

# **The Motor Trade Association of SA Inc.**

ABN 65 767 492 138

## **Consolidated Financial Report**

For the year ended

**31 March 2016**

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

ABN 65 767 492 138

## Operating Report

I, Frank Agostino, being the President of The Motor Trade Association of South Australia Incorporated (the Association), present for the reporting unit the operating report, for the financial year ended 31 March 2016.

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

Frank Agostino	Kym Webber	
Neville Gibb	Phillip Turner	
Clive Polley	Bill Lane	
Peter Roberts	David Vincent	
Ron Lewis	Marcus Baldacchino	
Jeff Williams	Brenton Caddle	21 July 2015 – Current
Colin Butcher	Mark McGuire	21 July 2015 – Current
Martin Guppy	Craig Gough	17 Nov 2015 – Current
Dale John	John Zulian	1 April 2015 - 27 Jan 2016
Robert Duns	Paul Page	1 April 2015 - 21 July 2015
Tracy Butler	Brian Weeks	1 April 2015 - 22 Oct 2015
Brenton Stein	John Jansse	1 April 2015 - 21 July 2015

## Principal Activities

The principal activities of the Association and its controlled entities, during the financial year were to serve the interests of employers and members of the Retail Motor Trade in SA by;

- Providing a political voice for the retail motor industry;
- Providing an industry voice in discussion with all levels of government;
- Providing industrial award advice, advocacy and representation;
- Providing technical information and specialized industry stationery; and
- Training apprentices for the retail motor industry.

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

## Operational and financial review

The financial statements and comparative figures for the Association and the Consolidated Entity are for the twelve months ended 31 March 2016.

## Statement of profit or loss and other comprehensive income

The Associations surplus from ordinary activities in the financial year ended 31 March 2016 was \$22,782, (2015: \$182,813) and for the Consolidated Entity deficit of \$553,434, (2015: deficit of \$64,495).

## **Statement of Financial Position**

Equity decreased to \$10,388,550 (2015 \$10,795,498) for the Association and decreased to \$19,819,413, (2015 \$20,802,577) for the Consolidated Entity.

The Association's cash flow from operating activities was \$710,037 (2015 \$631,908) and the Consolidated Entity \$1,158,957 (2015 \$850,099).

## **Events since balance date**

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## **Members**

Members' rights to resign is set out in Item 13 of the Constitution, in summary a member may resign from membership by written notice addressed and delivered to the offices of the Motor Trade Association of SA Inc.

At the end of the financial year there were 1,068 members of the Motor Trade Association of SA Inc, (2015: 1,102).

## **Staffing**

The Association employed 51 staff at the end of the financial year, (2015: 50). The Consolidated Entity employed 512 staff at year end (2015: 549).

## **Trustee or Director of Superannuation Entity**

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

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

President



Frank Agostino

Dated this 15<sup>th</sup> day of November 2016

# **MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC. AND CONSOLIDATED ENTITY**

ABN 65 767 492 138

## **DISCUSSION AND ANALYSIS OF PRINCIPAL FACTORS AFFECTING THE FINANCIAL PERFORMANCE, FINANCIAL POSITION AND FINANCIAL AND INVESTING ACTIVITIES**

A copy of the full financial report and auditor's report will be sent to all members, free of charge.

The following discussion and analysis is provided to assist the understanding of members of the Motor Trade Association of South Australia Inc. (the Association). The discussion and analysis is based on the general purpose financial report of the Association and its subsidiaries (the Consolidated Entity).

### **Operational and financial review**

The financial statements from the Association and the Consolidated Entity are for the twelve months ended 31 March 2016, the comparative financial statements for the Association and the Consolidated Entity are for the twelve months ended 31 March 2015.

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

ABN 65 767 492 138

## Statement of profit or loss and other comprehensive income

For the year ended 31 March 2016

	<i>Note</i>	MTA		Consolidated	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Revenue</b>					
Membership subscriptions		1,335,847	1,329,419	1,335,847	1,329,419
Commissions		105,933	104,449	105,933	104,449
Member function income		12,150	28,180	12,150	28,180
Rental income	2(a)	1,658,205	1,736,143	1,109,105	1,203,143
Sales – print & stationery		225,659	289,687	146,300	208,451
Apprentice income		-	-	17,003,062	16,311,774
Industry support		-	-	13,500	-
Profit on sale of asset		-	-	2,522	-
Other revenue	2(b)	3,377,483	3,461,263	297,794	219,249
<b>Total revenue</b>		<b>6,715,277</b>	<b>6,949,141</b>	<b>20,026,213</b>	<b>19,404,665</b>
<b>Other Income</b>					
Grants	2(c)	64,224	522,067	2,831,490	2,977,599
<b>Total other income</b>		<b>64,224</b>	<b>522,067</b>	<b>2,831,490</b>	<b>2,977,599</b>
<b>Total income</b>		<b>6,779,501</b>	<b>7,471,208</b>	<b>22,857,703</b>	<b>22,382,264</b>
Administration expenses		672,169	664,427	1,370,989	1,361,611
Advertising		77,947	74,616	238,815	197,066
Advocacy		6,100	4,473	6,100	4,473
Affiliation fees	3(a)	157,500	153,125	157,500	153,125
Apprentice training fees		-	-	207,169	219,230
Conferences and meeting expenses	3(b)	33,865	37,128	33,865	37,128
Cost of sales – print & stationery		103,133	147,411	103,133	147,411
Depreciation		467,091	480,285	911,303	951,731
Donations	3(d)	13,734	5,938	13,734	5,938
Employee expenses	3(e)	4,357,790	4,474,679	19,733,684	18,678,866
Grant expenses	3(c)	64,224	419,446	-	-
Insurance		63,795	98,669	127,884	192,335
Legal costs	3(f)	5,899	67,184	5,899	67,184
Motor vehicle costs		21,598	18,853	85,423	95,013
Motor trade journal		12,540	14,261	12,540	14,261
Property expenses		441,633	416,319	441,633	416,319
Telephone		48,775	54,841	86,765	97,194
Travel		10,400	16,882	33,835	49,253
Loss on sale of asset		-	2,337	-	8,978
Impairment loss on MTAA Unit		30,695	-	30,695	-
<b>Costs from ordinary activities</b>		<b>6,588,888</b>	<b>7,150,874</b>	<b>23,600,966</b>	<b>22,697,116</b>
<b>Operating surplus/(deficit) from operating activities</b>		<b>190,613</b>	<b>320,334</b>	<b>(743,263)</b>	<b>(314,852)</b>
Net finance income	2(d)	(167,831)	(137,521)	189,829	250,357
<b>Surplus/(deficit) for the period</b>		<b>22,782</b>	<b>182,813</b>	<b>(553,434)</b>	<b>(64,495)</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>22,782</b>	<b>182,813</b>	<b>(553,434)</b>	<b>(64,495)</b>

The statement of profit or loss should be read in conjunction with the notes to the financial statements set out on pages 8 to 36.

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

ABN 65 767 492 138

Statement of Changes in Equity

**For the year ended 31 March 2016**

	<b>MTA</b>		<b>Consolidated</b>	
<i>Note</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$	\$
<b>Accumulated Surplus:</b>				
Opening accumulated surplus	9,426,484	9,243,671	19,433,563	19,498,058
Surplus/(deficit) for the period	22,782	182,813	(553,434)	(64,495)
<b>Closing accumulated surplus</b>	<b>9,449,266</b>	<b>9,426,484</b>	<b>18,880,129</b>	<b>19,433,563</b>
<u>Other comprehensive income</u>				
Items that will not be reclassified to profit or loss	-	-	-	-
Opening balance - fair value reserve	1,369,014	1,369,014	1,369,014	1,369,014
Impairment – fair value reserve	(429,730)	-	(429,730)	-
Closing balance – fair value reserve	939,284	1,369,014	939,284	1,369,014
<b>Total equity at the end of the year</b>	<b>10,388,550</b>	<b>10,795,498</b>	<b>19,819,413</b>	<b>20,802,577</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 8 to 36.

