

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

ABN 65 767 492 138

## **Consolidated Financial Report**

For the year ended

**31 March 2017**

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

ABN 65 767 492 138

## Operating Report

The Board of Management 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 2017.

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

|                |                    |                             |
|----------------|--------------------|-----------------------------|
| Frank Agostino | Kim Webber         |                             |
| Neville Gibb   | Phillip Turner     |                             |
| Clive Polley   | Bill Lane          |                             |
| Peter Roberts  | David Vincent      |                             |
| Ron Lewis      | Marcus Baldacchino |                             |
| Jeff Williams  | Brenton Caddle     |                             |
| Colin Butcher  | Mark McGuire       |                             |
| Dale John      | Craig Gough        |                             |
| Robert Duns    | Mark Flynn         | 27 June 2016 – Current      |
| Tracy Butler   | Martin Guppy       | 01 April 2016 – 2 June 2016 |
| Brenton Stein  |                    |                             |

## 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 2017.

## Statement of profit or loss and other comprehensive income

The Associations surplus from ordinary activities in the financial year ended 31 March 2017 was \$240,387, (2016: \$22,782) and for the Consolidated Entity surplus of \$286,884, (2016: deficit of \$553,434).

## **Statement of Financial Position**

Equity increased to \$10,628,937 (2016 \$10,388,550) for the Association and increased to \$20,106,297, (2016 \$19,819,413) for the Consolidated Entity.

The Association's cash flow from operating activities was \$582,763 (2016 \$710,037) and the Consolidated Entity \$1,066,058 (2016 \$1,158,957).

## **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 1,092 members of the Motor Trade Association of SA Inc, (2016: 1,068).

## **Staffing**

The Association employed 50 staff at the end of the financial year, (2016: 51). The Consolidated Entity employed 476 staff at year end (2016: 512).

## **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.

Past President

  
\_\_\_\_\_  
Neville Gibb

Dated this 26<sup>th</sup> day of May 2017

# 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 2017

|                                                              | <i>Note</i> | MTA              |                  | Consolidated      |                   |
|--------------------------------------------------------------|-------------|------------------|------------------|-------------------|-------------------|
|                                                              |             | 2017             | 2016             | 2017              | 2016              |
| <b>Revenue</b>                                               |             | \$               | \$               | \$                | \$                |
| Membership subscriptions                                     |             | 1,342,508        | 1,335,847        | 1,342,508         | 1,335,847         |
| Commissions                                                  |             | 122,074          | 105,933          | 122,074           | 105,933           |
| Member function income                                       |             | 33,865           | 12,150           | 33,865            | 12,150            |
| Rental income                                                | 2(a)        | 1,610,886        | 1,658,205        | 1,047,886         | 1,109,105         |
| Sales – print & stationery                                   |             | 222,115          | 225,659          | 161,901           | 146,300           |
| Apprentice income                                            |             | -                | -                | 16,425,582        | 17,003,062        |
| Industry support                                             |             | -                | -                | 21,682            | 13,500            |
| Profit on sale of asset                                      |             | -                | -                | 5,778             | 2,522             |
| Other revenue                                                | 2(b)        | 3,141,279        | 3,377,483        | 251,731           | 297,794           |
| <b>Total revenue</b>                                         |             | <b>6,472,727</b> | <b>6,715,277</b> | <b>19,413,007</b> | <b>20,026,213</b> |
| <b>Other Income</b>                                          |             |                  |                  |                   |                   |
| Grants                                                       | 2(c)        | -                | 64,224           | 2,636,743         | 2,831,490         |
| <b>Total other income</b>                                    |             | <b>-</b>         | <b>64,224</b>    | <b>2,636,743</b>  | <b>2,831,490</b>  |
| <b>Total income</b>                                          |             | <b>6,472,727</b> | <b>6,779,501</b> | <b>22,049,750</b> | <b>22,857,703</b> |
| Administration expenses                                      |             | 549,368          | 672,169          | 1,087,080         | 1,370,989         |
| Advertising                                                  |             | 63,886           | 77,947           | 221,086           | 238,815           |
| Advocacy                                                     |             | 592              | 6,100            | 592               | 1,100             |
| Affiliation fees                                             | 3(a)        | 157,500          | 157,500          | 157,500           | 157,500           |
| Apprentice training fees                                     |             | -                | -                | 180,010           | 207,169           |
| Conferences and meeting expenses                             | 3(b)        | 51,565           | 33,865           | 51,565            | 33,865            |
| Cost of sales – print & stationery                           |             | 112,785          | 103,133          | 112,785           | 103,133           |
| Depreciation                                                 |             | 335,223          | 467,091          | 725,577           | 911,303           |
| Donations                                                    | 3(d)        | 3,660            | 13,734           | 3,660             | 18,734            |
| Employee expenses                                            | 3(e)        | 4,231,358        | 4,357,790        | 18,577,443        | 19,733,684        |
| Grant expenses                                               | 3(c)        | -                | 64,224           | -                 | -                 |
| Insurance                                                    |             | 62,773           | 63,795           | 122,348           | 127,884           |
| Legal costs                                                  | 3(f)        | 14,529           | 5,899            | 14,529            | 5,899             |
| Motor vehicle costs                                          |             | 20,244           | 21,598           | 75,883            | 85,423            |
| Motor trade journal                                          |             | 13,944           | 12,540           | 13,944            | 12,540            |
| Property expenses                                            | 3(g)        | 424,848          | 441,633          | 424,848           | 441,633           |
| Telephone                                                    |             | 60,215           | 48,775           | 103,115           | 86,765            |
| Travel                                                       |             | 15,007           | 10,400           | 36,188            | 33,835            |
| Loss on sale of asset                                        |             | 404              | -                | -                 | -                 |
| Impairment loss on MTAA Unit Trust                           |             | -                | 30,695           | -                 | 30,695            |
| <b>Costs from ordinary activities</b>                        |             | <b>6,117,902</b> | <b>6,588,888</b> | <b>21,908,154</b> | <b>23,600,966</b> |
| <b>Operating surplus/(deficit) from operating activities</b> |             | <b>354,825</b>   | <b>190,613</b>   | <b>141,596</b>    | <b>(743,263)</b>  |
| Net finance income                                           | 2(d)        | (114,438)        | (167,831)        | 145,288           | 189,829           |
| <b>Surplus for the period</b>                                |             | <b>240,387</b>   | <b>22,782</b>    | <b>286,884</b>    | <b>(553,434)</b>  |
| Other comprehensive income for the period                    |             | -                | -                | -                 | -                 |
| <b>Total comprehensive income for the period</b>             |             | <b>240,387</b>   | <b>22,782</b>    | <b>286,884</b>    | <b>(553,434)</b>  |

The statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 7 to 34.

