



The Motor Trade Association of SA Inc.

ABN 65 767 492 138

Consolidated Financial Report

For the year ended

31 March 2021

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 2021.

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

Frank Agostino	David Vincent	01 April 2020 – 24 April 2020
Neville Gibb	Marcus Baldacchino	01 April 2020 – 24 April 2020
Clive Polley	Michael McMichael	01 April 2020 – 24 April 2020
Peter Roberts	Bill Lane	01 April 2020 – 24 April 2020
John Hitchcock	Brenton Stein	01 April 2020 – 24 April 2020
Mark McGuire	Dale John	01 April 2020 – 24 April 2020
Tom Skothos	Kim Webber	01 April 2020 – 24 April 2020
	Tracy Butler	01 April 2020 – 24 April 2020
	Mark Flynn	01 April 2020 – 24 April 2020

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 2021.

Statement of profit or loss and other comprehensive income

The Associations surplus from ordinary activities in the financial year ended 31 March 2021 was \$512,341, (2020: surplus \$60,545) and for the Consolidated Entity surplus of \$1,354,481, (2020: surplus of \$214,117).

Statement of Financial Position

Equity increased to \$11,314,542 (2020: \$10,802,201) for the Association and increased to \$22,414,729, (2020: \$21,060,248) for the Consolidated Entity.

The Association's cash flow from operating activities was \$565,039, (2020: (\$444,222)) and the Consolidated Entity \$1,648,333 (2020: \$701,838).

Events since balance date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the incorporated association up to 31 March 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 March 2021 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Members

Members' rights to resign is set out in Item 6.2 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 1,266 members including 3 associate members of the Motor Trade Association of SA Inc, (2020: 1,230 inclusive of 3 associate member). Associate members receive limited services.

Staffing

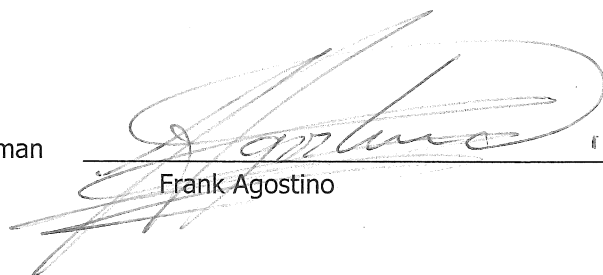
The Association employed 71 staff at the end of the financial year, (2020: 76). The Consolidated Entity employed 535 staff at year end (2020: 614).

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.

Chairman



Frank Agostino

Dated this 25th day of August 2021

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 2021

		MTA		Consolidated	
		2021	2020	2021	2020
	Note	\$	\$	\$	\$
Revenue					
Membership subscriptions		1,560,035	1,454,722	1,560,035	1,454,722
Commissions		32,860	60,474	32,860	60,474
Member function income		54,868	3,136	54,868	3,136
Rental income	2(a)	1,239,345	1,492,976	755,245	892,376
Sales – print & stationery		345,595	349,058	314,490	284,526
Apprentice income		-	-	9,032,162	20,044,059
Industry support		-	-	5,000	11,909
Other revenue	2(b)	4,946,511	4,992,594	725,814	903,304
Total revenue		8,179,214	8,352,960	12,480,474	23,654,506
Other Income					
Grants	2(c)	490,375	148,500	18,949,739	5,819,380
Total other income		490,375	148,500	18,949,739	5,819,380
Total income		8,669,589	8,501,460	31,430,213	29,473,886
Administration expenses		583,456	548,194	1,777,530	1,633,512
Advertising		35,290	45,029	148,292	393,285
Advocacy		475	1,227	475	1,227
Affiliation fees	3(a)	187,500	187,500	187,500	187,500
Apprentice training fees		-	-	192,088	249,499
Conferences and meeting expenses	3(b)	25,599	49,641	25,599	49,641
Cost of sales – print & stationery		151,111	192,013	151,111	192,013
Depreciation		300,837	265,310	806,106	807,366
Donations	3(c)	6,529	8,429	6,529	8,429
Employee expenses	3(d)	6,418,537	6,319,421	26,261,533	24,911,331
Grant expenses	3(c)	-	-	-	-
Insurance		98,614	80,404	168,469	145,921
Legal costs	3(e)	9,835	20,269	41,470	20,269
Motor vehicle costs		26,121	32,584	93,585	130,620
Motor trade journal		-	26,031	-	26,031
Property expenses	3(f)	404,600	466,052	404,600	466,052
Telephone		51,940	57,628	68,551	82,080
Travel		14,597	32,245	48,706	81,678
Loss/(Profit) on sale of asset		-	271	(7,701)	(9,184)
Loss / (Profit) on Revaluation of Investments		(263,300)	-	(263,300)	-
Costs from ordinary activities		8,051,741	8,332,248	30,111,143	29,377,270
Operating surplus from operating activities		617,848	169,212	1,319,070	96,616
Net finance income	2(d)	(105,507)	(108,667)	35,411	117,501
Surplus for the period		512,341	60,545	1,354,481	214,117
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		512,341	60,545	1,354,481	214,117

The statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 7 to 32.

