



20 December 2019

James Robertson
Secretary
Motor Trades Association of Queensland Industrial Organisation of Employers
Sent via email: info@mtaq.com.au
CC: kathyw@mtaq.com.au
damian.wright@bdo.com.au

Dear James Robertson,

**Motor Trades Association of Queensland Industrial Organisation of Employers
Financial Report for the year ended 30 June 2019 – (FR2019/259)**

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the Motor Trades Association of Queensland Industrial Organisation of Employers (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 18 November 2019.

I also acknowledge receipt of the committee of management statement on 16 December 2019 and the amended designated officer's certificate on 18 December 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report: The ROC will confirm these concerns have been addressed prior to filing next year's report.

Designated officer's certificate

Section 268 of the RO Act requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

I note that the designated officer's certificate initially lodged with the ROC on 18 November 2019 contained incorrect information relating to the date the financial report was provided to members. I also note that the initial date that the designated officer's certificate was signed was prior to the abovementioned events occurring.

This information was amended and a new designated officer's certificate was provided to the ROC on 18 December 2019.

As this certificate is certifying that the events did occur, please ensure that in future years the designated officer's certificate is signed at the conclusion of these events. Please also ensure that the future years' designated officer's certificates include correct dates the financial report is provided to members and presented to a meeting in accordance with s.266 of the RO Act.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- Agree to receive financial support from another reporting unit to continue as a going concern (Note 1.25);
- Agree to provide financial support to another reporting unit to ensure they continue as a going concern (Note 1.25);
- Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission (Note 1.6);
- Pay legal costs relating to litigation (Note 4F); and
- Have a receivable with another reporting unit (Note 5B).

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

I also note that the notes and the officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch (RG 17(a))

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

Reporting Requirements

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

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

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

Yours sincerely,



Kylie Ngo
Registered Organisations Commission

Motor Trades Association of Queensland Industrial Organisation of Employers

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 30th June 2019

I *James William George Robertson* being the *Secretary* of the *Motor Trades Association of Queensland Industrial Organisation of Employers* certify:

- that the documents lodged herewith are copies of the full report for the *Motor Trades Association of Queensland Industrial Organisation of Employers* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 25th October 2019; and
- that the full report was presented to a *general meeting* of the reporting unit on 15th November 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



James Robertson

Secretary

Dated: 18th December 2019

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Financial Statements 2018-19

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INDEPENDENT AUDITOR'S REPORT

To the members of Motor Trades Association of Queensland Industrial Organisation of Employers

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Motor Trades Association of Queensland Industrial Organisation of Employers and its subsidiary (the reporting unit), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial report, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and Officer Declaration Statement.

In our opinion the accompanying financial report of Motor Trades association of Queensland Industrial Organisation of Employers, presents fairly, in all material respects the **reporting unit's** financial position as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and any other requirement imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the **Auditor's responsibilities for the audit of the Financial Report** section of our report. We are independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's **APES 110 Code of Ethics for Professional Accountants** (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Committee of Management are responsible for the other information. The other information obtained at the date of this **auditor's report is information included in the reporting unit's operating report, but does not include the financial report and our auditor's report thereon.**

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this **auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.** We have nothing to report in this regard.



Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the reporting unit are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the **registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern** and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free **from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion**. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting **Unit's internal control**
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management
- **Conclude on the appropriateness of the Committee of Management's use** of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists **related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern**. If we conclude that a material uncertainty exists, we are required to **draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion**. Our conclusions are based on the audit evidence obtained up to the date of our **auditor's report**. **However, future events or conditions may cause** the Reporting Unit to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

This description forms part of our **auditor's report**.

Declaration by the auditor

I, D P Wright, declare that I am an approved auditor, a member of the Chartered Accountants Australia New Zealand and hold a current Public Practice Certificate.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'D P Wright', written over a faint, larger version of the signature.

D P Wright
Director

Brisbane, 10 October 2019

Registration number (as registered by the RO Commissioner under the Act): AA2017/46

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Report required under subsection 255(2A)

for the year ended 30th June 2019

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30th June 2019.

Categories of expenditures	2019 (\$)	2018 (\$)
Remuneration and other employment-related costs and expenses – employees	7,001,109	6,017,856
Advertising	101,914	207,402
Operating costs	1,873,371	2,223,027
Donations to political parties	–	–
Legal costs	28,333	20,230



James Robertson
Secretary
Dated: 10th October 2019

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Operating report

for the year ended 30th June 2019

The committee of management presents its operating report on the reporting unit for the year ended 30th June 2019.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

- (a) The federal reporting unit operates as an organisation of employers registered under the Fair Work (Registered Organisations) Act 2009 (Cth).
- (b) The principal activities of the federal reporting unit fell into the following categories:
 - To promote, advance and protect the interest of the motor vehicle industry and associated trades or businesses in Queensland and to conserve the interest of Members;
 - To advocate, advance and protect the interests of employers connected with the motor vehicle industry and associated trades or businesses in Queensland;
 - To consider and deal with any questions relevant to the motor vehicle industry and associated trades or businesses;
 - To participate in, promote and encourage all forms of education and training supportive of the development of the motor vehicle industry and associated trades or businesses in Queensland; and
 - To do any such other lawful things as may appear to be incidental or conducive to the above objects of any of them.
- (c) There have been no significant changes in the nature of the principal activities of the federal reporting unit in the financial year ending 30 June 2019.
- (d) The federal reporting unit has achieved satisfactory results from the above activities.