**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 2017**

|                                                       | <i>Note</i> | <b>MTA</b>        |                   | <b>Consolidated</b> |                   |
|-------------------------------------------------------|-------------|-------------------|-------------------|---------------------|-------------------|
|                                                       |             | <b>2017</b>       | <b>2016</b>       | <b>2017</b>         | <b>2016</b>       |
|                                                       |             | \$                | \$                | \$                  | \$                |
| <b>Accumulated Surplus:</b>                           |             |                   |                   |                     |                   |
| Opening accumulated surplus                           |             | 9,449,266         | 9,426,484         | 18,880,129          | 19,433,563        |
| Surplus.(deficit) for the period                      |             | 240,387           | 22,782            | 286,884             | (553,434)         |
| <b>Closing accumulated surplus/(deficit)</b>          |             | <b>9,689,653</b>  | <b>9,449,266</b>  | <b>19,167,013</b>   | <b>18,880,129</b> |
| <u>Other comprehensive income</u>                     |             |                   |                   |                     |                   |
| Items that will not be reclassified to profit or loss |             | -                 | -                 | -                   | -                 |
| Opening balance - fair value reserve                  |             | 939,284           | 939,284           | 939,284             | 939,284           |
| Impairment - fair value reserve                       |             | -                 | -                 | -                   | -                 |
| Closing balance - fair value reserve                  |             | 939,284           | 939,284           | 939,284             | 939,284           |
| <b>Total equity at the end of the year</b>            |             | <b>10,628,937</b> | <b>10,388,550</b> | <b>20,106,297</b>   | <b>19,819,413</b> |

The statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 7 to 34.

**MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC.  
AND CONSOLIDATED ENTITIES**  
ABN 65 767 492 138

**Statement of Financial Position**

**As at 31 March 2017**

|                                      |             | <b>MTA</b>        |                   | <b>Consolidated</b> |                   |
|--------------------------------------|-------------|-------------------|-------------------|---------------------|-------------------|
|                                      | <i>Note</i> | <b>2017</b>       | <b>2016</b>       | <b>2017</b>         | <b>2016</b>       |
| <b>Assets</b>                        |             | \$                | \$                | \$                  | \$                |
| Cash                                 | 4           | 1,387,865         | 1,268,404         | 3,246,944           | 2,918,693         |
| Trade and other receivables          | 5           | 609,718           | 601,250           | 1,854,044           | 1,879,314         |
| Inventories                          | 6           | 40,697            | 53,670            | 42,935              | 56,824            |
| Investments                          | 7           | 1,584,666         | 1,544,623         | 3,659,341           | 3,566,162         |
| <b>Total current assets</b>          |             | <b>3,622,946</b>  | <b>3,467,947</b>  | <b>8,803,264</b>    | <b>8,420,993</b>  |
| Trade and other receivables          | 5           | -                 | 14,499            | -                   | -                 |
| Investments                          | 7           | 2,066,508         | 1,722,090         | 2,066,508           | 1,722,090         |
| Investment property                  | 8           | 5,050,000         | 5,050,000         | 5,050,000           | 5,050,000         |
| Property, plant and equipment        | 9           | 5,069,417         | 5,326,200         | 7,897,252           | 8,322,619         |
| <b>Total non-current assets</b>      |             | <b>12,185,925</b> | <b>12,112,789</b> | <b>15,013,760</b>   | <b>15,094,709</b> |
| <b>Total assets</b>                  |             | <b>15,808,871</b> | <b>15,580,736</b> | <b>23,817,024</b>   | <b>23,515,702</b> |
| <b>Liabilities</b>                   |             |                   |                   |                     |                   |
| Trade and other payables             | 10          | 890,154           | 878,327           | 2,166,084           | 2,136,504         |
| Employee benefits                    | 11          | 670,027           | 681,490           | 1,449,663           | 1,452,189         |
| Borrowings                           | 12          | 1,000             | 1,000             | 1,000               | 1,000             |
| <b>Total current liabilities</b>     |             | <b>1,561,181</b>  | <b>1,560,817</b>  | <b>3,616,747</b>    | <b>3,589,693</b>  |
| Employee benefits                    | 11          | 93,980            | 106,596           | 93,980              | 106,596           |
| Borrowings                           | 12          | 3,524,773         | 3,524,773         | -                   | -                 |
| <b>Total non-current liabilities</b> |             | <b>3,618,753</b>  | <b>3,631,369</b>  | <b>93,980</b>       | <b>106,596</b>    |
| <b>Total liabilities</b>             |             | <b>5,179,934</b>  | <b>5,192,186</b>  | <b>3,710,727</b>    | <b>3,696,289</b>  |
| <b>Net assets</b>                    |             | <b>10,628,937</b> | <b>10,388,550</b> | <b>20,106,297</b>   | <b>19,819,413</b> |
| <b>Equity</b>                        |             |                   |                   |                     |                   |
| Accumulated surplus                  |             | 9,689,653         | 9,449,266         | 19,167,013          | 18,880,129        |
| Fair value reserve of                |             | 939,284           | 939,284           | 939,284             | 939,284           |
| Investment in MTAA Unit Trust        |             |                   |                   |                     |                   |
| <b>Total equity</b>                  |             | <b>10,628,937</b> | <b>10,388,550</b> | <b>20,106,297</b>   | <b>19,819,413</b> |

The statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 7 to 34.

**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 2017**

|                                                     | <i>Note</i> | <b>MTA</b>       |                    | <b>Consolidated</b> |                    |
|-----------------------------------------------------|-------------|------------------|--------------------|---------------------|--------------------|
|                                                     |             | <b>2017</b>      | <b>2016</b>        | <b>2017</b>         | <b>2016</b>        |
|                                                     |             | \$               | \$                 | \$                  | \$                 |
| <b>Cash flows from operating activities</b>         |             |                  |                    |                     |                    |
| Cash receipts from customers                        |             | 7,126,634        | 7,814,616          | 24,304,522          | 25,684,430         |
| Cash paid to suppliers and employees                |             | (6,429,433)      | (6,936,748)        | (23,383,752)        | (24,715,302)       |
| Cash generated from operations                      |             | 697,201          | 877,868            | 920,770             | 969,128            |
| Interest expense                                    |             | (193,863)        | (284,063)          | -                   | (955)              |
| Interest received                                   |             | 48,425           | 45,272             | 113,788             | 115,224            |
| Distribution from MTAA House                        |             | 31,000           | 70,960             | 31,500              | 75,560             |
| <b>Net cash from operating activities</b>           | <b>13</b>   | <b>582,763</b>   | <b>710,037</b>     | <b>1,066,058</b>    | <b>1,158,957</b>   |
| <b>Cash flows from investing activities</b>         |             |                  |                    |                     |                    |
| Payments for investments                            |             | ( 384,461)       | (1,690,123)        | ( 437,597)          | (1,622,453)        |
| Proceeds from settlement of investments             |             | -                | 404,347            | -                   | 404,347            |
| Payments for property, plant and equipment          |             | (78,841)         | (93,040)           | (362,844)           | (234,656)          |
| Proceeds from sale of property, plant and equipment |             | -                | -                  | 62,634              | 5,590              |
| <b>Net cash from investing activities</b>           |             | <b>(463,302)</b> | <b>(1,378,816)</b> | <b>(737,807)</b>    | <b>(1,447,172)</b> |
| <b>Cash flows from financing activities</b>         |             |                  |                    |                     |                    |
| Loans from external parties                         |             | -                | -                  | -                   | -                  |
| <b>Net cash from financing activities</b>           |             | <b>-</b>         | <b>-</b>           | <b>-</b>            | <b>-</b>           |
| Net increase in cash and cash equivalents           |             | 119,461          | (668,779)          | 328,251             | (288,215)          |
| Cash and cash equivalents at 1 April                |             | 1,268,404        | 1,937,183          | 2,918,693           | 3,206,908          |
| <b>Cash and cash equivalents at 31 March</b>        | <b>4</b>    | <b>1,387,865</b> | <b>1,268,404</b>   | <b>3,246,944</b>    | <b>2,918,693</b>   |

The statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 7 to 34

# 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 2017 comprises the Association and its subsidiaries (together referred to as the "Consolidated Entity").