**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 2021

	<i>Note</i>	MTA		Consolidated	
		2021	2020	2021	2020
		\$	\$	\$	\$
Accumulated Surplus:					
Opening accumulated surplus		10,802,201	10,741,656	21,060,248	20,846,131
Surplus for the period		512,341	60,545	1,354,481	214,117
Closing accumulated surplus		11,314,542	10,802,201	22,414,729	21,060,248
<u>Other comprehensive income</u>					
Items that will not be reclassified to profit or loss		-	-	-	-
<u>Total comprehensive income for the period</u>		512,341	60,545	1,354,481	214,117
Total equity at the end of the year		11,314,542	10,802,201	22,414,729	21,060,248

The statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 7 to 32.

MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC. AND CONSOLIDATED ENTITIES

ABN 65 767 492 138

Statement of Financial Position

As at 31 March 2021

		MTA		Consolidated	
	<i>Note</i>	2021	2020	2021	2020
Assets		\$	\$	\$	\$
Cash	4	1,437,049	1,117,701	3,534,331	3,425,257
Trade and other receivables	5	1,129,408	1,123,107	2,938,906	3,147,890
Inventories	6	48,882	51,489	53,374	56,803
Investments	7	3,826,017	3,805,372	6,861,803	6,015,441
Total current assets		6,441,356	6,097,669	13,388,414	12,645,391
Trade and other receivables	5	-	-	-	-
Investments	7	-	-	-	-
Investment property	8	5,020,000	4,762,273	5,020,000	4,762,273
Property, plant and equipment	9	5,049,156	5,119,374	7,992,878	8,092,813
Intangible Assets	10	-	-	-	-
Total non-current assets		10,069,156	9,881,647	13,012,878	12,855,086
Total assets		16,510,512	15,979,316	26,401,292	25,500,477
Liabilities					
Trade and other payables	11	688,149	687,380	1,964,500	2,569,874
Employee benefits	12	854,747	846,319	1,893,762	1,751,712
Borrowings	13	1,000	1,000	1,000	1,000
Total current liabilities		1,543,896	1,534,699	3,859,262	4,322,586
Employee benefits	12	127,301	117,643	127,301	117,643
Borrowings	13	3,524,773	3,524,773	-	-
Total non-current liabilities		3,652,074	3,642,416	127,301	117,643
Total liabilities		5,195,970	5,177,115	3,986,563	4,440,229
Net assets		11,314,542	10,802,201	22,414,729	21,060,248
Equity					
Accumulated surplus		11,314,542	10,802,201	22,414,729	21,060,248
Fair value reserve		-	-	-	-
Total equity		11,314,542	10,802,201	22,414,729	21,060,248

The statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 7 to 32.

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 2021

		MTA		Consolidated	
	<i>Note</i>	2021	2020	2021	2020
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts from customers		9,529,617	9,162,948	34,966,383	32,905,915
Cash paid to suppliers and employees		(8,859,071)	(9,498,503)	(33,353,461)	(32,321,578)
Cash generated from operations		670,546	(335,555)	1,612,922	584,337
Interest expense		(127,597)	(181,115)	-	-
Interest received		22,090	72,448	35,411	117,501
Net cash from operating activities	14	565,039	(444,222)	1,648,333	701,838
Cash flows from investing activities					
Payments for investments		(20,645)	(64,785)	(846,362)	(97,671)
Proceeds from settlement of investments		5,573	-	5,573	-
Payments for property, plant and equipment		(230,619)	(561,881)	(752,095)	(975,645)
Proceeds from sale of property, plant and equipment		-	6,905	53,625	45,632
Net cash from investing activities		(245,691)	(619,761)	(1,539,259)	(1,027,684)
Cash flows from financing activities					
Loans from external parties		-	-	-	-
Net cash from financing activities		-	-	-	-
Net increase in cash and cash equivalents		319,348	(1,063,983)	109,074	(325,846)
Cash and cash equivalents at 1 April		1,117,701	2,181,684	3,425,257	3,751,103
Cash and cash equivalents at 31 March	4	1,437,049	1,117,701	3,534,331	3,425,257

The statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 7 to 32.

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 2021 comprises the Association and its subsidiaries (together referred to as the "Consolidated Entity").

The financial report was authorised for issue by the directors on 25th August 2021.

(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 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;
- 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)

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

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

- 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 2021 was a surplus of \$512,341 (2020: surplus of \$60,545) and a net current asset surplus of \$4,897,460 (2020: net current asset surplus of \$4,562,970). The Board of Management believe the Association is a going concern due to the expected profitability of the business. It is on this basis the financial statements have been prepared on a going concern basis.

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 straight line 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>2020/21</u>	<u>2019/20</u>
Plant & Equipment	6.6 to 50.0%	6.6 to 50.0%
Furniture & Fittings	10.0 to 33.3%	10.0 to 33.3%
Motor Vehicles	22.5 to 25.0%	22.5 to 25.0%
Buildings & Improvements	2.5 to 17%	2.5 to 17%

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

(f) **Expenses**

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 financial investments comprise term deposits carried at amortised cost where cashflows relate solely to principal plus interest.

(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. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

(i) **Trade and other receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method less any impairment (see accounting policy I).

Bad debts are measured using an expected credit loss model.

(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.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(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.

Recoverable amount 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 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 "current replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would if deprived of the asset, replace its remaining future economic benefits.

(ii) Reversals of impairment

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

(m) Income Tax

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

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

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(n) Employee benefits

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.

(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 13.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(r) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to customers.