Significant changes in financial affairs

There was no significant change to the financial activities of the federal reporting unit for the financial year ended on 30th June 2019.

Right of members to resign

- (a) A Member may resign from MTA Queensland upon giving written notice of the Member's intention to do so, addressed and delivered to the Secretary of MTA Queensland.
- (b) A notice of termination from MTA Queensland takes effect:
 - (i) where the Member ceases to be eligible to become a Member of MTA Queensland:
 - (a) on the day on which the notice is received by the Member; or
 - (b) on the day specified in the notice, which is a day not earlier than the day when the Member ceases to be eligible to become a Member; whichever is later; or
 - (ii) in any other case:
 - (a) at the end of two (2) weeks after the notice is received by the Member; or
 - (b) on the day specified in the notice, whichever is later.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

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

Number of members

The number of members recorded on the register of members as at 30th June 2019 was 1,411.

Number of employees

The federal reporting unit had 61 employees as at 30th June 2019.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Names of committee of management members and period positions held during the financial year

For the year of 1st July 2018 to 30th June 2019 the federal reporting unit's Committee of Management comprised of the following persons:

Name of officer (in full)	Position	Period
Paul John Peterson	Board Member MTAQ Chairman MTAQ Chairman Qld Motorcycle Industry Division	1 July 2018 to 09 November 2018 09 November 2018 to 30 June 2019
Mark Bryers	Vice Chairman MTAQ Board Member MTAQ Chairman Engine Reconditioners Association of Qld	1 July 2018 to 30 June 2019
James William George Robertson	Board Member MTAQ Secretary MTAQ Central District Representative	1 July 2018 to 09 November 2018 09 November 2018 to 30 June 2019
David Keith Fraser	Chairman MTAQ Board Member MTAQ Chairman Qld Farm & Industrial Machinery Dealers Division	1 July 2018 to 09 November 2018 09 November 2018 to 30 June 2019
Benjamin Russell Chesterfield	Board Member MTAQ Chairman National Auto Collision Alliance	1 July 2018 to 18 July 2019
Rodney Graham Pether	Board Member MTAQ North Qld District Representative	1 July 2018 to 09 November 2018
Mark Billingsley	Board Member MTAQ North Qld District Representative	09 November 2018 to 30 June 2019
Brad Collett	Board Member MTAQ Chairman Tyre and Undercar Division	1 July 2018 to 30 June 2019
Mark David Dodge	Board Member MTAQ Far North Qld District Representative Chairman Automotive Engineers Division	1 July 2018 to 30 June 2019
James Sturges	Board Member MTAQ Chairman Australian Automotive Dealers Association Qld	1 July 2018 to 30 June 2019
Lawrence John Beacham	Board Member MTAQ Chairman Automotive Parts Recyclers Division	1 July 2018 to 30 June 2019
Peter Dever	Board Member MTAQ Chairman Automotive Remarketing Division	1 July 2018 to 30 June 2019
Grant Harrison	Board Member MTAQ Chairman Rental Vehicle Industry Division	1 July 2018 to 30 June 2019
Timothy Joseph Kane	Board Member MTAQ Chairman Service Station and Convenience Store Association Qld	1 July 2018 to 30 June 2019



James Robertson
Secretary
Dated: 10th October 2019

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Committee of management statement

for the year ended 30th June 2019

On 10 /10/2019 the MTA Queensland Board of the *Motor Trades Association of Queensland Industrial Organisation of Employers* passed the following resolution in relation to the general purpose financial report (**GPFR**) for the year ended 30th June 2019:

The MTA Queensland Board of the *Motor Trades Association of Queensland Industrial Organisation of Employers* declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the **RO Act**);
- c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- e) during the financial year to which the GPFR relates and since the end of that year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation concerned; and
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation concerned; and
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - v. where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the committee of management.



Paul Peterson

Chairman

10th October 2019 Brisbane



James Robertson

Secretary

10th October 2019 Brisbane

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of comprehensive income
for the year ended 30 June 2019**

		Consolidated	
	Notes	2019	2018
		\$	\$
Revenue			
Membership subscription*		1,118,112	1,161,134
Investment income	3A	210,158	133,262
Rental revenue	3B	25,746	13,366
Other revenue		7,969,645	7,489,534
Total revenue		9,323,661	8,797,296
Other Income			
Grants and/or donations*	3C	967,642	483,819
Net gains from sale of assets	3D	27,633	44,094
Total other income		995,275	527,913
Total income		10,318,936	9,325,209
Expenses			
Employee expenses	4A	(7,001,109)	(6,017,856)
Administration expenses	4B	(1,195,381)	(1,591,097)
Grants or donations	4C	(3,284)	(182)
Depreciation and amortisation	4D	(468,732)	(441,992)
Finance costs	4E	(6,029)	(6,285)
Legal costs	4F	(28,333)	(20,230)
Audit fees	14	(42,984)	(58,118)
Insurance		(67,984)	(62,687)
Motor Vehicle		(285,232)	(269,105)
Cost of goods sold		(380,421)	(449,240)
Total expenses		(9,479,488)	(8,916,792)
Surplus (deficit) for the year		839,447	408,417
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Gain/(loss) on available for sale investments		(23,734)	79,636
Items that will not be subsequently reclassified to profit or loss			
Gain/(loss) on revaluation of land & buildings		5,327,393	-
Total comprehensive income for the year		5,303,659	488,053