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

ABN 65 767 492 138

**Statement of Financial Position**

**As at 31 March 2016**

		<b>MTA</b>		<b>Consolidated</b>	
	<i>Note</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Assets</b>		\$	\$	\$	\$
Cash	4	1,268,404	1,937,183	2,918,693	3,206,908
Trade and other receivables	5	601,250	780,444	1,879,314	2,367,465
Inventories	6	53,670	56,043	56,824	61,106
Investments	7	1,544,623	404,347	3,566,162	2,348,056
<b>Total current assets</b>		<b>3,467,947</b>	<b>3,178,017</b>	<b>8,420,993</b>	<b>7,983,535</b>
Trade and other receivables	5	14,499	160,000	-	-
Investments	7	1,722,090	2,037,014	1,722,090	2,182,515
Investment property	8	5,050,000	3,177,918	5,050,000	3,177,918
Property, plant and equipment	9	5,326,200	7,572,334	8,322,619	10,876,683
<b>Total non-current assets</b>		<b>12,112,789</b>	<b>12,947,266</b>	<b>15,094,709</b>	<b>16,237,116</b>
<b>Total assets</b>		<b>15,580,736</b>	<b>16,125,283</b>	<b>23,515,702</b>	<b>24,220,651</b>
<b>Liabilities</b>					
Trade and other payables	10	878,327	993,051	2,136,504	1,922,180
Employee benefits	11	681,490	698,547	1,452,189	1,382,480
Borrowings	12	1,000	1,000	1,000	1,000
<b>Total current liabilities</b>		<b>1,560,817</b>	<b>1,692,598</b>	<b>3,589,693</b>	<b>3,305,660</b>
Employee benefits	11	106,596	112,414	106,596	112,414
Borrowings	12	3,524,773	3,524,773	-	-
<b>Total non-current liabilities</b>		<b>3,631,369</b>	<b>3,637,187</b>	<b>106,596</b>	<b>112,414</b>
<b>Total liabilities</b>		<b>5,192,186</b>	<b>5,329,785</b>	<b>3,696,289</b>	<b>3,418,074</b>
<b>Net assets</b>		<b>10,388,550</b>	<b>10,795,498</b>	<b>19,819,413</b>	<b>20,802,577</b>
<b>Equity</b>					
Accumulated surplus		9,449,266	9,426,484	18,880,129	19,433,563
Fair value reserve		939,284	1,369,014	939,284	1,369,014
<b>Total equity</b>		<b>10,388,550</b>	<b>10,795,498</b>	<b>19,819,413</b>	<b>20,802,577</b>

The statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 8 to 36.

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

ABN 65 767 492 138

**Statements of cash flows  
For the year ended 31 March 2016**

		<b>MTA</b>		<b>Consolidated</b>	
	<i>Note</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts from customers		7,814,616	8,265,076	25,684,430	24,566,730
Cash paid to suppliers and employees		(6,936,748)	(7,495,647)	(24,715,302)	(23,966,988)
Cash generated from operations		877,868	769,429	969,128	599,742
Interest expense		(284,063)	(326,956)	(955)	(44,622)
Interest received		45,272	77,395	115,224	175,439
Distribution from MTAA House		70,960	112,040	75,560	119,540
<b>Net cash from operating activities</b>	13	710,037	631,908	1,158,957	850,099
<b>Cash flows from investing activities</b>					
Payments for investments		(1,690,123)	(404,347)	(1,622,453)	(2,348,056)
Proceeds from settlement of investments		404,347	1,462,075	404,347	3,359,596
Payments for property, plant and equipment		(93,040)	(537,894)	(234,656)	(856,723)
Payments for investment Property		-	(38,016)	-	(38,016)
Proceeds from sale of property, plant and equipment		-	37,270	5,590	86,682
<b>Net cash from investing activities</b>		(1,378,816)	519,088	(1,447,172)	203,483
<b>Cash flows from financing activities</b>					
Loans from external parties		-	(999,000)	-	(999,000)
<b>Net cash from financing activities</b>		-	(999,000)	-	(999,000)
Net increase in cash and cash equivalents		(668,779)	151,996	(288,215)	54,582
Cash and cash equivalents at 1 April		1,937,183	1,785,187	3,206,908	3,152,326
<b>Cash and cash equivalents at 31 March</b>	4	1,268,404	1,937,183	2,918,693	3,206,908

The statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 8 to 36.

# Notes to the consolidated financial statements

## 1. Significant accounting policies

The Motor Trade Association of SA Inc. (the "Association") is a not for profit entity and the entity is domiciled in South Australia. The consolidated financial report of the Association for the year ended 31 March 2016 comprises the Association and its subsidiaries (together referred to as the "Consolidated Entity").

The financial report was authorised for issue by the directors on 15<sup>th</sup> November 2016.

### (a) Statement of compliance

The consolidated financial report of the Consolidated Entity and the financial report of the Association is a Tier 1 general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board, the Associations Incorporation Act 1985 (as amended) and Fair Work (Registered Organisations) Act 2009 (RO Act).

### (b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on an accrual basis and the historical cost basis, except for investments and investment property which is measured at fair value.

This financial report is a reissued financial report due to minor editorial changes as requested by the Fair Work Commission. The financial results are unchanged from the financial report released on 24 May 2016

### (i) Judgement and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Association and the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Accounting estimates are discussed in the following notes;

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

### (ii) Measurement of fair values

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

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

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

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

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

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

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

- Note 7- Investments
- Note 8 – Investment property

#### (c) Going Concern

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

The result for the Association for the year ended 31 March 2016 was a surplus of \$22,782 (2015: surplus of \$182,813) and a net current asset surplus of \$1,907,130 (2015: net current asset surplus of \$1,485,419). Included in last years current liabilities for the Association is a loan of \$3,524,773, due by the Association to The MTA Group Training Scheme Inc, a wholly owned entity, as disclosed in Note 12. The Association has adopted this year, that no settlement of the loan will occur in the next 12 months. The Board of Management believe the Association is a going concern due to the expected profitability of the business and the positive net operating cash flows generated from operating activities of \$710,037 (2015: \$631,908) continuing. It is on this basis the financial statements have been prepared on a going concern basis.

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

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

#### (d) Basis of consolidation

##### (i) Subsidiaries

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

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

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

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

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

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (e) Property, plant and equipment

#### (i) Owned assets

Items of property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation (see below) and impairment losses (see accounting policy (l)).

Where parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on fixed assets of less than \$300 is expensed when incurred.

#### *Subsequent costs*

The Consolidated Entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefit embodied within the item will flow to the Consolidated Entity and the cost of the item can be reliably measured. All other costs are recognised in profit and loss as an expense as incurred.

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

#### (ii) Depreciation

The depreciable amount of all fixed assets are depreciated over the estimated economic life of the asset to the Consolidated Entity commencing from the time the asset is held ready for use. Assets with a written down value of less than \$100 at the end of the year, are depreciated to nil value at the year end.