The financial report was authorised for issue by the directors on 26<sup>th</sup> May 2017.

### (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), Fair Work (Registered Organisations) Act 2009 (RO Act) and the Australian Charities and Not-for-profits Commission Act 2012.

### (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 properties which are measured at fair value.

#### (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 2017 was a surplus of \$240,387 (2016: surplus of \$22,782) and a net current asset surplus of \$2,061,765 (2016: net current asset surplus of \$1,907,130). 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 based on formal resolutions made by the Board of each Association. 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 \$582,763 (2016: \$710,037) 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.

##### (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.

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (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 in profit or loss if the valuation represents a devaluation below the initial cost recognised 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 Rates</u> |                |
|--------------------------|---------------------------|----------------|
|                          | <u>2016/17</u>            | <u>2015/16</u> |
| Plant & Equipment        | 6.6 to 50.0%              | 6.6 to 50.0%   |
| Furniture & Fittings     | 12.5 to 33.3%             | 12.5 to 33.3%  |
| Motor Vehicles           | 22.5%                     | 22.5%          |
| Buildings & Improvements | 2.5 to 17%                | 2.5 to 17%     |

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

#### (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.

#### (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.

#### (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 I).

Bad debts are written off when they are identified.

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (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.

#### (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.

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### (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.

#### (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 Australian Corporate bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

##### *Short-term service benefits*

A provision is made for 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.

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.

#### (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.

## Notes to the consolidated financial statements (continued)

### 1. Significant accounting policies (continued)

#### **(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 April 2016 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) AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 39 Financial Instruments; Recognition and Measurement. AASB 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 AASB 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 AASB 9.

## Notes to the consolidated financial statements (continued)

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

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

AASB 15 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 AASB 15.

### **(ii) AASB 16 Leases**

AASB 16 Leases eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires the entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. The entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

The new standards apply to annual reporting periods beginning on or after 1 January 2019.

To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.

Thereafter, earnings before interest, depreciation, amortisation will increase because operating lease expenses currently included in profit or loss will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net surplus/loss in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years.

There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

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

The Association has consistently applied the accounting policies set out in Note 1 to all periods presented in these consolidated financial statements.



## Notes to the consolidated financial statements (continued)

|                                                                                                                                   | MTA       |           | Consolidated |           |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|--------------|-----------|
|                                                                                                                                   | 2017      | 2016      | 2017         | 2016      |
|                                                                                                                                   | \$        | \$        | \$           | \$        |
| <b>2.a. Rental revenue</b>                                                                                                        |           |           |              |           |
| Properties                                                                                                                        | 1,610,886 | 1,658,205 | 1,047,886    | 1,109,105 |
|                                                                                                                                   | 1,610,886 | 1,658,205 | 1,047,886    | 1,109,105 |
| <b>2.b. Other operating income</b>                                                                                                |           |           |              |           |
| Other services                                                                                                                    | 6,978     | 1,846     | 120,351      | 141,534   |
| Industrial services                                                                                                               | 131,380   | 156,260   | 131,380      | 156,260   |
| Related party salaries and on costs recharge                                                                                      | 2,199,921 | 2,366,130 | -            | -         |
| Related party management fees                                                                                                     | 803,000   | 853,247   | -            | -         |
|                                                                                                                                   | 3,141,279 | 3,377,483 | 251,731      | 297,794   |
| <b>2.c. Grants</b>                                                                                                                |           |           |              |           |
| Government funds                                                                                                                  | -         | 64,224    | 2,636,743    | 2,831,490 |
|                                                                                                                                   | -         | 64,224    | 2,636,743    | 2,831,490 |
| <b>2.d. Net finance income</b>                                                                                                    |           |           |              |           |
| Interest income                                                                                                                   | 48,425    | 45,272    | 113,788      | 115,224   |
| MTAA House distribution                                                                                                           | 31,000    | 70,960    | 31,500       | 75,560    |
| Less interest expense                                                                                                             | -         | (955)     | -            | (955)     |
| Less related party interest <sup>(1)</sup>                                                                                        | (193,863) | (283,108) | -            | -         |
| <b>Net Finance Income</b>                                                                                                         | (114,438) | (167,831) | 145,288      | 189,829   |
| <br><sup>(1)</sup> 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   | 157,500   | 157,500      | 157,500   |
|                                                                                                                                   | 157,500   | 157,500   | 157,500      | 157,500   |
| <b>3.b. Administration Expenses</b>                                                                                               |           |           |              |           |
| Fees/ allowances - meeting and conferences                                                                                        | -         | -         | -            | -         |
| Conferences and meeting expenses of members, councils, committees, panels or other bodies                                         | 51,565    | 33,865    | 51,565       | 33,865    |
|                                                                                                                                   | 51,565    | 33,865    | 51,565       | 33,865    |
| <b>3.c. Grants</b>                                                                                                                |           |           |              |           |
| Total paid that were \$1,000 or less                                                                                              | -         | -         | -            | -         |
| Total paid that exceeded \$1,000                                                                                                  | -         | 64,224    | -            | -         |
|                                                                                                                                   | -         | 64,224    | -            | -         |

## Notes to the consolidated financial statements (continued)

|                                                                       | MTA       |           | Consolidated |            |
|-----------------------------------------------------------------------|-----------|-----------|--------------|------------|
|                                                                       | 2017      | 2016      | 2017         | 2016       |
|                                                                       | \$        | \$        | \$           | \$         |
| <b>3.d. Donations</b>                                                 |           |           |              |            |
| Total paid that were \$1,000 or less                                  | 979       | 825       | 979          | 825        |
| Total paid that exceeded \$1,000                                      | 2,681     | 12,909    | 2,681        | 12,909     |
|                                                                       | 3,660     | 13,734    | 3,660        | 13,734     |
| <b>3.e. Employees Expenses</b>                                        |           |           |              |            |
| <u>Holders of office</u>                                              |           |           |              |            |
| Other employee expenses                                               | 5,643     | 8,726     | 5,643        | 8,726      |
| <b>Employee expenses holders of office</b>                            | 5,643     | 8,726     | 5,643        | 8,726      |
| <u>Employees other than office holders</u>                            |           |           |              |            |
| Wages and Salaries                                                    | 3,597,315 | 3,677,557 | 16,209,856   | 17,090,936 |
| Superannuation                                                        | 333,394   | 358,396   | 1,406,222    | 1,499,946  |
| Leave and other entitlements                                          | 65,099    | 44,386    | 51,329       | 146,425    |
| Separation and redundancies                                           | 21,998    | 33,038    | 21,998       | 33,038     |
| Other employee expenses                                               | 207,909   | 235,687   | 882,395      | 954,613    |
| <b>Employee expenses holders of office</b>                            | 4,225,715 | 4,349,064 | 18,571,800   | 19,724,958 |
| <b>Total employee expenses</b>                                        | 4,231,358 | 4,357,790 | 18,577,443   | 19,733,684 |
| <b>3.f Legal costs</b>                                                |           |           |              |            |
| Other legal costs                                                     | 14,529    | 5,899     | 14,529       | 5,899      |
|                                                                       | 14,529    | 5,899     | 14,529       | 5,899      |
| There has been no litigation expenditure and are no litigation claims |           |           |              |            |
| <b>3.g. Property Expenses</b>                                         |           |           |              |            |
| Airconditioning                                                       | 15,308    | 11,338    | 15,308       | 11,338     |
| Cleaning                                                              | 42,239    | 73,011    | 42,239       | 73,011     |
| Fire                                                                  | 8,538     | 7,271     | 8,538        | 7,271      |
| Landscaping                                                           | 11,438    | 14,437    | 11,438       | 14,437     |
| Lift                                                                  | 3,000     | 2,979     | 3,000        | 2,979      |
| Rate and Taxes                                                        | 241,118   | 236,676   | 241,118      | 236,676    |
| Repairs and maintenance                                               | 42,129    | 44,707    | 42,129       | 44,707     |
| Security                                                              | 3,044     | 2,486     | 3,044        | 2,486      |
| Property Management Fees                                              | 58,034    | 48,728    | 58,034       | 48,728     |
|                                                                       | 424,848   | 441,633   | 424,848      | 441,633    |
| <b>4. Cash</b>                                                        |           |           |              |            |
| Cash and cash equivalents                                             | 1,387,865 | 1,268,404 | 3,246,944    | 2,918,693  |
|                                                                       | 1,387,865 | 1,268,404 | 3,246,944    | 2,918,693  |