The above statement should be read in conjunction with the notes.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of financial position
as at 30 June 2019**

		Consolidated	
	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	6,037,075	4,560,952
Trade and other receivables*	5B	1,765,846	2,305,869
Other current assets	5C	201,373	266,548
Total current assets		8,004,294	7,133,369
Non-current Assets			
Land and buildings	6A	12,900,000	7,759,637
Plant and equipment	6B	748,103	860,107
Intangibles	6C	105,615	55,755
Other non-current assets	6D	2,256,682	1,924,683
Total non-current assets		16,010,400	10,600,182
Total assets		24,014,694	17,733,551
LIABILITIES			
Current Liabilities			
Trade payables*	7A	643,050	408,306
Other payables*	7B	1,791,045	1,988,683
Employee provisions	8A	783,009	708,235
Total current liabilities		3,217,104	3,105,224
Non-current Liabilities			
Employee provisions	8A	115,249	89,092
Total non-current liabilities		115,249	89,092
Total liabilities		3,332,353	3,194,316
Net assets		20,682,341	14,539,235
EQUITY			
General funds	10A	289,982	313,716
Reserves	10A	5,327,393	-
Retained earnings (accumulated deficit)		15,064,966	14,225,519
Total equity		20,682,341	14,539,235

The above statement should be read in conjunction with the notes.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of changes in equity
for the year ended 30 June 2019**

		Consolidated		
		General funds /reserves	Retained earnings	Total equity
Notes		\$	\$	\$
Balance as at 1 July 2017		234,080	13,817,102	14,051,182
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	408,417	408,417
Other comprehensive income		79,636	-	79,636
Closing balance as at 30 June 2018		313,716	14,225,519	14,539,235
Surplus / (deficit)		-	839,447	839,447
Other comprehensive income		(23,734)	-	(23,734)
Transfer to/from reserves		5,327,393	-	5,327,393
10A	Closing balance as at 30 June 2019	5,617,375	15,064,966	20,682,341

The above statement should be read in conjunction with the notes.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of cash flows
for the year ended 30 June 2019**

		Consolidated	
		2019	2018
		\$	\$
	Notes		
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		11,392,293	10,266,819
Interest		118,633	60,058
Dividends		91,525	73,204
<hr/>			
Cash used			
Suppliers and Employees		(9,612,379)	(9,542,130)
Finance costs paid		(6,029)	(6,285)
Net cash from (used by) operating activities	11A	1,984,043	851,666
<hr/>			
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of investments		-	1,995,000
Proceeds from sale of plant and equipment		43,636	-
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Cash used			
Purchase of plant and equipment		(219,557)	(433,416)
Other		(331,999)	(73,971)
Net cash from (used by) investing activities		(507,920)	1,487,613
<hr/>			
Net increase (decrease) in cash held		1,476,123	2,339,279
<hr/>			
Cash & cash equivalents at the beginning of the reporting period		4,560,952	2,221,673
Cash & cash equivalents at the end of the reporting period	5A	6,037,075	4,560,952
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The above statement should be read in conjunction with the notes.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

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**Notes to the financial statements
for the year ended 30 June 2019**

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Motor Trades Association of Queensland Industrial Organisation of Employers is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Motor Trades Association of Queensland Industrial Organisation of Employers) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiary of the Motor Trades Association of Queensland Industrial Organisation of Employers

- MTA Institute of technology Pty Ltd

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**Notes to the financial statements
for the year ended 30 June 2019**

1.3 Comparative amounts

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current reporting period amounts and other disclosures.

1.4 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

Impact on adoption of AASB 9

(a) Initial application

AASB 9 *Financial Instruments (AASB 9)* replaces AASB139 *Financial Instruments: Recognition and Measurement (AASB 139)* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Motor Trades Association of Queensland Industrial Organisation of Employers has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Motor Trades Association of Queensland Industrial Organisation of Employers has not restated the comparative information, which continues to be reported under AASB 139. Motor Trades Association of Queensland Industrial Organisation of Employers made an irrevocable election on initial recognition to present gains and losses arising from investments in equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI') consistent with prior year, the application of the above standard did not have an impact on the financial position or performance in the previous financial year, no adjusted opening financial position or any other impacts are required to be disclosed. The Motor Trades Association of Queensland Industrial Organisation of Employers has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Motor Trades Association of Employers financial liabilities.

(i) Classification and measurement

In summary, upon adoption of AASB 9, the Motor Trades Association of Queensland Industrial Organisation of Employers applied the following required or elected reclassifications:

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

1 July 2018	AASB 9 measurement category			
		Fair value through profit or loss	Amortised cost	Fair value through OCI
	\$	\$	\$	\$
AASB 139 measurement category				-
<i>Loans and receivables</i>				
Trade and other receivables	2,305,869	-	2,305,869	-
<i>Available for sale</i>				
Other investments*	1,924,683	-	-	1,924,683
	-	-	-	-

*The change in carrying amount is a result of additional impairment allowance. See discussion on impairment below.

(ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Motor Trades Association of Queensland Industrial Organisation of Employers accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Motor Trades Association of Queensland Industrial Organisation of Employers to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost and at FVTOCI.

Management has determined that assessment of expected credit loss associated with trade receivables is not material on 1 July 2018.