Leasehold improvements are depreciated over the shorter of the leased term or estimated useful lives of the improvements.

Plant and equipment are depreciated from the date of acquisition. The reducing value method is used.

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

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

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

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

The depreciation rates used for each class of depreciable asset vary dependent on the assessed economic life of each individual asset, and within each class the depreciation rates used are as follows:

<u>Asset Class</u>	<u>Depreciation Rate</u>	
	<u>2015</u>	<u>2014</u>
Plant & Equipment	9 to 36%	9 to 36%
Furniture & Fittings	11 to 30%	11 to 30%
Motor Vehicles	22.5%	22.5%
Buildings & Improvements	2.5 to 4%	2.5 to 4%

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

#### **(iii) Transfer to Investment Property**

During 2016, land and buildings at Schenker Drive were transferred from owner occupied to investment property (see Note 1 (h)), as the current intention for the property to be leased to a third party rather than for use by the Association.

Immediately before transfer, the group measured the property to fair value and recognised an impairment loss of \$48,240. The valuation method used in measuring the fair value of the property at the date of transfer is the same as those applied to investment property at the reporting date (See Note 1 (h)).

#### **(iv) Change in estimates**

During 2016, the Association have reassessed the useful life of the Greenhill property and as a result the useful life has been reassessed from 28 years to 40 years. The effect of this change on actual and expected depreciation expense is a reduction in annual depreciation of \$20,911.

#### **(f) Expenses**

##### *Operating lease payments*

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

##### *Net financing costs*

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

#### **(g) Investments**

The Consolidated Entity's non-current equity investments are classified as being available-for-sale and are carried at fair value. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost as this is considered the best estimate of fair value. At each reporting date the Consolidated Entity will assess whether there is objective evidence that an equity instrument is impaired. An impairment loss is recognised in profit or loss and reversed if there has been a favourable change in the estimate to determine the recoverable amount.

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. During 2016, the Association has voluntarily changed its accounting policy for investment property from the cost to fair value model, (See Note 1(vii)). Investment property is recognised at fair value with any change therein recognised in profit or loss.

#### (i) Trade and other receivables

Trade and other receivables, to be settled within 30 days are initially measured at their fair value and subsequently measured at amortised cost using the effective interest rate method less any impairment losses (see accounting policy l).

Bad debts are written off when they are identified.

#### (j) Inventories

Inventories consist of printing and stationery, raw and finished products, protective clothing, tool kits and educational resources and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (k) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash at bank. Bank overdrafts that are repayable on demand and deposits at call that form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### (l) Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories (see accounting policy j), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

Depreciated replacement cost is defined as the current replacement cost of an asset less where applicable, accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in normal course of business.

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (i) Calculation of recoverable amount

The recoverable amount of the Consolidated Entity's assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Non significant receivables are not individually assessed.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of a non-current asset of a not-for-profit entity, value in use means "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would if deprived of the asset, replace its remaining future economic benefits.

#### (ii) Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (m) Income Tax

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

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

For the Retail Motor Trading Co. Pty Ltd, a Controlled Entity, tax effect accounting is applied using the balance sheet method. The income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The Retail Motor Trading Co. Pty Ltd had a tax loss of \$2,262 resulting from activities to the taxation year ended 31 March 2016, (2015: Profit \$158).

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (n) Employee benefits

##### *Defined Contribution plans*

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in profit and loss when incurred.

##### *Long-term service benefits*

The Consolidated Entity's net obligation in respect of long-term service benefits, other than defined contribution plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using rates attached to the Commonwealth Government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

##### *Wages, salaries, annual leave and non monetary benefits*

A provision is made for annual leave, wages and salaries and employment on costs of Payroll Tax, WorkCover and Superannuation that are expected to be settled within 12 months of the reporting date. Employment on-costs have been calculated on the basis that employees will take accumulated leave prior to retirement.

Vested entitlements are shown as current liabilities, measured at nominal wage rates.

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

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

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

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### **(o) Provisions**

A provision is recognised in the Statement of Financial Position when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **(p) Trade and other payables**

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

#### **(q) Interest Rate Risk**

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

#### **(r) Revenue**

##### **(i) Goods sold and services rendered**

Revenue from the sale of goods is recognised in profit and loss when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at reporting date.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when declared. Commissions are recognised when the Consolidated Entity has received a commission.

##### **(ii) Rental income**

Rental income from property is recognised in profit and loss on a straight- line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

##### **(iii) Government grants**

Grants constituting non-reciprocal transfers received from the Government are recognised as income when the Consolidated Entity obtains control of the benefit. A non-reciprocal transfer is one in which the Consolidated Entity receives assets and services or has liabilities extinguished without giving approximately equal value in exchange to the other party or parties to the transfer. Grants in which the Consolidated Entity is required to repay unutilised funding are treated as reciprocal transfers and income is recognised by reference to the stage of completion of the transaction.

##### **(iv) Membership Income**

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

# Notes to the consolidated financial statements (continued)

## 1. Significant accounting policies (continued)

### (s) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (t) Required Fair Work Commission Disclosures per Section 253

#### (i) Acquired assets

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

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

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

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

### (u) New standards and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Consolidated Entity are set out below. The Consolidated Entity does not plan to adopt these standards early.

#### (i) IFRS 9 Financial Instruments

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

IFRS is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted.

The Consolidated Entity is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

## Notes to the consolidated financial statements (continued)

### **(ii) IFRS 15 Revenue from Contracts with customers**

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted

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

### **(v) Changes in accounting policy**

Except for the changes below, the Association has consistently applied the accounting policies set out in Note 1 to all periods presented in these consolidated financial statements.

#### **(i) AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities (2011)**

AASB 10 introduces a single control model to determine whether an investee should be consolidated.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Consolidated Entity has assessed the impact of AASB 10 and disclosure requirements for interests in subsidiaries in comparison with the existing disclosures and determined there is no change from the prior year. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

#### **(ii) Investment Property- cost to fair value model**

AASB 140 Investment Property allows for the choice of either the fair value model or the cost model to be applied to all of its investment property.

During 2016, the Association has made a voluntary change in accounting policy for investment property from the cost model to fair value model. The voluntary change is permissible in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors as it results in financial statements providing reliable and more relevant information regarding the investment property. The qualitative impact of the change is detailed below;

#### Impact of change in accounting policy

	As previously reported	Adjustment	As restated
For the year ended 31 March 2015			
Investment Property	3,177,918	(27,918)	3,150,000