## Notes to the consolidated financial statements (continued)

|                                                   | MTA     |         | Consolidated |           |
|---------------------------------------------------|---------|---------|--------------|-----------|
|                                                   | 2017    | 2016    | 2017         | 2016      |
|                                                   | \$      | \$      | \$           | \$        |
| <b>5. Trade and other receivables</b>             |         |         |              |           |
| <b>Current</b>                                    |         |         |              |           |
| <u>Receivables from other controlled entities</u> |         |         |              |           |
| - The MTA Group Training Scheme                   | 405,078 | 476,731 | -            | -         |
| - Retail Motor Trading Co. Pty Ltd                | -       | 6,560   | -            | -         |
| Total receivables from other controlled entities  | 405,078 | 483,291 | -            | -         |
| <u>Other receivables</u>                          |         |         |              |           |
| Trade and other receivables                       | 185,683 | 93,562  | 1,786,729    | 1,774,672 |
| Prepayments                                       | 18,957  | 24,397  | 87,315       | 124,642   |
| /less Provision for doubtful debts                | -       | -       | (20,000)     | (20,000)  |
| Total other Receivables                           | 204,640 | 117,959 | 1,854,044    | 1,879,314 |
| Total trade and other receivables (net)           | 609,718 | 601,250 | 1,854,044    | 1,879,314 |
| <b>Non-current</b>                                |         |         |              |           |
| Loan due from controlled entity                   |         |         |              |           |
| Retail Motor Trading Co. Pty Ltd                  | -       | 14,499  | -            | -         |
|                                                   | -       | 14,499  | -            | -         |
| <b>6. Inventories</b>                             |         |         |              |           |
| Stationery                                        | 35,575  | 46,690  | 35,575       | 46,690    |
| Printing                                          | 5,122   | 6,980   | 7,360        | 10,134    |
|                                                   | 40,697  | 53,670  | 42,935       | 56,824    |

## Notes to the consolidated financial statements (continued)

|                                                           | MTA             |               | Consolidated |           |
|-----------------------------------------------------------|-----------------|---------------|--------------|-----------|
|                                                           | 2017            | 2016          | 2017         | 2016      |
|                                                           | \$              | \$            | \$           | \$        |
| <b>7. Investments</b>                                     |                 |               |              |           |
| <b>Current Investments</b>                                |                 |               |              |           |
| Fixed term deposit                                        | 1,584,666       | 1,544,623     | 3,659,341    | 3,566,162 |
|                                                           | 1,584,666       | 1,544,623     | 3,659,341    | 3,566,162 |
| <u>Details of Terms Deposits held</u>                     |                 |               |              |           |
|                                                           | <b>Maturity</b> | <b>Amount</b> |              |           |
|                                                           |                 | <b>\$</b>     |              |           |
| <u>Motor Trade Association of SA Inc</u>                  |                 |               |              |           |
| Commonwealth Bank                                         | 28-Aug-17       | 1,584,666     |              |           |
| <u>MTA Group Training Scheme Inc</u>                      |                 | <b>\$</b>     |              |           |
| Commonwealth Bank                                         | 28-Aug-17       | 1,409,005     |              |           |
| Commonwealth Bank                                         | 16-May-17       | 665,670       |              |           |
| <b>Shares in Non-Listed Investments</b>                   |                 |               |              |           |
| MTAA Superannuation Fund Pty Limited<br>(ACN 008 650 628) |                 | 1             | 1            | 1         |
|                                                           |                 | 1             | 1            | 1         |
| <b>Non-current Investments</b>                            |                 |               |              |           |
| Units in MTAA House Unit Trust                            |                 | 2,066,508     | 1,722,090    | 2,066,508 |
| <b>Total Non-current Investments</b>                      |                 | 2,066,508     | 1,722,090    | 2,066,508 |

The Motor Trade Association of South Australia holds 18 units, 15.65% (fifteen point six five percent) of the issued units in the MTAA House Unit Trust. Whilst these units do not have a quoted market price the units were valued at \$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 |           |
|-----------------------------------------------------|-----------|-----------|--------------|-----------|
|                                                     | 2017      | 2016      | 2017         | 2016      |
|                                                     | \$        | \$        | \$           | \$        |
| <b>8. Investment Property</b>                       |           |           |              |           |
| Balance at 1 April                                  | 5,050,000 | 3,388,732 | 5,050,000    | 3,388,732 |
| Reclassification from property, plant and equipment | -         | 1,900,000 | -            | 1,900,000 |
| Net fair value adjustments                          |           |           |              |           |
| Acquisitions                                        | -         | -         | -            | -         |
| Less: Accumulated depreciation                      | -         | (238,732) | -            | (238,732) |
| Balance at 31 March                                 | 5,050,000 | 5,050,000 | 5,050,000    | 5,050,000 |

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 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. In conjunction with independent valuers and property agents, the directors have reviewed the value based on current yields and market conditions at March 17 and assessed the market value of \$3,450,000.

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. In conjunction with independent valuers and property agents the directors have reviewed the value based on current yields and market conditions at March 17 and assessed the market value of \$1,600,000.