Future Australian Accounting Standards Requirements

AASB 16 Leases (AASB 16)

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, the Standard will replace current accounting requirements applicable to leases in AASB 117. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new standard include: recognition of a right-to-use asset and liability for all leases; depreciation of right-to-use assets in line with AASB 116 in profit or loss and unwinding of the liability in principal and interest components; and additional disclosure requirements. As at the reporting date, the Motor Trades Association of Queensland Industrial Organisation of Employers has non-cancellable undiscounted operating lease commitments of \$267,369. However, the Motor Trades Association of Queensland Industrial Organisation of Employers has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Association's profit and classification of cash flows.

**Notes to the financial statements
for the year ended 30 June 2019**

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

For NFP entities, both AASB 1058 and 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Motor Trades Association of Queensland Industrial Organisation of Employers plans to adopt AASB 15 on the required effective date 1 July 2019 of using modified retrospective method.

The Motor Trades Association of Queensland Industrial Organisation of Employers continues to evaluate the overall impact of AASB 15 and AASB 1058 on the financial statements. The key area of impact for the Association will be the recognition of subscription, grants and revenue from training.

1.6 Acquisition of assets and or liabilities that do not constitute a business combination

Motor Trades Association of Queensland Industrial Organisation of Employers did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

Interest revenue is recognised on an accrual basis using the effective interest method.

**Notes to the financial statements
for the year ended 30 June 2019**

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Motor Trades Association of Queensland Industrial Organisation of Employers will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Motor Trades Association of Queensland Industrial Organisation of Employers recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Motor Trades Association of Queensland Industrial Organisation of Employers should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Motor Trades Association of Queensland Industrial Organisation of Employers with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.9 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.10 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.11 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Notes to the financial statements
for the year ended 30 June 2019**

Provision is made for separation and redundancy benefit payments. The Motor Trades Association of Queensland Industrial Organisation of Employers recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.13 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.14 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.15 Financial instruments

Financial assets and financial liabilities are recognised when a Motor Trades Association of Queensland Industrial Organisation of Employers entity becomes a party to the contractual provisions of the instrument.

**Notes to the financial statements
for the year ended 30 June 2019**

1.16 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Motor Trades Association of Queensland Industrial Organisation of Employers has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Motor Trades Association of Queensland Industrial Organisation of Employers has transferred substantially all the risks and rewards of the asset, or
 - b) the Motor Trades Association of Queensland Industrial Organisation of Employers has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Motor Trades Association of Queensland Industrial Organisation of Employers has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Motor Trades Association of Queensland Industrial Organisation of Employers continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Notes to the financial statements
for the year ended 30 June 2019**

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Motor Trades Association of Queensland Industrial Organisation of Employers applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Motor Trades Association of Queensland Industrial Organisation of Employers does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Motor Trades Association of Queensland Industrial Organisation of Employers has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1.17 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Motor Trades Association of Queensland Industrial Organisation of Employers financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss (including designated

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

**Notes to the financial statements
for the year ended 30 June 2019**

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.18 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.19 Land, buildings, plant and equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

**Notes to the financial statements
for the year ended 30 June 2019**

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Land & buildings	40 years	40 years
Plant and equipment	2 to 7 years	2 to 7 years
Motor Vehicles	3 years	3 years
Leased Assets	5 years	5 years
Fixture and Fittings	5 years	5 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.20 Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of Motor Trades Association of Queensland Industrial Organisation of Employers intangible assets are:

	2019	2018
Intangibles	1 to 3 years	1 to 3 years

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

1.21 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's

**Notes to the financial statements
for the year ended 30 June 2019**

recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Motor Trades Association of Queensland Industrial Organisation of Employers were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.22 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.23 Taxation

The Motor Trades Association of Queensland Industrial Organisation of Employers is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (**FBT**) and the Goods and Services Tax (**GST**).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.24 Fair value measurement

The Motor Trades Association of Queensland Industrial Organisation of Employers measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

**Notes to the financial statements
for the year ended 30 June 2019**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Motor Trades Association of Queensland Industrial Organisation of Employers. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Motor Trades Association of Queensland Industrial Organisation of Employers uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Motor Trades Association of Queensland Industrial Organisation of Employers determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Motor Trades Association of Queensland Industrial Organisation of Employers has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

**Notes to the financial statements
for the year ended 30 June 2019**

1.25 Going concern

Motor Trades Association of Queensland Industrial Organisation of Employers is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Motor Trades Association of Queensland Industrial Organisation of Employers has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Motor Trades Association of Queensland Industrial Organisation of Employers.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 3A: Investment income		
Interest		
Deposits	118,633	60,058
Dividends	91,525	73,204
Total investment income	210,158	133,262
Note 3B: Rental revenue		
Properties	25,746	13,366
Total rental revenue	25,746	13,366
Note 3E: Grants or donations*		
Grants	967,642	483,819
Donations	-	-
Total grants or donations	967,642	483,819
Note 3C: Net gains from sale of assets		
Plant and equipment	27,633	(38,924)
Intangibles	-	83,018
Total net gain from sale of assets	27,633	44,094