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in profit and loss at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Revenue from services rendered is recognised in profit and loss over time as the services are rendered, 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

Grant revenue is recognised in profit or loss when the Consolidated Entity satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Consolidated Entity is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

(iv) Membership Income

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

(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.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(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 245(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 or amended Accounting Standards and Interpretations adopted

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(i) AASB 15 Revenue from Contracts with customers

The Consolidated Entity has adopted AASB 15 from 1 April 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue.

There was no impact on the revenue recognised by the entity as a result of the adoption of AASB 15.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(ii) AASB 1058 Income of Not-for-Profit Entities

The entity has adopted AASB 1058 from 1 April 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation.

If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

There was no impact on the income recognised by the entity as a result of the adoption of AASB 1058.

(iii) 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.

The entity, as lessee, has no significant operating leases outstanding at the date of initial application, 1 April 2019, or since so the impact of adoption was nil.

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
2.a. Rental revenue from contracts with customers				
Properties rent recognised over time	1,239,345	1,492,976	755,245	892,376
	1,239,345	1,492,976	755,245	892,376
2.b. Other operating income				
Other services	82,505	124,944	643,918	792,573
Industrial services	81,896	110,731	81,896	110,731
Related party salaries and on costs recharge	3,975,210	3,766,719	-	-
Related party management fees	806,900	990,200	-	-
	4,946,511	4,992,594	725,814	903,304
2.c. Grants				
Government funds	490,375	148,500	18,949,739	5,819,380
	490,375	148,500	18,949,739	5,819,380
2.d. Net finance income				
Interest income	22,090	72,448	35,411	117,501
Less related party interest ⁽¹⁾	(127,597)	(181,115)	-	-
Net Finance Income	(105,507)	(108,667)	35,411	117,501
⁽¹⁾ Interest is being charged at the bank rate plus 1% retrospectively to when the loan commenced on 25 July 2011.				
3.a. Affiliation fees				
Motor Trades Association of Australia	187,500	187,500	187,500	187,500
	187,500	187,500	187,500	187,500
3.b. Administration Expenses				
Fees/ allowances - meeting and conferences	-	-	-	-
AGM as required under rules of the organisation	-	8,337	-	8,337
Conferences and meeting expenses of members, councils, committees, panels or other bodies	25,599	41,304	25,599	41,304
	25,599	49,641	25,599	49,641
3.c. Grants or Donations				
<u>Grants</u>				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
	-	-	-	-
<u>Donations</u>				
Total paid that were \$1,000 or less	1,984	3,884	1,984	3,884
Total paid that exceeded \$1,000	4,545	4,545	4,545	4,545
	6,529	8,429	6,529	8,429

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
3.d. Employees Expenses				
<u>Holders of office</u>				
Other employee expenses	1,114	2,358	1,114	2,358
Employee expenses holders of office	<u>1,114</u>	<u>2,358</u>	<u>1,114</u>	<u>2,358</u>
<u>Employees other than office holders</u>				
Wages and Salaries	5,366,259	5,391,812	23,136,090	21,611,564
Superannuation	519,229	513,468	1,798,915	1,871,389
Leave and other entitlements	70,612	53,548	345,457	158,867
Separation and redundancies	165,398	66,358	165,398	66,358
Other employee expenses	295,925	291,877	814,558	1,200,795
Employee expenses holders of office	<u>6,417,423</u>	<u>6,317,063</u>	<u>26,260,419</u>	<u>24,908,973</u>
Total employee expenses	<u>6,418,537</u>	<u>6,319,421</u>	<u>26,261,533</u>	<u>24,911,331</u>
3.e Legal costs				
Other legal costs	9,835	20,269	41,470	20,269
	<u>9,835</u>	<u>20,269</u>	<u>41,470</u>	<u>20,269</u>
There has been no litigation expenditure and are no litigation claims				
3.f. Property Expenses				
Airconditioning	16,038	21,219	16,038	21,219
Cleaning	45,650	50,421	45,650	50,421
Fire	1,637	4,915	1,637	4,915
Landscaping	12,965	10,696	12,965	10,696
Lift	3,182	3,113	3,182	3,113
Rates and Taxes	239,145	257,932	239,145	257,932
Repairs and maintenance	38,046	50,013	38,046	50,013
Security	7,161	4,583	7,161	4,583
Property Management Fees	40,776	63,160	40,776	63,160
	<u>404,600</u>	<u>466,052</u>	<u>404,600</u>	<u>466,052</u>
4. Cash				
Cash and cash equivalents	1,437,049	1,117,701	3,534,331	3,425,257
	<u>1,437,049</u>	<u>1,117,701</u>	<u>3,534,331</u>	<u>3,425,257</u>
5. Trade and other receivables				
Current				
<u>Receivables from other controlled entities</u>				
- The MTA Group Training Scheme	940,559	653,652	-	-
- Retail Motor Trading Co. Pty Ltd	-	-	-	-
Total receivables from other controlled entities	<u>940,559</u>	<u>653,652</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u>				
Trade and other receivables	48,498	429,849	2,659,254	3,080,835
Prepayments	140,351	39,606	299,652	87,055
/ess Allowance for expected credit loss	-	-	(20,000)	(20,000)
Total other Receivables	<u>188,849</u>	<u>469,455</u>	<u>2,938,906</u>	<u>3,147,890</u>
Total trade and other receivables (net)	<u>1,129,408</u>	<u>1,123,107</u>	<u>2,938,906</u>	<u>3,147,890</u>
Non-current				
Loan due from controlled entity				
Retail Motor Trading Co. Pty Ltd	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
6. Inventories				
Stationery	36,045	36,123	36,045	36,123
Printing	12,837	15,366	17,329	20,680
	48,882	51,489	53,374	56,803