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>2.a. Rental revenue</b>				
Properties	1,658,205	1,736,143	1,109,105	1,203,143
	<u>1,658,205</u>	<u>1,736,143</u>	<u>1,109,105</u>	<u>1,203,143</u>
<b>2.b. Other operating income</b>				
Other services	1,846	5,105	141,534	117,404
Industrial services	156,260	101,845	156,260	101,845
Related party salaries and on costs recharge	2,366,130	2,556,313	-	-
Related party management fees	853,247	798,000	-	-
	<u>3,377,483</u>	<u>3,461,263</u>	<u>297,794</u>	<u>219,249</u>
<b>2.c. Grants</b>				
Government funds	64,224	522,067	2,831,490	2,977,599
	<u>64,224</u>	<u>522,067</u>	<u>2,831,490</u>	<u>2,977,599</u>
<b>2.d. Net finance income</b>				
Interest income	45,272	77,395	115,224	175,439
MTAA House distribution	70,960	112,040	75,560	119,540
Less interest expense	(955)	(44,622)	(955)	(44,622)
Less related party interest <sup>(1)</sup>	(283,108)	(282,334)	-	-
<b>Net Finance Income</b>	<u>(167,831)</u>	<u>(137,521)</u>	<u>189,829</u>	<u>250,357</u>
<sup>(1)</sup> At 31 March 2013 the loan from the Controlled Entity was an interest free loan at call. On 21 May 2013 the loan agreement between the Motor Trade Association of South Australia Inc. and the MTA Group Training Scheme Inc. was amended. Interest is being charged at the bank rate plus 1% retrospectively to when the loan commenced on 25 July 2011.				
<b>3.a. Affiliation fees</b>				
Motor Trades Association of Australia	157,500	60,125	157,500	60,125
Australian Motor Industry Federation	-	93,000	-	93,000
	<u>157,500</u>	<u>153,125</u>	<u>157,500</u>	<u>153,125</u>
<b>3.b. Administration Expenses</b>				
Fees/allowance- conferences and meeting expenses	-	-	-	-
Conferences and meeting expenses of members, councils, committees, panels or other bodies	33,865	37,128	33,865	37,128
	<u>33,865</u>	<u>37,128</u>	<u>33,865</u>	<u>37,128</u>
<b>3.c. Grants</b>				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	64,224	419,446	-	-
	<u>64,224</u>	<u>419,446</u>	<u>-</u>	<u>-</u>

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>3.d. Donations</b>				
Total paid that were \$1,000 or less	825	938	825	938
Total paid that exceeded \$1,000	12,909	5,000	12,909	5,000
	<u>13,734</u>	<u>5,938</u>	<u>13,734</u>	<u>5,938</u>

### 3.e. Employees Expenses

#### Holders of office

Other employee expenses	8,726	9,949	8,726	9,949
<b>Employee expenses holders of office</b>	<u>8,726</u>	<u>9,949</u>	<u>8,726</u>	<u>9,949</u>

#### Employees other than office holders

Wages and Salaries	3,677,557	3,776,077	17,090,936	16,277,532
Superannuation	358,396	356,572	1,499,946	1,399,262
Leave and other entitlements	44,386	59,108	146,425	118,722
Separation and redundancies	33,038	14,219	33,038	14,219
Other employee expenses	235,687	258,754	954,613	859,182
<b>Employee expenses holders of office</b>	<u>4,349,064</u>	<u>4,464,730</u>	<u>19,724,958</u>	<u>18,668,917</u>
<b>Total employee expenses</b>	<u>4,357,790</u>	<u>4,474,679</u>	<u>19,733,684</u>	<u>18,678,866</u>

### 3.f Legal costs

Other legal costs	5,899	67,184	5,899	67,184
	<u>5,899</u>	<u>67,184</u>	<u>5,899</u>	<u>67,184</u>

There has been no litigation expenditure and are no litigation claims

## 4. Cash

Cash and cash equivalents	1,268,404	1,937,183	2,918,693	3,206,908
	<u>1,268,404</u>	<u>1,937,183</u>	<u>2,918,693</u>	<u>3,206,908</u>

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>5. Trade and other receivables</b>				
<b>Current</b>				
<u>Receivables from other controlled entities</u>				
-The MTA Group Training Scheme	476,731	474,894	-	-
-Retail Motor Trading Co. Pty Ltd	6,560	7,040	-	-
Total receivables from other controlled entities	483,291	481,934	-	-
<u>Other receivables</u>				
Trade and other receivables	93,562	282,406	1,774,672	2,288,891
Prepayments	24,397	16,104	124,642	78,574
<i>less</i> Provision for doubtful debts	-	-	(20,000)	-
Total other Receivables	117,959	298,510	1,879,314	2,367,465
Total trade and other receivables (net)	601,250	780,444	1,879,314	2,367,465
<b>Non-current</b>				
Loan due from controlled entity				
Retail Motor Trading Co. Pty Ltd	14,499	160,000	-	-
	14,499	160,000	-	-
The loan to Retail Motor Trading co. is payable with 12 months notice at an interest rate published by the Reserve Bank F5 Indicator lending Rates - large business				
<b>6. Inventories</b>				
Stationery	46,690	48,839	46,690	48,839
Printing	6,980	7,204	10,134	12,267
	53,670	56,043	56,824	61,106

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
7. Investments	\$	\$	\$	\$
<b>Current Investments</b>				
Fixed term deposit	1,544,623	404,347	3,566,162	2,348,056
	<u>1,544,623</u>	<u>404,347</u>	<u>3,566,162</u>	<u>2,348,056</u>
<u>Details of Terms Deposits held</u>				
	<b>Maturity</b>	<b>Amount</b>		
<u>Motor Trade Association of SA Inc</u>		\$		
Commonwealth Bank	30-May-16	1,544,623		
<u>MTA Group Training Scheme Inc</u>		\$		
Commonwealth Bank	30-May-16	1,373,401		
Commonwealth Bank	18-Jul-16	648,138		
<b>Shares in Non-Listed Investments</b>				
MTAA Superannuation Fund Pty Limited (ACN 008 650 628)		1	1	1
		<u>1</u>	<u>1</u>	<u>1</u>
<b>Non-current Investments</b>				
Units in MTAA House Unit Trust		1,722,090	2,037,014	1,722,090
<b>Total Non-current Investments</b>		<u>1,722,090</u>	<u>2,037,014</u>	<u>1,722,090</u>

The Motor Trade Association of South Australia holds 15 units, 13.04% (thirteen point zero four percent) of the issued units in the MTAA House Unit Trust. The Retail Motor Trading Co. Pty Ltd held 1 unit, 0.87% (zero point eight seven percent) of the issued units in the MTAA House Unit Trust. This unit was purchased from the Retail Motor Trading Co. Pty Ltd in March 2016. Whilst these units do not have a quoted market price the units were devalued from a value of \$145,501 to \$114,806 based on current valuations of the units and as such have been categorised as Level 2 fair values in accordance with AASB 13. A key input in to the valuation of these unit holdings is the market value of the major asset of the Trust, being MTAA House situated on Brisbane Avenue, Canberra. The units held are viewed as a long term investment.

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>8. Investment Property</b>				
Cost at 1 April	3,388,732	3,340,057	3,388,732	3,340,057
Reclassification from property, plant and equipment	1,900,000	-	1,900,000	-
Acquisitions	-	48,675	-	48,675
Less: Accumulated depreciation	(238,732)	(210,814)	(238,732)	(210,814)
Balance at 31 March	5,050,000	3,177,918	5,050,000	3,177,918

The fair value of investment property was determined by external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Associations investment property every three years unless there is an indication of impairment loss. The fair value determined is based on quoted prices in an active market therefore recognised as Level 2 fair value in accordance with AASB 13 Fair Values.

46 Fullarton Road Norwood was re-valued by Mr. S Bruce-Gordon AAPI of CBRE Valuations Pty Ltd in March 2015 at a "willing buyer/seller" market value of \$3,150,000.

3 Schenker Drive Royal Park was re-valued by Ms. C Simons AAPI of Knight Frank Valuations in November 2014 at a "willing buyer/seller" market value of \$1,900,000.