## Notes to the consolidated financial statements (continued)

### 9. Property, plant and equipment

|                                           | MTA                   |                        |                             |         |             |
|-------------------------------------------|-----------------------|------------------------|-----------------------------|---------|-------------|
|                                           | Land and<br>buildings | Plant and<br>equipment | Fixtures<br>and<br>fittings | Other   | Total       |
| <b>Cost</b>                               |                       |                        |                             |         |             |
| 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   |
| Balance at 1 April 2016                   | 5,989,858             | 2,926,582              | 100,989                     | 152,660 | 9,170,089   |
| Acquisitions                              | -                     | 78,841                 | -                           | -       | 78,841      |
| Adjustment                                | -                     | (2,697)                | -                           | -       | (2,697)     |
| Disposal                                  | -                     | (167,597)              | -                           | -       | (167,597)   |
| Balance at 31 March 2017                  | 5,989,858             | 2,835,129              | 100,989                     | 152,660 | 9,078,636   |
| <b>Depreciation and impairment losses</b> |                       |                        |                             |         |             |
| 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)   |
| Disposals                                 | -                     | -                      | -                           | -       | -           |
| Balance at 31 March 2016                  | 1,995,551             | 1,732,831              | 51,345                      | 64,162  | 3,843,889   |
| Balance at 1 April 2016                   | 1,995,551             | 1,732,831              | 51,345                      | 64,162  | 3,843,889   |
| Depreciation charge for the year          | 110,368               | 199,172                | 5,847                       | 19,836  | 335,223     |
| Disposal                                  | -                     | (167,194)              | -                           | (2)     | (167,196)   |
| Adjustment                                | -                     | (8,797)                | 5,755                       | 345     | (2,697)     |
| Balance at 31 March 2017                  | 2,105,919             | 1,756,012              | 62,947                      | 84,341  | 4,009,219   |
| <b>Carrying amounts</b>                   |                       |                        |                             |         |             |
| 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   |
| At 1 April 2016                           | 3,994,307             | 1,193,751              | 49,644                      | 88,498  | 5,326,200   |
| At 31 March 2017                          | 3,883,939             | 1,079,117              | 38,042                      | 68,319  | 5,069,417   |

## Notes to the consolidated financial statements (continued)

### Property, plant and equipment (continued)

|                                           | Consolidated       |                     |                       |           |             |
|-------------------------------------------|--------------------|---------------------|-----------------------|-----------|-------------|
|                                           | Land and buildings | Plant and equipment | Fixtures and fittings | Other     | Total       |
| <b>Cost</b>                               |                    |                     |                       |           |             |
| 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  |
| Balance at 1 April 2016                   | 5,989,858          | 4,672,881           | 275,622               | 3,872,245 | 14,810,606  |
| Acquisitions                              | -                  | 245,190             | 713                   | 116,941   | 362,844     |
| Adjustment                                | -                  | (2,697)             | -                     | -         | (2,697)     |
| Disposals                                 | -                  | (410,341)           | (3,350)               | (151,782) | (565,473)   |
| Balance at 31 March 2017                  | 5,989,858          | 4,505,033           | 272,985               | 3,837,404 | 14,605,280  |
| <b>Depreciation and impairment losses</b> |                    |                     |                       |           |             |
| 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   |
| Balance at 1 April 2016                   | 1,995,551          | 3,036,048           | 203,857               | 1,252,530 | 6,487,986   |
| Depreciation charge for the year          | 110,368            | 387,420             | 14,013                | 213,777   | 725,578     |
| Adjustment                                | -                  | (8,797)             | 5,755                 | 364       | (2,678)     |
| Disposals                                 | -                  | (394,868)           | (3,350)               | (104,640) | (502,858)   |
| Balance at 31 March 2017                  | 2,105,919          | 3,019,803           | 220,275               | 1,362,031 | 6,708,028   |
| <b>Carrying amounts</b>                   |                    |                     |                       |           |             |
| 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   |
| At 1 April 2016                           | 3,994,307          | 1,636,833           | 71,765                | 2,619,715 | 8,322,620   |
| At 31 March 2017                          | 3,883,939          | 1,485,230           | 52,710                | 2,475,373 | 7,897,252   |

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. The next valuation due is March 2018.

## Notes to the consolidated financial statements (continued)

|                                                                  | MTA            |                | Consolidated     |                  |
|------------------------------------------------------------------|----------------|----------------|------------------|------------------|
|                                                                  | 2017           | 2016           | 2017             | 2016             |
|                                                                  | \$             | \$             | \$               | \$               |
| <b>10. Trade and other payables</b>                              |                |                |                  |                  |
| Subscriptions in advance                                         | 121,603        | 54,139         | 121,603          | 54,139           |
| Other trade payables                                             | 751,443        | 795,884        | 2,044,481        | 2,082,365        |
| Consideration to employers for payroll deductions                | -              | -              | -                | -                |
| Legal costs                                                      | -              | -              | -                | -                |
| <b>Subtotal trade creditors</b>                                  | <b>873,046</b> | <b>850,023</b> | <b>2,166,084</b> | <b>2,136,504</b> |
| <u>Payable to other controlled entities</u>                      |                |                |                  |                  |
| The MTA Group Training Scheme Inc.                               | 17,108         | 28,304         | -                | -                |
| <b>Subtotal payables to other controlled entities</b>            | <b>17,108</b>  | <b>28,304</b>  | <b>-</b>         | <b>-</b>         |
| <b>Total trade payables</b>                                      | <b>890,154</b> | <b>878,327</b> | <b>2,166,084</b> | <b>2,136,504</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                                                     | 273,148        | 270,837        | 1,049,342        | 1,035,801        |
| Long service leave                                               | 490,859        | 517,249        | 490,859          | 517,249          |
| Other                                                            | -              | -              | 3,442            | 5,735            |
| Employee provisions - other than office holders                  | 764,007        | 788,086        | 1,543,643        | 1,558,785        |
| <b>Total Employee provisions</b>                                 | <b>764,007</b> | <b>788,086</b> | <b>1,543,643</b> | <b>1,558,785</b> |
| Current                                                          | 686,273        | 681,490        | 1,465,909        | 1,452,189        |
| Non Current                                                      | 77,734         | 106,596        | 77,734           | 106,596          |
| <b>Total Employee provisions</b>                                 | <b>764,007</b> | <b>788,086</b> | <b>1,543,643</b> | <b>1,558,785</b> |



# Notes to the consolidated financial statements (continued)

|                                                      | MTA       |           | Consolidated |       |
|------------------------------------------------------|-----------|-----------|--------------|-------|
|                                                      | 2017      | 2016      | 2017         | 2016  |
|                                                      | \$        | \$        | \$           | \$    |
| <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.                       | 3,524,773 | 3,524,773 | -            | -     |
|                                                      | 3,524,773 | 3,524,773 | -            | -     |
|                                                      | 3,525,773 | 3,525,773 | 1,000        | 1,000 |

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

|                                                                          | MTA              |                  | Consolidated     |                  |
|--------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                          | 2017             | 2016             | 2017             | 2016             |
|                                                                          | \$               | \$               | \$               | \$               |
| <b>Cash and cash equivalents</b>                                         |                  |                  |                  |                  |
| Cash on hand                                                             | 1,387,865        | 1,268,404        | 3,246,944        | 2,918,693        |
| <b>Total cash &amp; cash equivalents</b>                                 | <b>1,387,865</b> | <b>1,268,404</b> | <b>3,246,944</b> | <b>2,918,693</b> |
| <b>Cash flows from operating activities</b>                              |                  |                  |                  |                  |
| Profit for the period                                                    | 240,387          | 22,782           | 286,884          | (553,434)        |
| <i>Adjustments for:</i>                                                  |                  |                  |                  |                  |
| Loss on disposal                                                         | 401              | 30,695           | -                | 30,695           |
| Non-cash interest earned on investments                                  | -                | -                | -                | -                |
| Non-cash interest payable on related party loans                         | -                | -                | -                | -                |
| Depreciation                                                             | 335,223          | 467,091          | 725,577          | 911,303          |
| Impairment loss on trade and other receivables                           | -                | -                | -                | -                |
| Government asset contribution                                            | -                | -                | -                | -                |
| <b>Operating profit before changes in working capital and provisions</b> | <b>576,011</b>   | <b>520,568</b>   | <b>1,012,461</b> | <b>388,564</b>   |
| (Increase)/decrease in trade and other receivables                       | 6,031            | 324,695          | 25,270           | 488,151          |
| (Increase)/decrease in inventories                                       | 12,973           | 2,373            | 13,889           | 4,282            |
| (Decrease)/increase in trade and other payables                          | 11,827           | (114,724)        | 29,580           | 214,069          |
| Decrease in provisions and employee benefits                             | (24,079)         | (22,875)         | (15,142)         | 63,891           |
| <b>Cash generated from the operations</b>                                | <b>582,763</b>   | <b>710,037</b>   | <b>1,066,058</b> | <b>1,158,957</b> |

## Notes to the consolidated financial statements (continued)

### Financing Facilities

A Line of Credit facility of \$1,000,000 (2016 - \$1,000,000), is available to the Motor Trade Association of South Australia at 31 March 2017. At that date, \$1,000 of this facility was in use (2016 - \$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, however a resolution was passed by the MTA Group Training Scheme that no settlement would be sought within the next 12 month.