7. Investments

Current Investments

Fixed term deposit	3,826,017	3,805,372	6,861,803	6,015,441
	3,826,017	3,805,372	6,861,803	6,015,441

Details of Terms Deposits held

	Maturity	Amount
<u>Motor Trade Association of SA Inc</u>		\$
Commonwealth Bank	27 April 21	3,826,017
<u>MTA Group Training Scheme Inc</u>		\$
Commonwealth Bank	27 April 21	1,534,457
Commonwealth Bank	01 June 21	1,501,329

Shares in Non-Listed Investments

MTAA Superannuation Fund Pty Limited (ACN 008 650 628)	1	1	1	1
	1	1	1	1

8. Investment Property

Balance at 1 April	4,762,273	4,762,273	4,762,273	4,762,273
Amortisation	(5,573)	-	(5,573)	-
Gain / (loss) on revaluation of investments	263,300	-	263,300	-
Balance at 31 March	5,020,000	4,762,273	5,020,000	4,762,273

46 Fullarton Road Norwood was last independently valued by Mr. A Rosenzweig B.Bus (Property) AAPI of Knight Frank Valuations Pty Ltd at 31 March 2021 using a capitalisation of income approach using a rate of 6.00% at a "willing buyer/seller" market value of \$2,950,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement.

3 Schenker Drive Royal Park was last independently valued by Mr. T Walker B.Bus (Property) AAPI of Knight Frank Valuations at 31 March 2021 using a capitalisation of income approach using a rate of 6.50% at a "willing buyer/seller" market value of \$2,070,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement.

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment

	Land and buildings	Plant and equipment	MTA Fixtures and fittings	Other	Work In Progress	Total
Cost						
Balance at 1 April 2019	5,989,858	2,957,380	74,186	184,547	-	9,205,971
Acquisitions	245,836	149,029	6,066	153,450	7,500	561,881
Disposals	-	(248,215)	-	(33,491)	-	(281,706)
Balance at 31 March 2020	6,235,694	2,858,194	80,252	304,506	7,500	9,486,146
Balance at 1 April 2020	6,235,694	2,858,194	80,252	304,506	7,500	9,486,146
Acquisitions	12,272	206,302	-	-	12,045	230,619
Disposal	-	-	-	-	-	-
Balance at 31 March 2021	6,247,966	3,064,496	80,252	304,506	19,545	9,716,765
Depreciation and impairment losses						
Balance at 1 April 2019	2,264,604	1,974,401	42,024	94,963	-	4,375,992
Depreciation charge for the year	48,374	181,116	6,058	29,762	-	265,310
Disposals	-	(248,219)	-	(26,311)	-	(274,530)
Balance at 31 March 2020	2,312,978	1,907,298	48,082	98,414	-	4,366,772
Balance at 1 April 2020	2,312,978	1,907,298	48,082	98,414	-	4,366,772
Depreciation charge for the year	56,707	186,246	6,754	51,130	-	300,837
Disposal	-	-	-	-	-	-
Balance at 31 March 2021	2,369,685	2,093,544	54,836	149,544	-	4,667,609
Carrying amounts						
At 1 April 2019	3,725,254	982,979	32,162	89,584	-	4,829,979
At 31 March 2020	3,922,716	950,896	32,170	206,092	7,500	5,119,374
At 1 April 2020	3,922,716	950,896	32,170	206,092	7,500	5,119,374
At 31 March 2021	3,878,281	970,952	25,416	154,962	19,545	5,049,156

Notes to the consolidated financial statements (continued)

Property, plant and equipment (continued)

	Consolidated					Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Other	Work In Progress	
Cost						
Balance at 1 April 2019	5,989,858	5,093,349	276,895	4,153,416	-	15,513,518
Acquisitions	245,836	485,007	26,020	211,282	7,500	975,645
Disposals	-	(478,665)	-	(114,420)	-	(593,085)
Balance at 31 March 2020	6,235,694	5,099,691	302,915	4,250,278	7,500	15,896,078
Balance at 1 April 2020	6,235,694	5,099,691	302,915	4,250,278	7,500	15,896,078
Acquisitions	12,272	577,129	31,838	118,811	12,045	752,095
Disposals	-	(90,958)	-	(66,343)	-	(157,301)
Balance at 31 March 2021	6,247,966	5,585,862	334,753	4,302,746	19,545	16,490,872
Depreciation and impairment losses						
Balance at 1 April 2019	2,264,604	3,350,725	190,755	1,746,453	-	7,552,537
Depreciation charge for the year	48,374	480,642	22,051	256,299	-	807,366
Disposals	-	(460,439)	-	(96,198)	-	(556,637)
Balance at 31 March 2020	2,312,978	3,370,928	212,806	1,906,554	-	7,803,266
Balance at 1 April 2020	2,312,978	3,370,926	212,806	1,906,557	-	7,803,267
Depreciation charge for the year	56,707	502,865	27,030	219,504	-	806,106
Disposals	-	(68,258)	-	(43,121)	-	(111,379)
Balance at 31 March 2021	2,369,685	3,805,533	239,836	2,082,940	-	8,497,994
Carrying amounts						
At 1 April 2019	3,725,254	1,742,624	86,140	2,406,963	-	7,960,981
At 31 March 2020	3,922,716	1,728,763	90,109	2,343,724	7,500	8,092,812
At 1 April 2020	3,922,716	1,728,765	90,109	2,343,721	7,500	8,092,811
At 31 March 2021	3,878,281	1,780,329	94,917	2,219,806	19,545	7,992,878