# Notes to the consolidated financial statements (continued)

## 9. Property, plant and equipment

	MTA				
	Land and buildings	Plant and equipment	Fixtures and fittings	Other	Total
Cost	\$	\$	\$	\$	\$
Balance at 1 April 2014	8,082,758	2,411,476	57,470	151,425	10,703,129
Acquisitions	3,940	443,487	22,613	67,854	537,894
Disposals	-	(515)	-	(66,617)	(67,132)
Balance at 31 March 2015	8,086,698	2,854,448	80,083	152,662	11,173,891
Balance at 1 April 2015	8,086,698	2,854,448	80,083	152,662	11,173,891
Acquisitions	-	72,134	20,906	-	93,040
Reclassification to investment property	(2,096,840)	-	-	-	(2,096,840)
Disposals	-	-	-	(2)	(2)
Balance at 31 March 2016	5,989,858	2,926,582	100,989	152,660	9,170,089
Depreciation and impairment losses					
Balance at 1 April 2014	1,832,723	1,290,927	46,717	35,193	3,205,560
Depreciation charge for the year	166,097	215,453	11,520	30,452	423,522
Adjustments	-	12,968	(12,968)	-	-
Disposals	-	(450)	-	(27,075)	(27,525)
Balance at 31 March 2015	1,998,820	1,518,898	45,269	38,570	3,601,557
Balance at 1 April 2015	1,998,820	1,518,898	45,269	38,570	3,601,557
Depreciation charge for the year	193,572	213,933	6,076	25,592	439,173
Reclassification to investment property	(196,841)	-	-	-	(196,841)
Balance at 31 March 2016	1,995,551	1,732,831	51,345	64,162	3,843,889
Carrying amounts					
At 1 April 2014	6,250,035	1,120,549	10,753	116,232	7,497,569
At 31 March 2015	6,087,878	1,335,550	34,814	114,092	7,572,334
At 1 April 2015	6,087,878	1,335,550	34,814	114,092	7,572,334
At 31 March 2016	3,994,307	1,193,751	49,644	88,498	5,326,200

## Notes to the consolidated financial statements (continued)

### Property, plant and equipment (continued)

Cost	Consolidated				
	Land and buildings \$	Plant and equipment \$	Fixtures and fittings \$	Other \$	Total \$
Balance at 1 April 2014	8,082,758	4,471,641	150,141	3,803,986	16,508,526
Acquisitions	3,940	675,944	35,475	141,364	856,723
Transfers	-	(120,167)	69,247	50,920	-
Disposals	-	(428,766)	(3,177)	(134,606)	(566,549)
Balance at 31 March 2015	8,086,698	4,598,652	251,686	3,861,664	16,798,700
Balance at 1 April 2015	8,086,698	4,598,652	251,686	3,861,664	16,798,700
Acquisitions	-	191,977	32,096	10,583	234,656
Reclassification to investment property	(2,096,840)	-	-	-	(2,096,840)
Disposals	-	(117,747)	(8,160)	(4)	(125,911)
Balance at 31 March 2016	5,989,858	4,672,882	275,622	3,872,243	14,810,605
<b>Depreciation and impairment losses</b>					
Balance at 1 April 2014	1,832,723	2,742,226	139,750	783,239	5,497,938
Depreciation charge for the year	166,097	435,564	20,678	272,629	894,968
Transfers	-	(55,631)	40,168	15,463	-
Disposals	-	(409,612)	(3,177)	(58,100)	(470,889)
Balance at 31 March 2015	1,998,820	2,712,547	197,419	1,013,231	5,922,017
Balance at 1 April 2015	1,998,820	2,712,547	197,419	1,013,231	5,922,017
Depreciation charge for the year	193,571	434,471	14,598	240,745	883,385
Reclassification to investment property	(196,840)	-	-	-	(196,840)
Disposals	-	(110,970)	(8,160)	(1,446)	(120,576)
Balance at 31 March 2016	1,995,551	3,036,048	203,857	1,252,530	6,487,986
<b>Carrying amounts</b>					
At 1 April 2014	6,250,035	1,729,415	10,391	3,020,747	11,010,588
At 31 March 2015	6,087,878	1,886,105	54,267	2,848,433	10,876,683
At 1 April 2015	6,087,878	1,886,105	54,267	2,848,433	10,876,683
At 31 March 2016	3,994,307	1,636,834	71,765	2,619,713	8,322,619

The Association has a policy of dividing the initial value of property acquisitions and allocating one third of value to land and two thirds of value to buildings. The buildings component is then depreciated over the Board of Management assessed appropriate economic life of the buildings. This assessment takes into account the style, position and state of repair of the buildings concerned.

81-83 Greenhill Road Wayville was re-valued by Mr. S Bruce-Gordon AAPI of CBRE Valuations Pty Ltd in March 2015 at a "willing buyer/seller" market value of \$6,900,000.

3 Frederick Road Royal Park was re-valued by Mr. S Bruce-Gordon AAPI of CBRE Valuations Pty Ltd in March 2015 at a "willing buyer/seller" market value of \$5,900,000. The fair value determined is based on quoted prices in an active market therefore recognised as Level 2 fair value in accordance with AASB 13 Fair Values. The Association has a policy of valuing property owned by the Association every three years unless there is an indication of impairment. An impairment loss will be reflected if the valuation represents a devaluation below the value carried in the Statement of Financial Position. The next valuation due is March 2018.

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>10. Trade and other payables</b>				
Subscriptions in advance	54,139	196,604	54,139	196,604
Other trade payables	795,884	739,291	2,082,365	1,725,576
<b>Subtotal trade creditors</b>	<b>850,023</b>	<b>935,895</b>	<b>2,136,504</b>	<b>1,922,180</b>
<u>Payable to other controlled entities</u>				
The MTA Group Training Scheme Inc.	28,304	57,156	-	-
<b>Subtotal payables to other controlled entities</b>	<b>28,304</b>	<b>57,156</b>	<b>-</b>	<b>-</b>
<b>Total trade payables</b>	<b>878,327</b>	<b>993,051</b>	<b>2,136,504</b>	<b>1,922,180</b>
<b>11. Employee benefits</b>				
<b>Current</b>				
<u>Office holders</u>				
The Board of Management receive no compensation for their roles.				
Employee provisions - office holders	-	-	-	-
<u>Employees other than office holders</u>				
Annual Leave	270,837	264,102	1,035,801	939,602
Long service leave	517,249	546,859	517,249	546,859
Other	-	-	5,735	8,433
Employee provisions - other than office holders	788,086	810,961	1,558,785	1,494,894
<b>Total Employee provisions</b>	<b>788,086</b>	<b>810,961</b>	<b>1,558,785</b>	<b>1,494,894</b>
<b>Current</b>	681,490	698,547	1,452,189	1,382,480
<b>Non Current</b>	106,596	112,414	106,596	112,414
<b>Total Employee provisions</b>	<b>788,086</b>	<b>810,961</b>	<b>1,558,785</b>	<b>1,494,894</b>

## Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>12. Borrowings</b>				
<b>Current</b>				
<u>Receivables due to other controlled entities</u>	-	-	-	-
<u>Other Current Borrowings</u>				
Commonwealth mortgage on 3 Schenker Drive Royal Park	1,000	1,000	1,000	1,000
	1,000	1,000	1,000	1,000
<b>Non -Current</b>				
MTA Group Training Scheme Inc. <sup>(1)</sup>	3,524,773	3,524,773	-	-
	3,524,773	3,524,773	-	-
	3,525,773	3,525,773	1,000	1,000

(1) On 21 May 2013 the loan agreement between the Motor Trade Association of South Australia Inc. and the MTA Group Training Scheme Inc. was amended. Interest is being charged at the bank rate plus 1% retrospectively to when the loan commenced on 25 July 2011.