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

| Cash inflows                     | MTA              |                  | Consolidated |          |
|----------------------------------|------------------|------------------|--------------|----------|
|                                  | 2017             | 2016             | 2017         | 2016     |
| MTA Group Training Scheme Inc    | 4,507,944        | 4,435,683        | -            | -        |
| Retail Motor Trading Co. Pty Ltd | -                | 6,560            | -            | -        |
| <b>Total Cash inflows</b>        | <b>4,507,944</b> | <b>4,441,843</b> | <b>-</b>     | <b>-</b> |

| 14. Contingencies                                                                 | MTA     |         | Consolidated |           |
|-----------------------------------------------------------------------------------|---------|---------|--------------|-----------|
|                                                                                   | 2017    | 2016    | 2017         | 2016      |
| Estimates of the maximum amount of contingent liabilities that may become payable | 372,000 | 372,000 | 1,919,000    | 2,047,000 |

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 (2016:\$372,000), the cost to the consolidated entity including all apprentice and trainees being returned, would be \$1,919,000 (2016:\$2,047,000).

### 15. Consolidated Entities

|                                                     | Principal Activity                                 | Country of Incorporation | Australian Business Number | Ownership Interest |      |
|-----------------------------------------------------|----------------------------------------------------|--------------------------|----------------------------|--------------------|------|
|                                                     |                                                    |                          |                            | 2017               | 2016 |
| Parent entity                                       |                                                    |                          |                            |                    |      |
| The Motor Trade Association of South Australia Inc. | Employer association                               | Australia                | 65 757 492 138             | 100%               | 100% |
| Controlled entities                                 |                                                    |                          |                            |                    |      |
| 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

#### Statement of Comprehensive Income

|                                              | <b>2017</b>      | <b>2016</b>      |
|----------------------------------------------|------------------|------------------|
|                                              | \$               | \$               |
| Management Fees                              | 803,000          | 853,247          |
| Staff Salaries and on costs                  | 2,199,921        | 2,366,130        |
| Rental of 3 Frederick Road                   | 563,000          | 549,100          |
| Printing sales                               | 60,214           | 79,359           |
| Staff Training                               | -                | -                |
| Provision of services for governments grants | -                | 64,224           |
|                                              | <u>3,626,135</u> | <u>3,912,060</u> |

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

#### Statement of Comprehensive Income

|                                                                                | <b>2017</b>      | <b>2016</b>      |
|--------------------------------------------------------------------------------|------------------|------------------|
|                                                                                | \$               | \$               |
| Interest on loan for \$160,000 receivable from Retail Motor Trading Co Pty Ltd | -                | 6,560            |
| Interest on Loan of \$3,524,773 payable to MTA Group Training Scheme           | (193,863)        | (283,108)        |
|                                                                                | <u>(193,863)</u> | <u>(276,548)</u> |

#### Statement of Financial Position

|                                        | <b>2017</b>        | <b>2016</b>        |
|----------------------------------------|--------------------|--------------------|
|                                        | \$                 | \$                 |
| Trade and other receivables            | 405,078            | 483,291            |
| Trade and other payables               | (17,108)           | (28,304)           |
| Borrowings ( refer Note,13 and Note 2) | (3,524,773)        | (3,524,773)        |
|                                        | <u>(3,136,803)</u> | <u>(3,069,786)</u> |

#### Statement of Financial Position

|            | <b>2017</b> | <b>2016</b>   |
|------------|-------------|---------------|
|            | \$          | \$            |
| Borrowings | -           | 14,499        |
|            | <u>-</u>    | <u>14,499</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      01-04-16 – 01-07-16

|                                                    | MTA              |                  | Consolidated     |                  |
|----------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                    | 2017             | 2016             | 2017             | 2016             |
|                                                    | \$               | \$               | \$               | \$               |
| <u>Short term employee benefits</u>                |                  |                  |                  |                  |
| Salary ( including annual leave taken)             | 896,311          | 960,141          | 896,311          | 960,141          |
| Annual leave accrued                               | 74,145           | 70,280           | 74,145           | 70,280           |
| Performance Bonus                                  | -                | -                | -                | -                |
| other major categories)                            | -                | -                | -                | -                |
| <b>Total employee provisions</b>                   | <b>970,456</b>   | <b>1,030,421</b> | <b>970,456</b>   | <b>1,030,421</b> |
| <u>Post - employment benefits</u>                  |                  |                  |                  |                  |
| Superannuation                                     | 85,147           | 91,665           | 85,147           | 91,665           |
| <b>Total post- employment benefits</b>             | <b>85,147</b>    | <b>91,665</b>    | <b>85,147</b>    | <b>91,665</b>    |
| <u>Other long term benefits</u>                    |                  |                  |                  |                  |
| Long service leave                                 | -                | 10,558           | -                | 10,558           |
| <b>Total post- employment benefits</b>             | <b>-</b>         | <b>10,558</b>    | <b>-</b>         | <b>10,558</b>    |
| <u>Termination benefits</u>                        |                  |                  |                  |                  |
| Termination                                        | -                | -                | -                | -                |
| <b>Total key management personnel remuneration</b> | <b>1,055,603</b> | <b>1,132,644</b> | <b>1,055,603</b> | <b>1,132,644</b> |

### 18. Remuneration to Auditors

|                                       |               |               |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
| <u>Value of services to Auditors</u>  |               |               |               |               |
| Financial statement audit services    | 19,429        | 31,964        | 40,804        | 61,500        |
| Other assurance services              | -             | 2,600         | -             | 7,750         |
| Tax services                          | 5,504         | 2,936         | 5,504         | 1,000         |
| Advisory Services                     | -             | -             | -             | -             |
| <b>Total remuneration to auditors</b> | <b>24,933</b> | <b>37,500</b> | <b>46,308</b> | <b>70,250</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:

##### Credit Risk Exposure

|                                           | MTA       |           | Consolidated |            |
|-------------------------------------------|-----------|-----------|--------------|------------|
|                                           | 2017      | 2016      | 2017         | 2016       |
|                                           | \$        | \$        | \$           | \$         |
| Cash and Cash Equivalents                 | 1,387,865 | 1,268,404 | 3,246,944    | 2,918,693  |
| Trade and other receivables - current     | 609,718   | 601,250   | 1,854,044    | 1,879,314  |
| Investments - current                     | 1,584,666 | 1,544,623 | 3,659,341    | 3,566,162  |
| Investments - non current                 | 2,066,508 | 1,722,090 | 2,066,508    | 1,722,090  |
| Trade and other receivables - non current | -         | 14,499    | -            | -          |
|                                           | 5,648,757 | 5,150,866 | 10,826,837   | 10,086,259 |