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

Note 4 Expenses

Note 4A: Employee expenses*

	Consolidated	
	2019	2018
	\$	\$
Holders of office:		
Wages and salaries	938,486	822,103
Superannuation	84,826	92,435
Leave and other entitlements	24,886	24,096
Separation and redundancies	-	-
Other employee expenses	22,955	22,279
Subtotal employee expenses holders of office	1,071,153	960,913
Employees other than office holders:		
Wages and salaries	5,377,850	4,480,300
Superannuation	430,056	496,254
Leave and other entitlements	76,047	46,423
Separation and redundancies	-	-
Other employee expenses	46,003	34,966
Subtotal employee expenses employees other than office holders	5,929,956	5,056,943
Total employee expenses	7,001,109	6,017,856
Note 4B Administration expenses		
Conference and meeting expenses*	4,611	1,621
Contractors/consultants	267,763	211,834
Property expenses	215,516	183,964
Office expenses	292,864	353,944
Information communications technology	211,939	226,315
Other	202,688	613,419
Subtotal administration expense	1,195,381	1,591,097
Operating lease rentals:		
Minimum lease payments	-	-
Total administration expenses	-	-
Note 4C: Grants or donations*		
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	3,284	182
Total expensed that exceeded \$1,000	-	-
Total grants or donations	3,284	182

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 4D: Depreciation and amortisation		
Depreciation		
Land & buildings	187,030	185,470
Property, plant and equipment	247,701	208,002
Total depreciation	434,731	383,472
Amortisation		
Intangibles	34,001	48,520
Total amortisation	34,001	48,520
Total depreciation and amortisation	468,732	441,992
Note 4E: Finance costs		
Overdrafts/loans	6,029	6,285
Total finance costs	6,029	6,285
Note 4F: Legal costs*		
Litigation	-	-
Other legal costs	28,333	20,230
Total legal costs	28,333	20,230
Note 5 Current Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	859,626	2,588,101
Cash on hand	700	700
Short term deposits	5,176,749	1,971,851
Total cash and cash equivalents	6,037,075	4,560,952
Note 5B: Trade and other receivables		
Receivables from other reporting unit*	-	-
Trade Receivables	1,162,623	1,578,930
Total receivables	1,162,623	1,578,930
Less allowance for expected credit losses*		
Receivables from other reporting unit*	-	-
Trade Receivables	(25,502)	(31,594)
Total allowance for expected credit losses	(25,502)	(31,594)
Total net trade and other receivables	1,137,121	1,547,336

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
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	Consolidated	
	2019	2018
	\$	\$
Other receivables:		
Other	628,725	758,533
Total other receivables	628,725	758,533
Total trade and other receivables (net)	1,765,846	2,305,869

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 July	(31,594)	(31,594)
Provision for expected credit losses	-	-
Write-off	6,092	-
At 30 June	(25,502)	(31,594)

Note 5C: Other current assets

Prepayments	152,802	213,795
Inventory	48,571	52,753
Total other current assets	201,373	266,548

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
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Consolidated	
2019	2018
\$	\$

Note 6 Non-current Assets

Note 6A: Land and buildings

Land and buildings:		
fair value	12,900,000	8,981,209
accumulated depreciation	-	(1,221,572)
Total land and buildings	12,900,000	7,759,637

Reconciliation of opening and closing balances of land and buildings

As at 1 July		
Gross book value	8,981,209	8,981,209
Accumulated depreciation and impairment	(1,221,572)	(1,036,101)
Net book value 1 July	7,759,637	7,945,108
Revaluations	5,327,393	-
Depreciation expense	(187,030)	(185,471)
Net book value 30 June	12,900,000	7,759,637
Net book value as of 30 June represented by:		
Gross book value	13,087,030	8,981,209
Accumulated depreciation and impairment	(187,030)	(1,221,572)
Net book value 30 June	12,900,000	7,759,637

The revalued land and buildings consist of land \$2.15m and buildings \$10.75m at Building 8, 2728 Logan Road, Eight Mile Plains Q 4113. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. The most recent valuation was obtained on the 30th April 2019. The valuation was adopted by management on 30th June 2019. The valuation was performed by CBRE Valuation Pty Limited an accredited independent valuer (Registered Valuer No.1735).

Significant unobservable valuation input	Range
Value \$ per square meter of Net Lettable Area	\$3,047 - \$6,792

A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
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	Consolidated	
	2019	2018
	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	2,206,716	2,149,324
accumulated depreciation	(1,458,613)	(1,289,217)
Total plant and equipment	748,103	860,107

Reconciliation of opening and closing balances of plant and equipment

As at 1 July		
Gross book value	2,149,324	2,010,890
Accumulated depreciation and impairment	(1,289,217)	(1,272,219)
Net book value 1 July	860,107	738,671
Additions	159,156	369,473
Depreciation expense	(247,701)	(208,001)
Disposals	(23,459)	(40,036)
Net book value 30 June	748,103	860,107
Net book value as of 30 June represented by:		
Gross book value	2,206,716	2,149,324
Accumulated depreciation and impairment	(1,458,613)	(1,289,217)
Net book value 30 June	748,103	860,107

Note 6C: Intangibles

Computer software at cost:		
Purchased	235,047	104,275
accumulated amortisation	(129,432)	(48,520)
Total intangibles	105,615	55,755

Reconciliation of opening and closing balances of intangibles

As at 1 July		
Gross book value	104,275	74,810
Accumulated amortisation and impairment	(48,520)	(15,064)
Net book value 1 July	55,755	59,746
Additions	83,861	65,055
Amortisation	(34,001)	(48,520)
Disposals	-	(20,526)
Net book value 30 June	105,615	55,755
Net book value as of 30 June represented by:		
Gross Book value	235,047	104,275
Accumulated amortisation and impairment	(129,432)	(48,520)
Net book value 30 June	105,615	55,755

