed financial information associated with such activity.
23. The financial report required under paragraph 22 may be prepared under the cash basis of accounting or the accrual basis of accounting, at the option of the organisation. The Appendix to these reporting guidelines provides for purposes of illustration only the format of this financial report prepared under the cash basis of accounting.
24. Balances including nil amounts for the following items of revenue must be disclosed in the financial report required under paragraph 22:
  - (a) amounts in aggregate recovered from employers in respect of recovery of wages activity; and
  - (b) interest received on recovered moneys.
25. Balances including nil amounts for the following items of outgoings from recovered moneys must be disclosed in the financial report required under paragraph 22:
  - (a) deductions of amounts payable in aggregate in respect of membership of the organisation where at the time of deduction the amounts had become payable:
    - (i) 12 months before or earlier; or
    - (ii) greater than 12 months before; and
  - (b) deductions of donations or other contributions made to a fund or account of the reporting unit showing the name and amount in aggregate in respect of each such fund or account; and
  - (c) deductions of donations or other contributions made to a fund or account of another entity showing the name of the other entity and the name and amount in aggregate in respect of each such fund or account; and
  - (d) deductions of fees charged or reimbursements in aggregate of expenses incurred by the reporting unit in respect of recovery of wages activity; and
  - (e) amounts in aggregate distributed to workers as recovered moneys.
26. Balances including nil amounts for cash assets attributable to recovered moneys must be disclosed in the financial report required under paragraph 22 as at the:
  - (a) beginning of the financial year; and
  - (b) end of the financial year.
27. The notes to the financial statements must contain the following information in relation to recovery of wages unless already disclosed in the financial report required under paragraph 22:
  - (a) the number of workers to which the moneys recovered mentioned in subparagraph 24(a) relate; and
  - (b) aggregate payables to workers attributable to recovered moneys but not yet distributed; and
  - (c) the number of workers to which the payables mentioned in subparagraph (b) relate; and
  - (d) name and balance of each fund or account operated for recovery of wages activity; and
  - (e) where moneys, or the balance of moneys, standing to the credit of a fund or account referred to in subparagraph (d) have been invested in any assets - the name of the fund or account and the value of those assets.

- (f) in relation to recovery of wages activity:
  - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the Industrial Registrar; and
  - (ii) the committee of management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
  - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
  - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
  - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

26. The committee of management statement must:

- (a) be made in accordance with such resolution as is passed by the committee of management of the reporting unit in relation to the matters requiring declaration;
- (b) specify the date of passage of the resolution;
- (c) be signed by a designated officer within the meaning of section 243 of the RAO Schedule; and
- (d) be dated as at the date the designated officer signs the statement.

### ***Auditor's Statement***

27. The auditor's statement required under section 257(5) of the RAO Schedule must include a declaration as to whether in the auditor's opinion the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- (a) the Australian Accounting Standards;
- (b) in relation to recovery of wages activity;
  - (i) that the scope of the audit encompassed recovery of wages activity;
  - (ii) that the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the Industrial Registrar, including;
    1. any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
    2. any donations or other contributions deducted from recovered money; and
- (c) any other requirements imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the RAO Schedule.