### 13(a). Reconciliation of cash flows from operating activities

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Cash and cash equivalents</b>				
Cash on hand	1,268,404	1,937,183	2,918,693	3,206,908
<b>Total cash &amp; cash equivalents</b>	<b>1,268,404</b>	<b>1,937,183</b>	<b>2,918,693</b>	<b>3,206,908</b>
<b>Cash flows from operating activities</b>				
Surplus/(deficit) for the period	22,782	182,813	(553,434)	(64,495)
<i>Adjustments for:</i>				
Loss on disposal	30,695	2,337	30,695	8,978
Depreciation	467,091	480,285	911,303	951,731
<b>Operating profit before changes in working capital and provisions</b>	<b>520,568</b>	<b>665,435</b>	<b>388,564</b>	<b>896,214</b>
(Increase)/decrease in trade and other receivable	324,695	42,497	488,151	(48,873)
(Increase)/decrease in inventories	2,373	(606)	4,282	1,160
(Decrease)/increase in trade and other payables	(114,724)	(114,811)	214,069	(54,591)
Increase in provisions and employee benefits	(22,875)	39,393	63,891	56,189
<b>Cash generated from the operations</b>	<b>710,037</b>	<b>631,908</b>	<b>1,158,957</b>	<b>850,099</b>

## Notes to the consolidated financial statements (continued)

### Financing Facilities

A Line of Credit facility of \$1,000,000 (2015 - \$1,000,000), is available to the Motor Trade Association of South Australia at 31 March 2016. At that date, \$1,000 of this facility was in use (2015 - \$1,000).

The loan from the MTA Group Training Scheme Inc. is repayable within 90 days upon a written request being made by the lender.

### 13b. Reconciliation of cash flows from operating activities

	MTA		Consolidated	
	2016	2015	2016	2015
<b>Cash inflows</b>				
MTA Group Training Scheme Inc	4,435,283	4,586,921	-	-
Retail Motor Trading Co. Pty Ltd	6,560	7,360	-	-
<b>Total Cash inflows</b>	<b>4,441,843</b>	<b>4,594,281</b>	<b>-</b>	<b>-</b>

	MTA		Consolidated	
	2016	2015	2016	2015
<b>14. Contingencies</b>				
Estimates of the maximum amount of contingent liabilities that may become payable	372,000	399,000	2,047,000	2,180,000

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

During a period of an economic downturn, a contingent liability may arise for the return of apprentices and trainees from host employers and not being able to place those apprentices and trainees with alternate host employers. Should this occur, the cost to the Association for training staff entitlements would be \$372,000 (2015:\$399,000), the cost to the consolidated entity including all apprentice and trainees being returned, would be \$2,047,000 (2015:\$2,180,000).

### 15. Consolidated Entities

	Principal Activity	Country of Incorporation	Australian Business Number	Ownership Interest	
				2016	2015
<b>Parent entity</b>					
The Motor Trade Association of South Australia Inc.	Employer association	Australia	65 757 492 138	100%	100%
<b>Controlled entities</b>					
The MTA - Group Training Scheme Inc.	Group training scheme for apprentices and trainees	Australia	36 459 968 347	100%	100%
Retail Motor Trading Co. Pty Ltd	Investment	Australia	ACN 008 166 194	100%	100%

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

## Notes to the consolidated financial statements (continued)

### 16. Related party transactions

The Associations transactions receivable from MTA Group Scheme

<u>Statement of Comprehensive Income</u>	<b>2016</b>	<b>2015</b>
	\$	\$
Management Fees	853,247	798,000
Staff Salaries and on costs	2,366,130	2,556,313
Rental of 3 Frederick Road	549,100	533,000
Printing sales	79,359	81,236
Staff Training	-	15,810
Provision of services for governments grants	64,224	419,446
	<u>3,912,060</u>	<u>4,403,805</u>

Management fees relate to time spent by MTA staff on MTA- GTS related issues.

<u>Statement of Comprehensive Income</u>	<b>2016</b>	<b>2015</b>
	\$	\$
Interest on loan for \$160,000 receivable from Retail Motor Trading Co Pty Ltd	6,560	7,040
Interest on Loan of \$3,000,000 payable to MTA Group Training Scheme	(283,108)	(282,334)
	<u>(276,548)</u>	<u>(275,294)</u>

<u>Statement of Financial Position</u>	<b>2016</b>	<b>2015</b>
	\$	\$
Trade and other receivables	483,291	481,934
Trade and other payables	(28,304)	(57,156)
Borrowings	(3,524,773)	(3,524,773)
	<u>(3,069,786)</u>	<u>(3,099,995)</u>

<u>Statement of Financial Position</u>	<b>2016</b>	<b>2015</b>
	\$	\$
Borrowings	14,499	160,000
	<u>14,499</u>	<u>160,000</u>

## Notes to the consolidated financial statements (continued)

### 17. Key management personnel for the reporting period

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

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

	MTA		Consolidated	
	2016	2015	2016	2015
	\$	\$	\$	\$
<u>Short term employee benefits</u>				
Salary ( including annual leave taken)	960,141	919,280	960,141	919,280
Annual leave accrued	70,280	68,214	70,280	68,214
Performance Bonus	-	58,618	-	58,618
<b>Total employee provisions</b>	<b>1,030,421</b>	<b>1,046,112</b>	<b>1,030,421</b>	<b>1,046,112</b>
<u>Post - employment benefits</u>				
Superannuation	91,665	92,171	91,665	92,171
<b>Total post- employment benefits</b>	<b>91,665</b>	<b>92,171</b>	<b>91,665</b>	<b>92,171</b>
<u>Other long term benefits</u>				
Long service leave	10,558	36,433	10,558	36,433
<b>Total post- employment benefits</b>	<b>10,558</b>	<b>36,433</b>	<b>10,558</b>	<b>36,433</b>
<u>Termination benefits</u>				
Termination	-	-	-	-
<b>Total termination benefits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 18. Remuneration to Auditors

<u>Value of services to Auditors</u>				
Financial statement audit services	31,964	34,244	61,500	63,674
Other assurance services - grants	4,536	2,600	7,750	13,400
Tax services	1,000	2,936	1,000	2,936
Advisory Services	-	-	-	-
<b>Total remuneration to auditors</b>	<b>37,500</b>	<b>39,780</b>	<b>70,250</b>	<b>80,010</b>

## Notes to the consolidated financial statements (continued)

### 19. Financial Risk Management Objectives and Policies

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

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

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

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

#### a. Credit Risk

##### (i) Exposure to credit risk

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

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

<b>Credit Risk Exposure</b>	<b>MTA</b>		<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$	\$
Cash and Cash Equivalents	1,268,404	1,937,183	2,918,693	3,206,908
Trade and other receivables - current	601,250	780,444	1,879,314	2,367,465
Investments - current	1,544,623	404,347	3,566,162	2,348,056
Investments - non current	1,722,090	2,037,014	1,722,090	2,182,515
Trade and other receivables - non current	14,499	160,000	-	-
	<u>5,150,866</u>	<u>5,318,988</u>	<u>10,086,259</u>	<u>10,104,944</u>

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

	<b>MTA</b>				<b>Consolidated</b>			
	<b>2016</b>		<b>2015</b>		<b>2016</b>		<b>2015</b>	
	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Carrying Value</b>	<b>Provision</b>	<b>Net Value</b>	<b>Net Value</b>	<b>Carrying Value</b>	<b>Provision</b>	<b>Net Value</b>	<b>Net Value</b>
Current	590,562	-	590,562	760,375	1,819,453	(20,000)	1,799,453	2,289,935
Past Due 0-30 days	4,364	-	4,364	1,721	63,285	-	63,285	56,534
Past Due 31-60 days	285	-	285	4,500	8,459	-	8,459	5,587
Past Due 61- 90 days	80	-	80	7,889	1,948	-	1,948	9,450
More than 90 days	5,959	-	5,959	5,959	6,169	-	6,169	5,959
	<u>601,250</u>	<u>-</u>	<u>601,250</u>	<u>780,444</u>	<u>1,899,314</u>	<u>(20,000)</u>	<u>1,879,314</u>	<u>2,367,465</u>