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 6D: Other non-current assets		
Other	2,256,682	1,924,683
Total other non-current assets	2,256,682	1,924,683

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	643,050	408,306
Subtotal trade creditors	643,050	408,306
Total trade payables	643,050	408,306

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	6,370	49,176
Superannuation	1,520	44,095
Prepayments received/unearned revenue	1,644,266	1,772,729
GST payable	62,378	118,698
Other	76,511	3,985
Total other payables	1,791,045	1,988,683

Total other payables are expected to be settled in:

No more than 12 months	1,791,045	1,988,683
More than 12 months	-	-
Total other payables	1,791,045	1,988,683

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 8 Provisions		
Note 8A: Employee provisions*		
Office holders:		
Annual leave	88,160	68,591
Long service leave	89,000	74,796
Subtotal employee provisions—office holders	177,160	143,387
Employees other than office holders:		
Annual leave	288,601	274,631
Long service leave	432,497	379,309
Subtotal employee provisions—employees other than office holders	721,098	653,940
Total employee provisions	898,258	797,327
Current	783,009	708,235
Non-current	115,249	89,092
Total employee provisions	898,258	797,327

Note 10 Equity

Note 10A: Reserves

Revaluation increments/(decrements) – Dalton Nicol Reid Portfolio

Balance as at start of year	313,716	234,080
Transferred to reserve	289,982	313,716
Transferred out of reserve	(313,716)	(234,080)
Balance as at end of year	289,982	313,716
Revaluation increments/(decrements) – Land & Buildings		
Balance as at start of year	-	-
Transferred to reserve	5,327,393	-
Balance as at end of year	5,327,393	-
Total reserves	5,617,375	-

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 11		
Cash Flow		
Note 11A: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:		
Cash and cash equivalents as per:		
Cash flow statement	6,037,075	4,560,952
Balance sheet	6,037,075	4,560,952
Difference	<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	839,447	408,417
Adjustments for non-cash items		
Depreciation/amortisation	468,732	441,992
Gain on disposal of assets	(23,735)	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	557,380	(691,773)
(Increase)/decrease in inventory	4,182	13,882
Increase/(decrease) in supplier and other payables	234,744	608,629
Increase/(decrease) in provisions	100,933	70,519
Net cash from (used by) operating activities	<u>1,984,043</u>	<u>851,666</u>

Note 12 **Contingent Liabilities, Assets and Commitments**

Note 12A: Commitments and contingencies

Operating lease commitments—as lessee

The operating leases comprise of motor vehicles and computer equipment. The term of the operating lease ranges between 1 to 5 years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are:

Within one year	155,492	144,763
After one year but not more than five years	111,877	148,308
More than five years	-	-
	<u>267,369</u>	<u>293,071</u>

**Notes to the financial statements
for the year ended 30 June 2019**

Note 13 Related Party Disclosures

Note 13A: Related party transactions for the reporting period

The Board member's businesses are all current members of the Association and also purchase stationery and training courses from the Association which are on standard terms.

Director fees paid during the reporting period were \$152,260 (2019), \$148,400 (2018).

Apart from the above, there are no other Related Party Transaction during the financial year ended 30 June 2019.

Names of Officers who held office during the year are:

David Fraser	Peter Dever
Paul Peterson	James Sturges
Rodney Pether	Grant Harrison
James Robertson	Mark Billingsley
Mark Bryers	Mark Dodge
Robert Lawrence	Ben Chesterfield
Timothy Kane	Lawrence Beacham
Brad Collett	

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2019, the Motor Trades Association of Queensland Industrial Organisation of Employers has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 13B: Key management personnel remuneration for the reporting period		
Short-term employee benefits		
Salary (including annual leave taken)	882,181	822,103
Annual leave accrued	12,703	12,316
Performance bonus	56,305	-
Other FBT	22,955	22,279
Total short-term employee benefits	974,144	856,698
Post-employment benefits:		
Superannuation	84,826	92,435
Total post-employment benefits	84,826	92,435
Other long-term benefits:		
Long-service leave	12,183	11,780
Total other long-term benefits	12,183	11,780
Termination benefits	-	-
Total	1,071,153	960,913

Note 14 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	42,500	41,200
Other services	-	-
Total remuneration of auditors	42,500	41,200

No other services were provided by the auditors of the financial statements.

**Notes to the financial statements
for the year ended 30 June 2019**

Note 15 Financial Instruments

MTAQ is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

Note 15A: Categories of Financial Instruments

Financial assets

	Consolidated	
	2019	2018
	\$	\$
Fair value through other comprehensive income:		
Dalton Nicol Reid Share Portfolio	2,006,682	1,924,683
Block2	250,000	-
Total	2,256,682	1,924,683
Held-to-maturity investments:		
Cash and cash equivalents	6,037,075	4,560,952
Total	6,037,075	4,560,952
Loans and receivables:		
Trade and other receivables	1,765,846	2,305,869
Other current assets	152,802	213,795
Total	1,918,648	2,519,664
<i>Carrying amount of financial assets</i>	10,212,405	9,005,299

Financial liabilities

Other financial liabilities:		
Trade payables	643,050	408,306
Total	643,050	408,306
<i>Carrying amount of financial liabilities</i>	643,050	408,306