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

|                      | MTA            |           |           |           | Consolidated   |           |           |           |
|----------------------|----------------|-----------|-----------|-----------|----------------|-----------|-----------|-----------|
|                      | 2017           |           | 2016      |           | 2017           |           | 2016      |           |
|                      | \$             | \$        | \$        | \$        | \$             | \$        | \$        | \$        |
|                      | Carrying Value | Provision | Net Value | Net Value | Carrying Value | Provision | Net Value | Net Value |
| Current              | 587,807        | -         | 587,807   | 590,562   | 1,774,503      | (20,000)  | 1,754,503 | 1,799,453 |
| Past Due 0-30 days   | 5,159          | -         | 5,159     | 4,364     | 78,482         | -         | 78,482    | 63,285    |
| Past Due 31-60 days  | 2,278          | -         | 2,278     | 285       | 3,921          | -         | 3,921     | 8,459     |
| Past Due 61- 90 days | 3,405          | -         | 3,405     | 80        | 5,156          | -         | 5,156     | 1,948     |
| More than 90 days    | 11,069         | -         | 11,069    | 5,959     | 11,982         | -         | 11,982    | 6,169     |
|                      | 609,718        | -         | 609,718   | 601,250   | 1,874,044      | (20,000)  | 1,854,044 | 1,879,314 |

## 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 |           |
|----------------------------------------------------------|----|-------------|-------------|--------------|-----------|
|                                                          |    | 2017        | 2016        | 2017         | 2016      |
|                                                          |    | \$          | \$          | \$           | \$        |
| Cash and Cash Equivalents                                | 4  | 1,387,865   | 1,268,404   | 3,246,944    | 2,918,693 |
| Retail Motor Trading Co Pty Ltd Loan non-current         | 5  | -           | 14,499      | -            | -         |
| Investments - current                                    | 7  | 1,584,666   | 1,544,623   | 3,659,341    | 3,566,162 |
| 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) | -            | -         |
|                                                          |    | (553,242)   | (698,247)   | 6,905,285    | 6,483,855 |

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           | 100bp    | 100bp    | 100bp    |
|                                                  |  | Increase        | Decrease | Increase | Decrease |
| <b>31 March 2017</b>                             |  |                 |          |          |          |
| Cash and Cash Equivalents                        |  | 13,879          | (13,879) | 13,879   | (13,879) |
| Retail Motor Trading Co Pty Ltd Loan non-current |  | -               | -        | -        | -        |
| Investments - current                            |  | 15,847          | (15,847) | 15,847   | (15,847) |
| Receivables due to other controlled entities     |  | (35,247)        | 35,247   | (35,247) | 35,247   |
| Commonwealth mortgage on 3 Schenker Drive        |  | (10)            | 10       | (10)     | 10       |
|                                                  |  | (5,532)         | 5,532    | (5,532)  | 5,532    |
| <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    |
|                                                  |  | Consolidated    |          |          |          |
|                                                  |  | Profit and Loss |          | Equity   |          |
|                                                  |  | 100bp           | 100bp    | 100bp    | 100bp    |
|                                                  |  | Increase        | Decrease | Increase | Decrease |
| <b>31 March 2017</b>                             |  |                 |          |          |          |
| Cash and Cash Equivalents                        |  | 32,469          | (32,469) | 32,469   | (32,469) |
| Investments - current                            |  | 36,593          | (36,593) | 36,593   | (36,593) |
| Commonwealth mortgage on 3 Schenker Drive        |  | (10)            | 10       | (10)     | 10       |
|                                                  |  | 69,053          | (69,053) | 69,053   | (69,053) |
| <b>31 March 2016</b>                             |  |                 |          |          |          |
| Cash and Cash Equivalents                        |  | 29,187          | (29,187) | 29,187   | (29,187) |
| Investments - current                            |  | 35,661          | (35,661) | 35,661   | (35,661) |
| Commonwealth mortgage on 3 Schenker Drive        |  | (10)            | 10       | (10)     | 10       |
|                                                  |  | 64,838          | (64,838) | 64,838   | (64,838) |

## 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 2017</b>                              |                  |                        |                  |                   |                  |                        |                  |                   |
| Accounts payable                                  | 890,154          | 890,154                | 890,154          | -                 | 2,166,084        | 2,166,084              | 2,166,084        | -                 |
| Borrowings - current                              | 1,000            | 1,000                  | 1,000            | -                 | 1,000            | 1,000                  | 1,000            | -                 |
| Borrowings from controlled entities - non-current | 3,524,773        | 3,524,773              | -                | 3,524,773         | -                | -                      | -                | -                 |
|                                                   | <u>4,415,927</u> | <u>4,415,927</u>       | <u>891,154</u>   | <u>3,524,773</u>  | <u>2,167,084</u> | <u>2,167,084</u>       | <u>2,167,084</u> | <u>-</u>          |
| <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 entities - 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>          |

## 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 2017</b>                                     |                  |                  |                   |                   |
| Cash and Cash Equivalents                                | 1,387,865        | 1,387,865        | 3,246,944         | 3,246,944         |
| Trade and other receivables - current                    | 609,718          | 609,718          | 1,854,044         | 1,854,044         |
| Short Term Bank Secured Investments                      | 1,584,666        | 1,584,666        | 3,659,341         | 3,659,341         |
| Investments - non-current                                | 2,066,508        | 2,066,508        | 2,066,508         | 2,066,508         |
| Investments -Property                                    | 5,050,000        | 5,050,000        | 5,050,000         | 5,050,000         |
| Retail Motor Trading Co Pty Ltd Loan non-current         | -                | -                | -                 | -                 |
| Trade and other payables                                 | (890,154)        | (890,154)        | (2,166,084)       | (2,166,084)       |
| Receivables due to other controlled entities non-current | (3,524,773)      | (3,524,773)      | -                 | -                 |
|                                                          | <u>6,283,830</u> | <u>6,283,830</u> | <u>13,710,753</u> | <u>13,710,753</u> |

## Notes to the consolidated financial statements (continued)

| 31 March 2016                                            | MTA             |             | Consolidated    |             |
|----------------------------------------------------------|-----------------|-------------|-----------------|-------------|
|                                                          | Carrying Amount | Fair Value  | Carrying Amount | Fair Value  |
|                                                          | \$              | \$          | \$              | \$          |
| Cash and Cash Equivalents                                | 1,268,404       | 1,268,404   | 2,918,693       | 2,918,693   |
| Trade and other receivables                              | 601,250         | 601,250     | 1,879,314       | 1,879,314   |
| Short Term Bank Secured Investments                      | 1,544,623       | 1,544,623   | 3,566,162       | 3,566,162   |
| Investment in Unit Trust                                 | 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      | -               | -           |
| Investments -Property                                    | 5,050,000       | 5,050,000   | 5,050,000       | 5,050,000   |
| Trade and other payables                                 | (878,327)       | (878,327)   | (2,136,504)     | (2,136,504) |
| Receivables due to other controlled entities non-current | (3,524,773)     | (3,524,773) | -               | -           |
|                                                          | 5,797,766       | 5,797,766   | 12,999,755      | 12,999,755  |