## Notes to the consolidated financial statements (continued)

### b. Market Risk

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

#### (i) Exposure to interest rate risk

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

		MTA		Consolidated	
		2016	2015	2016	2015
		\$	\$	\$	\$
Cash and Cash Equivalents	4	1,268,404	1,937,183	2,918,693	3,206,908
Retail Motor Trading Co Pty Ltd Loan non-current	5	14,499	160,000	-	-
Investments - current	7	1,544,623	404,347	3,566,162	2,348,056
Secured mortgage on 3 Schenker Drive	12	(1,000)	(1,000)	(1,000)	(1,000)
Receivables due to other controlled entities non-current	12	(3,524,773)	(3,524,773)	-	-
		(698,247)	(1,024,243)	6,483,855	5,553,964

#### Cash flow sensitivity analysis for variable rate instruments

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

		MTA			
		Profit and Loss		Equity	
		100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
<b>31 March 2016</b>					
Cash and Cash Equivalents		12,684	(12,684)	12,684	(12,684)
Retail Motor Trading Co Pty Ltd Loan non-current		145	(145)	145	(145)
Investments - current		15,446	(15,446)	15,446	(15,446)
Receivables due to other controlled entities		(35,247)	35,247	(35,247)	35,247
Commonwealth mortgage on 3 Schenker Drive		(10)	10	(10)	10
		(6,982)	6,982	(6,982)	6,982
<b>31 March 2015</b>					
Cash and Cash Equivalents		19,372	(19,372)	19,372	(19,372)
Retail Motor Trading Co Pty Ltd Loan non-current		1,600	(1,600)	1,600	(1,600)
Investments - current		4,043	(4,043)	4,043	(4,043)
Receivables due to other controlled entities		(35,247)	35,247	(35,247)	35,247
Commonwealth mortgage on 3 Schenker Drive		(10)	10	(10)	10
		(10,242)	10,242	(10,242)	10,242
		Consolidated			
		Profit and Loss		Equity	
		100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
<b>31 March 2016</b>					
Cash and Cash Equivalents		29,187	(29,187)	29,187	(29,187)
Investments - current		35,662	(35,662)	35,662	(35,662)
Commonwealth mortgage on 3 Schenker Drive		(10)	10	(10)	10
		64,839	(64,839)	64,839	(64,839)
<b>31 March 2015</b>					
Cash and Cash Equivalents		32,069	(32,069)	32,069	(32,069)
Investments - current		23,481	(23,481)	23,481	(23,481)
Commonwealth mortgage on 3 Schenker Drive		(10)	10	(10)	10
		55,540	(55,540)	55,540	(55,540)

## Notes to the consolidated financial statements (continued)

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

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

	MTA				Consolidated			
	Carrying Amount	Contractual cash flows	6 months or less	12 months or less	Carrying Amount	Contractual cash flows	6 months or less	12 months or less
	\$	\$	\$		\$	\$	\$	
<b>31 March 2016</b>								
Accounts payable	878,327	878,327	878,327	-	2,136,504	2,136,504	2,136,504	-
Borrowings - current	1,000	1,000	1,000	-	1,000	1,000	1,000	-
Borrowings from controlled entity non-current	3,524,773	3,524,773	-	3,524,773	-	-	-	-
	<u>4,404,100</u>	<u>4,404,100</u>	<u>879,327</u>	<u>3,524,773</u>	<u>2,137,504</u>	<u>2,137,504</u>	<u>2,137,504</u>	<u>-</u>
<b>31 March 2015</b>								
Accounts payable	993,051	993,051	993,051	-	1,922,180	1,922,180	1,922,180	-
Borrowings - current	1,000	1,000	1,000	-	1,000	1,000	1,000	-
Borrowings from controlled entity non-current	3,524,773	3,524,773	-	3,524,773	-	-	-	-
	<u>4,518,824</u>	<u>4,518,824</u>	<u>994,051</u>	<u>3,524,773</u>	<u>1,923,180</u>	<u>1,923,180</u>	<u>1,923,180</u>	<u>-</u>

## d. Fair Values

### Fair Values versus carrying amounts

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

	MTA		Consolidated	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>31 March 2016</b>				
Cash and Cash Equivalents	1,268,404	1,268,404	2,918,693	2,918,693
Trade and other receivables - current	601,250	601,250	1,879,314	1,879,314
Investments - current	1,544,623	1,544,623	3,566,162	3,566,162
Investments - non-current	1,722,090	1,722,090	1,722,090	1,722,090
Retail Motor Trading Co Pty Ltd Loan non-current	14,499	14,499	-	-
Trade and other payables	(878,327)	(878,327)	(2,136,504)	(2,136,504)
Receivables due to other controlled entity non-current	(3,524,773)	(3,524,773)	-	-
	<u>747,766</u>	<u>747,766</u>	<u>7,949,755</u>	<u>7,949,755</u>

## Notes to the consolidated financial statements (continued)

31 March 2015	MTA		Consolidated	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Cash and Cash Equivalents	1,937,183	1,937,183	3,206,908	3,206,908
Trade and other receivables - current	780,444	780,444	2,367,465	2,367,465
Investments - current	404,347	404,347	2,348,056	2,348,056
Investments - non-current	2,037,014	2,037,014	2,182,515	2,182,515
Retail Motor Trading Co Pty Ltd Loan non-current	160,000	160,000	-	-
Trade and other payables	(993,051)	(993,051)	(1,922,180)	(1,922,180)
Receivables due to other controlled entities non-current	(3,524,773)	(3,524,773)	-	-
	<u>801,164</u>	<u>801,164</u>	<u>8,182,764</u>	<u>8,182,764</u>

### e. Fair value hierarchy

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

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

			MTA			Consolidated	
31 March 2016	Date of Valuation	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value							
Cash and Cash Equivalents	31-Mar-16	1,268,404	-	-	2,918,693	-	-
Trade and other receivables - current	31-Mar-16	601,250	-	-	1,879,314	-	-
Investments - current	31-Mar-16	1,544,623	-	-	3,566,162	-	-
Investments - non-current	31-Mar-16	-	1,722,090	-	-	1,722,090	-
Retail Motor Trading Co Pty Ltd Loan non-current	31-Mar-16	14,499	-	-	-	-	-
TOTAL		3,428,776	1,722,090	-	8,364,169	1,722,090	-
Liabilities measured at Fair Value							
Trade and other payables	31-Mar-16	878,327	-	-	1,922,180	-	-
Receivables due to other controlled entities non-current	31-Mar-16	3,524,773	-	-	-	-	-
TOTAL		4,403,100	-	-	1,922,180	-	-