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

	Consolidated	
	2019	2018
	\$	\$
Note 15B: Net income and expense from financial assets		
Held-to-maturity		
Interest revenue	118,633	60,058
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity	118,633	60,058
Available for sale under AASB 139		
Interest revenue	-	1,137
Dividend revenue	-	72,832
Exchange gains/(loss)	-	59,010
Net gain/(loss) from available for sale	-	132,979
Financial assets at fair value through other comprehensive income under AASB 9		
Interest revenue	1,296	-
Dividend revenue	91,525	-
Exchange gains/(loss)	51,269	-
Net income/(expense) from financial assets at fair value through other comprehensive income	144,090	-
Fair value gain/loss recognised in other comprehensive income under AASB 9	23,734	-
Fair value gain/loss recognised in other comprehensive income under AASB 139	-	79,636
	23,734	79,636

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

Consolidated	
2019	2018
\$	\$

Note 15C: Credit risk

The Maximum exposure to credit risk at balance date is accounts receivable balances.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

Financial assets

Trade Receivables	1,137,121	1,547,336
Total	1,137,121	1,547,336

Financial liabilities

Nil	-	-
Total	-	-

In relation to the entity's gross credit risk, no collateral is held.

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2019	Trade and other receivables					
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	2%	
Estimate total gross carrying amount at default	150,723	988,630	11,146	-	12,124	1,162,623
Expected credit loss	-	(13,378)	-	-	(12,124)	(25,502)
	150,723	975,252	11,146	-	-	1,137,121

30 June 2018	Trade and other receivables					
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	2%	
Estimate total gross carrying amount at default	1,365,382	29,979	33,592	21,071	128,906	1,578,930
Expected credit loss			-	-	(31,594)	(31,594)
	1,365,382	29,979	33,592	21,071	97,312	1,547,336

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2019**

The Motor Trades Association of Queensland Industrial Organisation of Employers maximum exposure to credit risk for the components of the statement of financial position at 30 June 2019 and 2018 is the carrying amounts as illustrated in Note 15D.

Note 15D: Liquidity risk

Liquidity risk is the risk that the entity may encounter difficulties raising funds to meet commitments associated with financial instruments. It is the policy of the Board of Directors of MTAQ to maintain adequate committed credit facilities. The unused bank overdraft credit facility at balance date was \$2,500,000. The bank overdraft facilities may be drawn down at any time but may be terminated by the bank without notice.

Contractual maturities for financial liabilities 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	643,050	-	-	-	643,050
Other payables*	-	146,779	-	-	-	146,779
Total	-	789,829	-	-	-	789,829

Contractual maturities for financial liabilities 2018

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	408,306	-	-	-	408,306
Other payables*	-	215,954	-	-	-	215,954
Total	-	624,260	-	-	-	624,260

*Excluding unearned income

**Notes to the financial statements
for the year ended 30 June 2019**

Note 15E: Market risk

Interest rate risk

The Association has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk. As at 30 June 2018, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

Sensitivity analysis of the risk that the entity is exposed to for 2019

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Interest rate risk	6,037,075	[+ 2%]	(120,742)	(120,742)
Interest rate risk	6,037,085	[- 2%]	120,742	120,742

Sensitivity analysis of the risk that the entity is exposed to for 2018

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Interest rate risk	4,560,952	[+ 2%]	(91,219)	(91,219)
Interest rate risk	4,560,952	[- 2%]	91,219	91,219

Due to the changes in interest rates over the last financial year trending downwards, the interest rate risk exposure for 2019 has been based on 1% less than last year.

**Notes to the financial statements
for the year ended 30 June 2019**

Note 16 Fair Value Measurement

Note 16A: Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30th June 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Motor Trades Association of Queensland Industrial Organisation of Employers based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30th June 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Motor Trades Association of Queensland financial assets and liabilities:

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
Financial assets				
Dalton Nicol Reid Share Portfolio	2,006,682	2,006,682	1,924,683	1,924,683
Block2	250,000	250,000	-	-
Total	2,256,683	2,256,682	1,924,683	1,924,683
Financial liabilities				
Nil	-	-	-	-
Total	-	-	-	-

**Notes to the financial statements
for the year ended 30 June 2019**

Note 16B: Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 30 June 2019

	Date of valuation 30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$
Dalton Nicol Reid Share Portfolio		2,006,683	-	-
Block 2		-	-	250,000
Total		2,006,683	-	250,000

Liabilities measured at fair value

Nil	-	-	-
Total	-	-	-

Fair value hierarchy – 30 June 2018

	Date of valuation 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value				
Dalton Nicol Reid Share Portfolio		1,924,683	-	-
Total		1,924,683	-	-
Liabilities measured at fair value				
Nil	-	-	-	
Total	-	-	-	

Level 3 financial asset is an investment in Block Two Pty Ltd which is a non-listed company. The valuation technique used is based on the price paid to acquire the investment on 28th February 2019 and the price paid is the unobservable input. Significant increase or decrease in the growth of the Block two Pty Ltd will have an impact on the fair value of the investments.

Note 17 Administration of financial affairs by a third party

Motor Trades Association of Queensland Industrial Organisation of Employers did not use third party for the administration of affairs during the year or prior year.

**Notes to the financial statements
for the year ended 30 June 2019**

Note 18 Section 272 *Fair Work (Registered Organisations) Act 2009*

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

Information to be provided to members or Commissioner:

- 1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- 2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- 3) A reporting unit must comply with an application made under subsection (1).