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 last independently valued by Mr. N Bell B.Bus (Property) FAPI of Knight Frank Valuations Pty Ltd at 31 March 2021 using a capitalisation of income approach using a rate of 7.00% at a "willing buyer/seller" market value of \$8,700,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement.

3 Frederick Road Royal Park was last independently valued by Mr. T Walker B.Bus (Property) AAPI of Knight Frank Valuations at 31 March 2021 using a capitalisation of income approach using a rate of 7.75% at a "willing buyer/seller" market value of \$6,950,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement.

The next independent valuation due is March 2024.

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
10. Intangible assets				
Acquisition of Vtech contracts of training				
Amortisation of goodwill	-	-	200,000	200,000
Balance at 31 March	-	-	(200,000)	(200,000)
	-	-	-	-

MTA acquired the contracts of training and some fixed assets of Vtech Pty Ltd on 20th August 2018 for \$229,040 consideration paid in cash. Total goodwill acquired was \$200,000, written down to nil in the financial year ending 31 March 2020.

11. Trade and other payables

Subscriptions in advance	75,603	3,560	3,560	3,560
Other trade payables	599,030	667,177	1,960,940	2,566,314
Consideration to employers for payroll deductions	-	-	-	-
Legal costs	-	-	-	-
Subtotal trade creditors	674,633	670,737	1,964,500	2,569,874
<u>Payable to other controlled entities</u>				
The MTA Group Training Scheme Inc.	13,516	16,643	-	-
Subtotal payables to other controlled entities	13,516	16,643	-	-
Total trade payables	688,149	687,380	1,964,500	2,569,874

12. Employee benefits

Current

Office holders

The Board of Management receive no compensation for their roles

Employee provisions - office holders	-	-	-	-
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Employees other than office holders

Annual Leave	345,695	295,888	1,380,211	1,196,864
Long service leave	636,353	668,074	636,353	668,074
Other	-	-	4,499	4,417
Employee provisions - other than office holders	982,048	963,962	2,021,063	1,869,355
Total Employee provisions	982,048	963,962	2,021,063	1,869,355
Current	854,747	846,319	1,893,762	1,751,712
Non Current	127,301	117,643	127,301	117,643
Total Employee provisions	982,048	963,962	2,021,063	1,869,355

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
13. Borrowings				
Current				
Commonwealth mortgage on 3 Schenker Drive Royal Park	1,000	1,000	1,000	1,000
	1,000	1,000	1,000	1,000
Non -Current				
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

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. As a result the liability has been classified as non-current in the parent entity.

14(a). Reconciliation of cash flows from operating activities

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash and cash equivalents				
Cash on hand	1,437,049	1,117,701	3,534,331	3,425,257
Total cash & cash equivalents	1,437,049	1,117,701	3,534,331	3,425,257
Cash flows from operating activities				
Profit for the period	512,341	60,545	1,354,481	214,117
<i>Adjustments for:</i>				
(Profit)/Loss on disposal	-	271	(7,701)	(9,184)
(Gain)/Loss on Revaluation	(263,300)	-	(263,300)	-
Depreciation	300,837	265,310	806,106	807,366
Amortisation of Goodwill	-	-	-	-
Operating profit before changes in working capital and provisions	549,878	326,126	1,889,586	1,012,299
(Increase)/decrease in trade and other receivables	(6,301)	(171,507)	208,984	440,582
(Increase)/decrease in intangible assets	-	-	-	-
(Increase)/decrease in inventories	2,607	3,665	3,429	3,480
(Decrease)/increase in trade and other payables	769	(621,545)	(605,374)	(777,523)
Increase in provisions and employee benefits	18,086	19,039	151,708	23,000
Cash generated from the operations	565,039	(444,222)	1,648,333	701,838

Financing Facilities

A Line of Credit Facility of \$850,000 (2020 - \$850,000), is available to The Motor Trade Association of South Australia at 31 March 2021. At that date, \$1,000 of this facility was in use (2020 - \$1,000).

There were no non-cash financing or investing activities during the period.

Notes to the consolidated financial statements (continued)

14b. Reconciliation of cash flows from operating activities

	MTA		Consolidated	
	2021	2020	2021	2020
Cash inflows				
MTA Group Training Scheme Inc	5,306,003	5,385,303	-	-
Retail Motor Trading Co. Pty Ltd	-	-	-	-
Total Cash inflows	5,306,003	5,385,303	-	-
Cash outflows				
MTA Group Training Scheme Inc	(318,711)	(1,235,914)	-	-
Total Cash inflows	(318,711)	(1,235,914)	-	-

15. Contingencies

Estimates of the maximum amount of contingent liabilities that may become payable	530,000	634,000	2,583,000	2,840,400
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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, it is appropriate to provide for a contingent liability which 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 and all apprentice and trainees are returned, the cost to the consolidated entity would be \$2,053,000 (2020: \$2,206,000), whilst the cost to the Association for training staff entitlements would be \$530,000 (2020: \$634,000). The likelihood of realisation of contingencies and payout is considered remote based of recent period actual payments and expectations of future periods.