## Notes to the consolidated financial statements (continued)

31 March 2015	Date of Valuation	Level 1	MTA Level 2	Level 3	Level 1	Consolidated Level 2	Level 3
<b>Assets measured at fair value</b>							
Cash and Cash Equivalents	31-Mar-15	1,937,183	-	-	3,206,908	-	-
Trade and other receivables - current	31-Mar-15	780,444	-	-	2,367,465	-	-
Investments - current	31-Mar-15	404,347	-	-	2,348,056	-	-
Investment in Unit Trust	31-Mar-15	-	2,037,014	-	-	2,182,515	-
Retail Motor Trading Co Pty Ltd Loan non-current	31-Mar-15	160,000	-	-	-	-	-
<b>Total</b>		<u>3,281,974</u>	<u>2,037,014</u>	<u>-</u>	<u>7,922,429</u>	<u>2,182,515</u>	<u>-</u>
<b>Liabilities measured at Fair Value</b>							
Trade and other payables	31-Mar-15	993,051	-	-	1,922,180	-	-
Receivables due to other controlled entities non-current	31-Mar-15	3,524,773	-	-	-	-	-
<b>Total</b>		<u>4,517,824</u>	<u>-</u>	<u>-</u>	<u>1,922,180</u>	<u>-</u>	<u>-</u>

### Fair Values

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

### e. Capital risk management

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

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

### 20. Operating leases as lessor

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

	2016	2015
Less than one year	645,797	882,002
Between one and five years	531,812	597,063
More than five years	-	-
	<u>1,177,609</u>	<u>1,479,065</u>

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

### 21. Subsequent events

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

## Notes to the consolidated financial statements (continued)

### **22. Information to be provided to members or registrar**

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

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

### **23. Association details**

The principal place of business of the Association is:

81 Greenhill Road, Wayville, Adelaide, South Australia.

MTA's print and stationery department is located at its 3 Frederick Road, Royal Park, South Australia premises.

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

### **24. Principal activities**

The principal activities of the Association during the financial year were:

To protect and promote the interests of members by:-

- Providing a political voice for the retail motor industry;
- Providing an industry voice in discussion with all levels of government;
- Providing industrial award advice, advocacy and representation;
- Providing technical information and specialized industry stationery; and
- Training apprentices for the retail motor industry.

### **25. A Melville Memorial Fund**

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

## Notes to the consolidated financial statements (continued)

### 26. Members of Board of Management

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

Frank Agostino	Kym Webber	
Neville Gibb	Phillip Turner	
Clive Polley	Bill Lane	
Peter Roberts	David Vincent	
Ron Lewis	Marcus Baldacchino	
Jeff Williams	Brenton Caddle	21 July 2015 – Current
Colin Butcher	Mark McGuire	21 July 2015 – Current
Martin Guppy	Craig Gough	17 Nov 2015 – Current
Dale John	John Zulian	1 April 2015 - 27 Jan 2016
Robert Duns	Paul Page	1 April 2015 - 21 July 2015
Tracy Butler	Brian Weeks	1 April 2015 - 22 Oct 2015
Brenton Stein	John Jansse	1 April 2015 - 21 July 2015

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

Frank Agostino	Ron Lewis	
Neville Gibb	Martin Guppy	
Clive Polley	John Zulian	1 April 2015 - 27 Jan 2016
Peter Roberts		

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

### 27. Other disclosures required by Fair Work Commission

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

The reporting unit has not received revenue for;

- Capitation fees
- Donations
- Compulsory levies

The reporting unit has not paid expenses for;

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

The reporting unit has not accrued expenses for;

- Separation and redundancies
- Legal costs
- Payables to employers as consideration for the employers making payroll deductions of membership subscriptions

The reporting unit has no recovery of wages activity.

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

On 24<sup>th</sup> of May 2016 the Board of Management of the Motor Trade Association of SA Inc. passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 March 2016.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and Associations Incorporation Act 1985 (as amended) and Fair Work (Registered Organisations) Act 2009 (RO Act);
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of, the financial performance, financial position and cash flows on the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the Board of Management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of the branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member by a member of the reporting unit or General Manager duly made under Section 272 of the RO Act, that information has been provided to the member or General Manager; and
  - (vi) where any orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
  - (vii) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Name and Title of Office held: Frank Agostino, President



Signature:

15 November 2016


# **THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.**

## **STATEMENT BY THE BOARD OF MANAGEMENT**

As required by Section 35 (2) of the Associations Incorporation Act 1985 (as amended), pursuant to a resolution of the Board of Management, it is stated that:-

- [i] the accounts present fairly the results of the operations of the Association for the financial year and the state of affairs of the Association as at the end of the 2015/2016 financial year;
- [ii] the Board of Management has reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due;
- [iii] that the Association has subsidiaries as detailed in the accounts; and;
- [iv] that the Association is not a trustee of a trust.

Signed pursuant to a resolution of the Board of Management.



Frank Agostino



Neville Gibb

Dated this 15<sup>th</sup> day of November 2016

# **THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.**

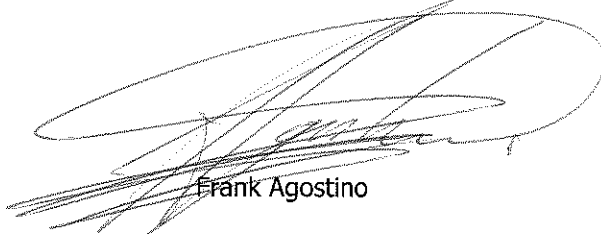
## **REPORT BY THE BOARD OF MANAGEMENT**

As required by Section 35 (5) of the Associations Incorporation Act 1985 (as amended), pursuant to a resolution of the Board of Management, it is stated that:-

- [a] No benefit has been received as a result of a contract between an officer, firm or corporate (in which an officer or member of the association, is a member or has a substantial financial interest), and the Association.
- [b] No officer of the Association has received any payment or benefit of a pecuniary value other than as part of a negotiated remuneration package as an employee of the Association.

[c]	Remuneration (including fringe benefits)	2016	2015
	received or due and receivable, by	\$	\$
	officers of the Association.	-	-

Signed pursuant to a resolution of the Board of Management.



Frank Agostino



Neville Gibb

Dated this 15<sup>th</sup> day of November 2016



## **Independent audit report to the members of The Motor Trade Association of SA Inc.**

### **Report on the financial report**

We have audited the accompanying financial report of The Motor Trade Association of SA Inc. (the Association), which comprises the statement of financial position as at 31 March 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statements of cash flows for the year then ended, notes 1 to 27 comprising a summary of significant accounting policies and other explanatory information, and the statement by the Board of Management of the Association and the Group comprising the Association and the entities it controlled at the years end or during the year

#### *Board of Managements responsibility for the financial report*

The Board of Management of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Board of Management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Association's Board of Management, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards, *Associations Incorporation Act 1985 (as amended)* and *Fair Work (Registered Organisations) Act 2009*, a view which is consistent with our understanding of the Associations and the Group's financial position, and of their performance.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



*Auditor's opinion*

In our opinion, the financial report of The Motor Trade Association of SA Inc. is properly drawn up so as to present fairly, in all material respects, the financial position of the Association and the Group as at 31 March 2016, and their financial performance and their cash flows for the year then ended in accordance with the *Associations Incorporation Act 1985 (as amended)*, *Fair Work (Registered Organisations) Act 2009* and Australian Accounting Standards.

*Other matter*

As disclosed in note 1a, the original financial statements were issued on 24 May 2016 and have been reissued on 15 November 2016.

**Report on other legal and regulatory requirements**

In our opinion, Board of Management's use of the going concern basis of accounting in the preparation of the financial report is appropriate.



Darren Ball  
*Partner*

*Registered Company Auditor: Registration Number 334716*

*Member of the Institute of Chartered Accountants Australian New Zealand:  
Registration Number 91511*

Adelaide

14 December 2016