### 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 |         |
|----------------------------------------------------------|-----------|-----------|-----------|---------|-----------|--------------|---------|
|                                                          | Date of   | Level 1   | Level 2   | Level 3 | Level 1   | Level 2      | Level 3 |
| 31 March 2017                                            | Valuation |           |           |         |           |              |         |
| Assets measured at fair value                            |           |           |           |         |           |              |         |
| Cash and Cash Equivalents                                | 31-Mar-17 | 1,387,865 | -         | -       | 3,246,944 | -            | -       |
| Trade and other receivables - current                    | 31-Mar-17 | 609,718   | -         | -       | 1,854,044 | -            | -       |
| Investments - current                                    | 31-Mar-17 | 1,584,666 | -         | -       | 3,659,341 | -            | -       |
| Investments - non-current                                | 31-Mar-17 | -         | 2,066,508 | -       | -         | 2,066,508    | -       |
| Investments - Property                                   | 31-Mar-17 | -         | 5,050,000 | -       | -         | 5,050,000    | -       |
| Retail Motor Trading Co Pty Ltd Loan non-current         | 31-Mar-17 | -         | -         | -       | -         | -            | -       |
|                                                          |           |           |           |         |           |              |         |
| TOTAL                                                    |           | 3,582,249 | 7,116,508 | -       | 8,760,329 | 7,116,508    | -       |
| Liabilities measured at Fair Value                       |           |           |           |         |           |              |         |
| Trade and other payables                                 | 31-Mar-17 | 890,154   | -         | -       | 2,166,084 | -            | -       |
| Receivables due to other controlled entities non-current | 31-Mar-17 | 3,524,773 | -         | -       | -         | -            | -       |
|                                                          |           |           |           |         |           |              |         |
| TOTAL                                                    |           | 4,414,927 | -         | -       | 2,166,084 | -            | -       |



## Notes to the consolidated financial statements (continued)

| 31 March 2016                                            | 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-16         | 1,268,404        | -                | -        | 2,918,693        | -                    | -        |
| Trade and other receivables - current                    | 31-Mar-16         | 601,250          | -                | -        | 1,879,314        | -                    | -        |
| Short Term Bank Secured Investments                      | 31-Mar-16         | 1,544,623        | -                | -        | 3,566,162        | -                    | -        |
| Investment in Unit Trust                                 | 31-Mar-16         | -                | 1,722,090        | -        | -                | 1,722,090            | -        |
| Investment Property                                      | 31-Mar-16         | -                | 5,050,000        | -        | -                | 5,050,000            | -        |
| Retail Motor Trading Co Pty Ltd Loan non-current         | 31-Mar-16         | 14,499           | -                | -        | -                | -                    | -        |
| <b>Total</b>                                             |                   | <u>3,428,776</u> | <u>6,772,090</u> | <u>-</u> | <u>8,364,169</u> | <u>6,772,090</u>     | <u>-</u> |
| <b>Liabilities measured at Fair Value</b>                |                   |                  |                  |          |                  |                      |          |
| Trade and other payables                                 | 31-Mar-16         | 878,327          | -                | -        | 2,136,504        | -                    | -        |
| Receivables due to other controlled entities non-current | 31-Mar-16         | 3,524,773        | -                | -        | -                | -                    | -        |
| <b>Total</b>                                             |                   | <u>4,403,100</u> | <u>-</u>         | <u>-</u> | <u>2,136,504</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;

|                            | 2017             | 2016             |
|----------------------------|------------------|------------------|
| Less than one year         | 615,138          | 608,397          |
| Between one and five years | 1,385,708        | 654,773          |
| More than five years       | -                | -                |
|                            | <u>2,000,846</u> | <u>1,263,170</u> |

The Association leases out a number of offices under operating leases. The leases typically run for a period of two 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 | Kim Webber         |                             |
| Neville Gibb   | Phillip Turner     |                             |
| Clive Polley   | Bill Lane          |                             |
| Peter Roberts  | David Vincent      |                             |
| Ron Lewis      | Marcus Baldacchino |                             |
| Jeff Williams  | Brenton Caddle     |                             |
| Colin Butcher  | Mark McGuire       |                             |
| Dale John      | Craig Gough        |                             |
| Robert Duns    | Mark Flynn         | 27 June 2016 – Current      |
| Tracy Butler   | Martin Guppy       | 01 April 2016 – 2 June 2016 |
| Brenton Stein  |                    |                             |

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  | 01 April 2016 – 2 June 2016 |
| Clive Polley   | Colin Butcher | 16 Aug 2016 – Current       |
| 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 26<sup>th</sup> of May 2017 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 2017.

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: Neville Gibb, Past President

Signature:



26 May 2017


**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 2016/2017 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.



Clive Polley



Neville Gibb

Dated this            26<sup>th</sup>            day of            May            2017

# 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) | 2017 | 2016 |
|     | received or due and receivable, by       | \$   | \$   |
|     | officers of the Association.             | -    | -    |

Signed pursuant to a resolution of the Board of Management.

  
Clive Polley

  
Neville Gibb

Dated this 26<sup>th</sup> day of May 2017



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AUSTRALIA

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE MOTOR TRADE ASSOCIATION OF SA INC.

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of The Motor Trade Association of SA Inc. (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss and other 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 financial report, including a summary of significant accounting policies and the responsible entities' declaration.

In our opinion the accompanying financial report of The Motor Trade Association of SA Inc. is in accordance with *the Associations Incorporation Act 1985 (as amended)*, *the Fair Work (Registered Organisations) Act 2009 (RO Act)* and *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 March 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards, the Associations Incorporation Act 1985 (as amended), the Fair Work (Registered Organisations) Act 2009 (RO Act) and the Australian Charities and Not-for-profits Commission Regulations 2013.

#### 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 registered entity in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and 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.

#### Report on Other Legal and Regulatory Requirements

In addition:

- (i) There were kept by the registered entity in relation to the year ended 31 March 2017 satisfactory accounting records, including:
  - (a) records of the sources and nature of the income of the entity, including income from members; and
  - (b) records of the nature and purpose of the expenditure of the entity;

- (ii) the general purpose financial report is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009;
- (iii) we have obtained all information and explanations required in accordance with section s257 (2) of the Fair Work (Registered Organisations) Act 2009; and
- (iv) as part of our audit of the entity, we are of the opinion that management's use of the going concern basis of financial reporting is appropriate.

#### **Other information**

The responsible entities of the registered entity are responsible for the other information. The other information comprises the information in the registered entity's annual report for the year ended 31 March 2017, 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, 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 responsible entities' for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *the Associations Incorporation Act 1985 (as amended)*, *the Fair Work (Registered Organisations) Act 2009 (RO Act)* and *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the group'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 board members either intend to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the registered entity's financial reporting process.





#### **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.

A further description of our responsibilities for the audit of the financial report is located in appendix 1. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Paul Gosnold'.

**BDO Audit (SA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Paul Gosnold'.

**Paul Gosnold**  
Director

Registered company auditor (310046)

Approved Auditor (FWC Act and Regulations)

Adelaide, 30 May 2017

## **Appendix 1 - Additional information on the Auditor's responsibilities for the audit of the 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 our 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 Group'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 our 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 Group 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the responsible entities' regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the responsible entities with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.