16. Consolidated Entities

	Principal Activity	Country of Incorporation	Australian Business Number	Ownership Interest	
Parent entity				2021	2020
The Motor Trade Association of South Australia Inc.	Employer association	Australia	65 767 492 138	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)

17. Related party transactions

The Associations transactions receivable from MTA Group Training Scheme

Statement of Comprehensive Income

	2021	2020
	\$	\$
Management Fees	806,900	990,200
Staff Salaries and on costs	3,975,210	3,766,719
Rental of 3 Frederick Road	484,100	600,600
Printing sales	31,105	64,532
Staff Training	-	-
Provision of services for governments grants	-	-
	<u>5,297,315</u>	<u>5,422,051</u>

Management fees relate to time spent by MTA staff on MTA Group Training Scheme related issues.

Statement of Comprehensive Income

	2021	2020
	\$	\$
Interest on Loan of \$3,524,773 payable to MTA Group Training Scheme	(127,597)	(181,115)
	<u>(127,597)</u>	<u>(181,115)</u>

Statement of Financial Position

	2021	2020
	\$	\$
Trade and other receivables	940,559	653,652
Trade and other payables	(13,516)	(16,643)
Borrowings	(3,524,773)	(3,524,773)
	<u>(2,597,730)</u>	<u>(2,887,764)</u>

18. 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.

Paul Unerkov	Tracy Simpson	Russell Smith	Tim Buckley
Mario Marrone	Emma Flenley	Darrell Jacobs	

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
<u>Short term employee benefits</u>				
Salary (including annual leave taken)	959,430	935,761	959,430	935,761
Annual leave accrued	29,491	64,716	29,491	64,716
Performance Bonus	-	-	-	-
other major categories)	-	-	-	-
Total employee benefits	<u>988,921</u>	<u>1,000,477</u>	<u>988,921</u>	<u>1,000,477</u>
<u>Post - employment benefits</u>				
Superannuation	84,498	88,049	84,498	88,049
Total post- employment benefits	<u>84,498</u>	<u>88,049</u>	<u>84,498</u>	<u>88,049</u>
<u>Other long term benefits</u>				
Long service leave	44,047	22,348	44,047	22,348
Total post- employment benefits	<u>44,047</u>	<u>22,348</u>	<u>44,047</u>	<u>22,348</u>
<u>Termination benefits</u>				
Termination	165,398	-	165,398	-
Total termination benefits	<u>165,398</u>	<u>-</u>	<u>165,398</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

19. Remuneration to Auditors

	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
<u>Value of services to Auditors</u>				
Financial statement audit	25,135	21,825	53,743	37,425
Other assurance services	-	-	-	-
Tax services	-	-	-	-
Advisory Services	-	-	-	-
Total remuneration to auditors	25,135	21,825	53,743	37,425

20. 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. 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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash and Cash Equivalents	1,437,049	1,117,701	3,534,331	3,425,257
Trade and other receivables - current	1,129,408	1,123,107	2,938,047	3,147,890
Investments - current	3,826,017	3,805,372	6,861,803	6,015,441
Investments - non current	-	-	-	-
Trade and other receivables - non current	-	-	-	-
	6,392,474	6,046,180	13,335,040	12,588,588

Notes to the consolidated financial statements (continued)

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

	MTA				Consolidated			
	2021		2020		2021		2020	
	\$ Carrying Value	\$ Provision	\$ Net Value	\$ Net Value	\$ Carrying Value	\$ Provision	\$ Net Value	\$ Net Value
Current	1,123,257	-	1,123,257	1,114,273	2,717,944	(20,000)	2,697,944	2,465,926
Past Due 0-30 days	2,792	-	2,792	6,950	99,610	-	99,610	367,990
Past Due 31-60 days	-	-	-	1,141	102,100	-	102,100	212,545
Past Due 61- 90 days	3,251	-	3,251	-	37,780	-	37,780	100,686
More than 90 days	108	-	108	743	1,472	-	1,472	743
	<u>1,129,408</u>	<u>-</u>	<u>1,129,408</u>	<u>1,123,107</u>	<u>2,958,906</u>	<u>(20,000)</u>	<u>2,938,906</u>	<u>3,147,890</u>

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	
		2021	2020	2021	2020
		\$	\$	\$	\$
Cash and Cash Equivalents	4	1,437,049	1,117,701	3,534,331	3,425,257
Investments - current	7	3,826,017	3,805,372	6,861,803	6,015,441
Secured mortgage on 3 Schenker Drive	13	(1,000)	(1,000)	(1,000)	(1,000)
Receivables due to other controlled entities non-current	13	(3,524,773)	(3,524,773)	-	-
		<u>1,737,293</u>	<u>1,397,300</u>	<u>10,395,134</u>	<u>9,439,698</u>