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Officer declaration statement

I, James William George Robertson being the Secretary of the Motor Trades Association of Queensland Industrial Organisation of Employers, declare that the following activities did not occur during the reporting period ending 30th June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit



James Robertson

Secretary

Dated: 10th October 2019



2 July 2019

James Robertson
Secretary
Motor Trades Association of Queensland Industrial Organisation of Employers
Sent via email: info@mtaq.com.au

Dear James Robertson,

**Re: Lodgement of Financial Report - FR2019/259
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Motor Trades Association of Queensland Industrial Organisation of Employers (the reporting unit) ended on 30 June 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

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

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

Financial report

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

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

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

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

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

Auditor's report

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

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

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

Contact

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

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

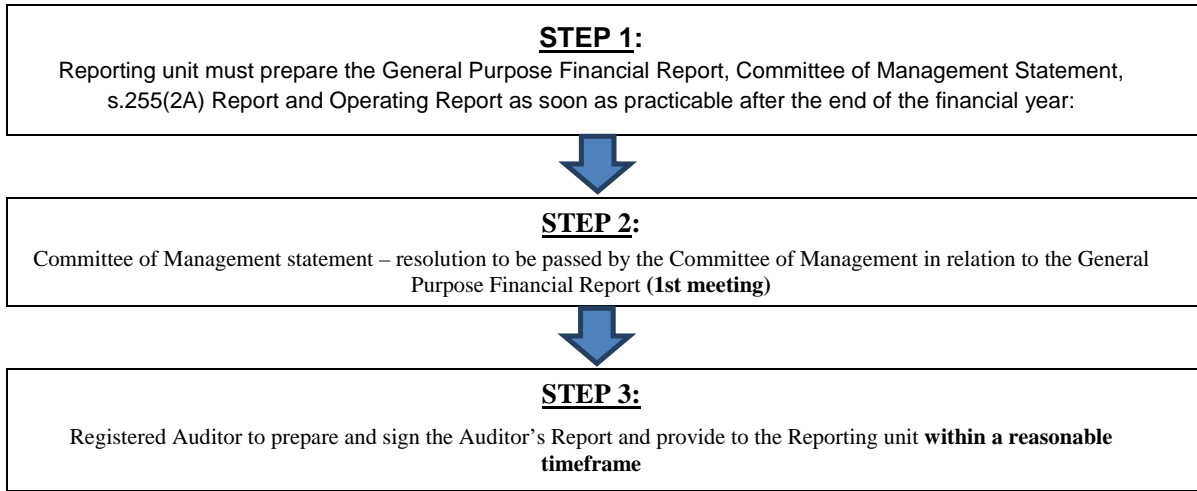


Fact sheet

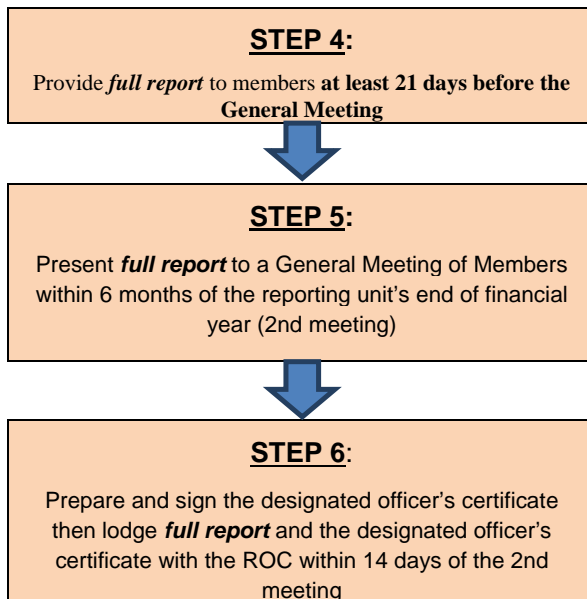
Summary of financial reporting timelines – s.253 financial reports

General Information:

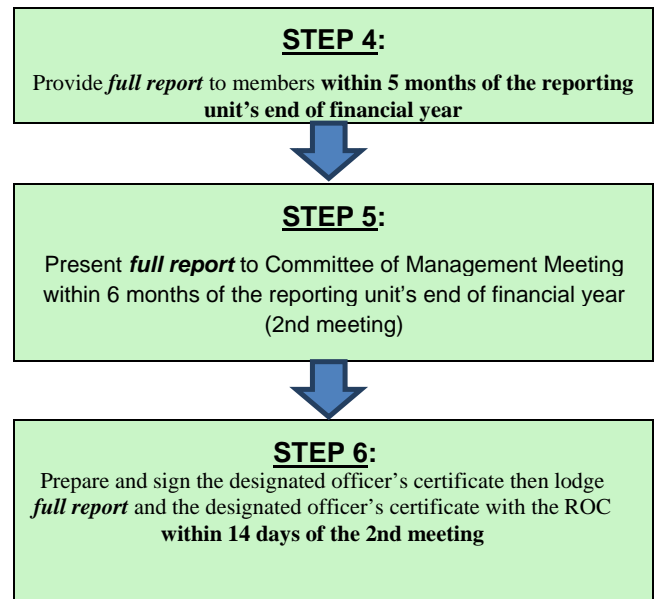
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



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



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



Misconceptions

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

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

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



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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

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

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

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

Common misconceptions

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

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

Grants & Donations within the Financial Report

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

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

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

Note 4E: Grants or donations*

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

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

Implications for filing the Financial Report

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

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

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

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

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

Further information

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