Cash flow sensitivity analysis for variable rate instruments

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

	MTA			
	Profit and Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 March 2021				
Cash and Cash Equivalents	14,370	(14,370)	14,370	(14,370)
Investments - current	38,260	(38,260)	38,260	(38,260)
Receivables due to other controlled entities	(35,247)	35,247	(35,247)	35,247
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>17,374</u>	<u>(17,374)</u>	<u>17,374</u>	<u>(17,374)</u>
31 March 2020				
Cash and Cash Equivalents	11,177	(11,177)	11,177	(11,177)
Investments - current	38,054	(38,054)	38,054	(38,054)
Receivables due to other controlled entities	(35,247)	35,247	(35,247)	35,247
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>13,974</u>	<u>(13,974)</u>	<u>13,974</u>	<u>(13,974)</u>

Notes to the consolidated financial statements (continued)

	Consolidated			
	Profit and Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 March 2021				
Cash and Cash Equivalents	35,343	(35,343)	35,343	(35,343)
Investments - current	68,618	(68,618)	68,618	(68,618)
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>103,950</u>	<u>(103,950)</u>	<u>103,950</u>	<u>(103,950)</u>
31 March 2020				
Cash and Cash Equivalents	34,253	(34,253)	34,253	(34,253)
Investments - current	60,154	(60,154)	60,154	(60,154)
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>94,396</u>	<u>(94,396)</u>	<u>94,396</u>	<u>(94,396)</u>

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
	\$	\$	\$		\$	\$	\$	
31 March 2021								
Accounts payable	688,149	688,149	688,149	-	1,964,500	1,964,500	1,964,500	-
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>4,213,922</u>	<u>4,213,922</u>	<u>689,149</u>	<u>3,524,773</u>	<u>1,965,500</u>	<u>1,965,500</u>	<u>1,965,500</u>	<u>-</u>
31 March 2020								
Accounts payable	687,380	687,380	687,380	-	2,569,874	2,569,874	2,569,874	-
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>4,213,153</u>	<u>4,213,153</u>	<u>688,380</u>	<u>3,524,773</u>	<u>2,570,874</u>	<u>2,570,874</u>	<u>2,570,874</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

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
31 March 2021	\$	\$	\$	\$
Cash and Cash Equivalents	1,437,049	1,437,049	3,534,331	3,534,331
Trade and other receivables - current	1,129,408	1,129,408	2,938,906	2,938,906
Short Term Bank Secured Investments	3,826,017	3,826,017	6,861,803	6,861,803
Investments - non-current	-	-	-	-
Trade and other payables	(688,149)	(688,149)	(1,964,500)	(1,964,500)
Receivables due to other controlled entities non-current	(3,524,773)	(3,524,773)	-	-
	<u>2,179,552</u>	<u>2,179,552</u>	<u>11,370,540</u>	<u>11,370,540</u>

	MTA		Consolidated	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
31 March 2020	\$	\$	\$	\$
Cash and Cash Equivalents	1,117,701	1,117,701	3,425,257	3,425,257
Trade and other receivables	1,123,107	1,123,107	3,147,890	3,147,890
Short Term Bank Secured Investments	3,805,372	3,805,372	6,015,441	6,015,441
Investment - non current	-	-	-	-
Trade and other payables	(687,380)	(687,380)	(2,569,874)	(2,569,874)
Receivables due to other controlled entities non-current	(3,524,773)	(3,524,773)	-	-
	<u>1,834,027</u>	<u>1,834,027</u>	<u>10,018,714</u>	<u>10,018,714</u>

e. Fair value hierarchy

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

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

	Date of Valuation	MTA			Consolidated		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
31 March 2021							
Assets measured at fair value							
Cash and Cash Equivalents	31-Mar-21	1,437,049	-	-	3,534,331	-	-
Trade and other receivables - current	31-Mar-21	1,129,408	-	-	2,938,906	-	-
Investments - current	31-Mar-21	3,826,017	-	-	6,861,803	-	-
Investments - non-current	31-Mar-21	-	-	-	-	-	-
Investments - Property	31-Mar-21	-	5,020,000	-	-	5,020,000	-
TOTAL		<u>6,392,474</u>	<u>5,020,000</u>	<u>-</u>	<u>13,335,040</u>	<u>5,020,000</u>	<u>-</u>
Liabilities measured at Fair Value							
Trade and other payables	31-Mar-21	688,149	-	-	1,964,500	-	-
Receivables due to other controlled entities non-current	31-Mar-21	3,524,773	-	-	-	-	-
TOTAL		<u>4,212,922</u>	<u>-</u>	<u>-</u>	<u>1,964,500</u>	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

			MTA			Consolidated	
31 March 2020	Date of Valuation	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value							
Cash and Cash Equivalents	31-Mar-20	1,117,701	-	-	3,425,257	-	-
Trade and other receivables - current	31-Mar-20	1,123,107	-	-	3,147,890	-	-
Investments - current	31-Mar-20	3,805,372	-	-	6,015,441	-	-
Investments - non-current	31-Mar-20	-	-	-	-	-	-
Investments - Property	31-Mar-20	-	4,762,273			4,762,273	
TOTAL		<u>6,046,180</u>	<u>4,762,273</u>	<u>-</u>	<u>12,588,588</u>	<u>4,762,273</u>	<u>-</u>
Liabilities measured at fair value							
Trade and other payables	31-Mar-20	687,380	-	-	2,569,874	-	-
Receivables due to other controlled entities non-current	31-Mar-20	3,524,773	-	-	-	-	-
TOTAL		<u>4,212,153</u>	<u>-</u>	<u>-</u>	<u>2,569,874</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.

21. 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

	2021	2020
Less than one year	715,693	615,216
Between one and five years	1,513,963	930,612
More than five years	-	-
	<u>2,229,656</u>	<u>1,545,828</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.

Notes to the consolidated financial statements (continued)

22. Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the incorporated association up to 31 March 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 March 2021 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

23. Information to be provided to members or Commissioner

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

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

24. 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.

25. 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.

26. 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)

27. 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	David Vincent	01 April 2020 – 24 April 2020
Neville Gibb	Marcus Baldacchino	01 April 2020 – 24 April 2020
Clive Polley	Michael McMichael	01 April 2020 – 24 April 2020
Peter Roberts	Bill Lane	01 April 2020 – 24 April 2020
John Hitchcock	Brenton Stein	01 April 2020 – 24 April 2020
Mark McGuire	Dale John	01 April 2020 – 24 April 2020
Tom Skothos	Kim Webber	01 April 2020 – 24 April 2020
	Tracy Butler	01 April 2020 – 24 April 2020
	Mark Flynn	01 April 2020 – 24 April 2020

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	Mark McGuire	
Neville Gibb	John Hitchcock	
Peter Roberts	Tom Skothos	22 Sept 2020 – 31 March 2021
Clive Polley		

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

28. Other disclosures required

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
- Wages activity

The reporting unit has not paid expenses for;

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

The reporting unit has not accrued expenses for;

- Separation and redundancies
- Legal costs relating to legal or litigation matters
- Payables to employers as consideration for the employers making payroll deductions of membership subscriptions.

The reporting unit does not and is not required by the rules of the organisation to have a fund or account for;

- Compulsory levies
- Voluntary contributions

Notes to the consolidated financial statements (continued)

28. Other disclosures required (continued)

The reporting unit did not have another entity administer the financial affairs of the reporting unit

The reporting unit has not made a payment to a former related party of the reporting unit

The reporting unit did not transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity.

The reporting unit has not received any other revenue from another reporting unit.

The reporting unit does not have a receivable with another reporting unit.

The reporting unit does not have a payable with another reporting unit.

**THE MOTOR TRADE ASSOCIATION
OF SOUTH AUSTRALIA INC.
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 MARCH 2021**

The Board of Management presents the expenditure report as required under subsection 255(2A) on The Motor Trade Association of SA Inc for the year ended 31 March 2021

Categories of expenditures	MTA		Consolidated	
	2021	2020	2021	2020
	\$	\$	\$	\$
Remuneration and other employment related costs and expenses - employees	6,418,537	6,319,421	26,261,533	24,911,331
Advertising	35,290	45,029	148,292	393,285
Operating costs	1,846,834	1,942,713	3,663,004	4,057,024
Donations to political parties	4,545	4,545	4,545	4,545
Legal Costs	9,835	20,269	41,470	20,269

Signature of designated officer:

Name and title of designated officer: Frank Agostino, Chairman

Dated: 25 August 2021

**THE MOTOR TRADE ASSOCIATION
OF SOUTH AUSTRALIA INC.
BOARD OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

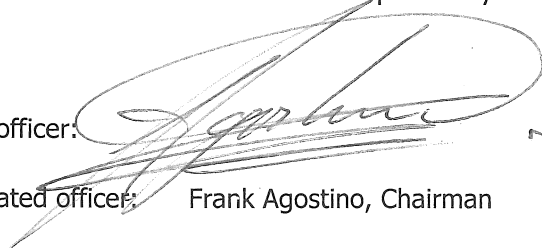
On 25th of August 2021 the Board of Management of the Motor Trade Association of SA Inc. passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 March 2021.

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);
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of, the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the 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 of the reporting unit or Commissioner duly made under Section 272 of the RO Act, that information has been provided to the member or Commissioner; 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.

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

Signature of designated officer:



Name and title of designated officer: Frank Agostino, Chairman

Dated: 25 August 2021

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 2020/2021 financial year;
- [ii] the Board of Management has reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due;
- [iii] that the Association has subsidiaries as detailed in the accounts; and;
- [iv] that the Association is not a trustee of a trust.

Signed pursuant to a resolution of the Board of Management.



Frank Agostino



Tom Skothos

Dated this 25th day of August 2021

**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)	2021	2020
	received or due and receivable, by	\$	\$
	officers of the Association.	-	-

Signed pursuant to a resolution of the Board of Management.



Frank Agostino



Tom Skothos

Dated this 25th day of August 2021

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INC

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Motor Trade Association of South Australia Inc (the reporting unit), which comprises the consolidated statement of financial position as at 31 March 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, the Statement and Report by the Board of Management and the subsection 255(2A) report.

In our opinion the accompanying financial report of the reporting unit, presents fairly, in all material respects the reporting unit's financial position as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and any other requirement imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Basis for opinion

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

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

Other information

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

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

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

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

Responsibilities of the Board of Management for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

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

This description forms part of our auditor's report.

Declaration by the auditor

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



BDO Audit (SA) Pty Ltd



Paul Gosnold
Director

Adelaide, 26 August 2021

Registration number (as registered by the RO Commissioner under the Act): AA2017/182

