



5 September 2018

Mr Frank Agostino
President
The Motor Trade Association of South Australia Incorporated

Dear Mr Agostino

Re: – The Motor Trade Association of South Australia Incorporated - financial report for year ending 31 March 2018 (FR2018/23)

I refer to the financial report of The Motor Trade Association of South Australia Incorporated. The documents were lodged with the ROC on 26 July 2018.

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

You are not required to take any further action in respect of the report lodged. Please note the report for year ending 31 March 2019 may be subject to an advanced compliance review.

Reporting requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. The new Reporting Guidelines are now available on the ROC website and any further information or updates on the guidelines will be provided through the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. Along with the new Reporting Guidelines, a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett
Financial Reporting
Registered Organisations Commission

THE MOTOR TRADE ASSOCIATION OF SOUTH AUSTRALIA INCORPORATED

s. 268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 March 2018

I, FRANK AGOSTINO being the President of The Motor Trade Association of South Australia Inc. certify:

- that the documents lodged herewith are copies of the full report for The Motor Trade Association of South Australia Inc. for the period ended 31 March 2018 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 3 July 2018; and
- that the full report was presented to a general meeting of members of the reporting unit on Tuesday, 24 July 2018 in accordance with s.66 of the Fair Work (Registered Organisations) Act 2009.



Signature of prescribed designated officer

FRANK AGOSTINO

Name of prescribed designated officer

PRESIDENT

Title of prescribed designated officer

24 July 2018

Dated



The Motor Trade Association of SA Inc.

ABN 65 767 492 138

Consolidated Financial Report

For the year ended

31 March 2018

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 2018.

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

Neville Gibb	Phillip Turner	
Clive Polley	Mark Flynn	
Peter Roberts	David Vincent	
Ron Lewis	Marcus Baldacchino	
Colin Butcher	Mark McGuire	
Jeff Williams	Robert Duns	
Bill Lane	Frank Agostino	1 April 2017 - 24 April 2017, 18 July 2017 - Current
Brenton Stein	John Hitchcock	18 July 2017 – Current
Dale John	Brenton Caddle	1 April 2017 - 18 July 2017
Kim Webber	Craig Gough	1 April 2017 - 18 July 2017
Tracy Butler		

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 2018.

Statement of profit or loss and other comprehensive income

The Associations deficit from ordinary activities in the financial year ended 31 March 2018 was \$171,252, (2017: surplus \$240,387) and for the Consolidated Entity deficit of \$560,605, (2017: surplus of \$286,884).

Statement of Financial Position

Equity decreased to \$10,457,685 (2017 \$10,628,937) for the Association and decreased to \$19,545,692, (2017 \$20,106,297) for the Consolidated Entity.

The Association's cash flow from operating activities was \$217,367 (2017 \$582,763) and the Consolidated Entity \$397,121 (2017 \$1,066,058).

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 1,173 members including 93 associate members of the Motor Trade Association of SA Inc, (2017: 1,092). Associate members receive limited services.

Staffing

The Association employed 56 staff at the end of the financial year, (2017: 50). The Consolidated Entity employed 545 staff at year end (2017: 476).

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 29th day of May 2018

**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 2018

	<i>Note</i>	MTA		Consolidated	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenue					
Membership subscriptions		1,390,187	1,342,508	1,390,187	1,342,508
Commissions		288,651	122,074	288,651	122,074
Member function income		29,895	33,865	29,895	33,865
Rental income	2(a)	1,593,649	1,610,886	1,018,749	1,047,886
Sales – print & stationery		254,479	222,115	192,730	161,901
Apprentice income		-	-	17,477,281	16,425,582
Industry support		-	-	16,364	21,682
Profit on sale of asset		-	-	-	5,778
Other revenue	2(b)	3,271,236	3,141,279	272,566	251,731
Total revenue		6,828,097	6,472,727	20,686,423	19,413,007
Other Income					
Grants	2(c)	-	-	2,809,301	2,636,743
Total other income		-	-	2,809,301	2,636,743
Total income		6,828,097	6,472,727	23,495,724	22,049,750
Administration expenses		627,476	549,369	1,367,883	1,087,081
Advertising		46,805	63,886	230,939	221,086
Advocacy		3,112	592	3,112	592
Affiliation fees	3(a)	157,500	157,500	157,500	157,500
Apprentice training fees		-	-	167,882	180,010
Conferences and meeting expenses	3(b)	70,172	51,565	70,172	51,565
Cost of sales – print & stationery		99,129	112,785	99,129	112,785
Depreciation		329,410	335,223	737,740	725,577
Donations	3(d)	9,830	3,660	9,830	3,660
Employee expenses	3(e)	4,554,648	4,231,358	20,213,456	18,577,443
Grant expenses	3(c)	-	-	-	-
Insurance		61,446	62,773	125,363	122,348
Legal costs	3(f)	28,765	14,529	33,270	14,529
Motor vehicle costs		21,376	20,244	68,790	75,883
Motor trade journal		19,610	13,944	19,610	13,944
Property expenses	3(g)	411,058	424,848	411,058	424,848
Telephone		51,011	60,215	76,625	103,115
Travel		19,467	15,007	33,242	36,188
Loss on sale of asset		43,207	404	39,165	-
Loss on Revaluation of Investment Properties		330,000	-	330,000	-
Costs from ordinary activities		6,884,022	6,117,902	24,194,766	21,908,154
Operating surplus/(deficit) from operating activities		(55,925)	354,825	(699,042)	141,596
Net finance income	2(d)	(115,327)	(114,438)	138,437	145,288
Surplus for the period		(171,252)	240,387	(560,605)	286,884
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		(171,252)	240,387	(560,605)	286,884

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 2018

	<i>Note</i>	MTA		Consolidated	
		2018	2017	2018	2017
		\$	\$	\$	\$
Accumulated Surplus:					
Opening accumulated surplus		9,689,653	9,449,266	19,167,013	18,880,129
Transfer from reserve on disposal		939,284	-	939,284	-
Surplus/(deficit) for the period		(171,252)	240,387	(560,605)	286,884
Closing accumulated surplus/(deficit)		10,457,685	9,689,653	19,545,692	19,167,013
 <u>Other comprehensive income</u>					
Items that will not be reclassified to profit or loss		-	-	-	-
<u>Total comprehensive income for the period</u>		(171,252)	240,387	(560,605)	286,884
Opening balance - fair value reserve		939,284	939,284	939,284	939,284
Transfer to accumulated surplus on disposal		(939,284)	-	(939,284)	-
Closing balance - fair value reserve		-	939,284	-	939,284
Total equity at the end of the year		10,457,685	10,628,937	19,545,692	20,106,297

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 2018

		MTA		Consolidated	
	<i>Note</i>	2018	2017	2018	2017
Assets		\$	\$	\$	\$
Cash	4	1,630,187	1,387,865	3,198,015	3,246,944
Trade and other receivables	5	764,582	609,718	2,108,720	1,854,044
Inventories	6	56,854	40,697	62,020	42,935
Investments	7	3,649,091	1,584,666	5,773,957	3,659,341
Total current assets		6,100,714	3,622,946	11,142,712	8,803,264
Trade and other receivables	5	-	-	-	-
Investments	7	-	2,066,508	-	2,066,508
Investment property	8	4,720,000	5,050,000	4,720,000	5,050,000
Property, plant and equipment	9	4,972,178	5,069,417	7,816,539	7,897,252
Total non-current assets		9,692,178	12,185,925	12,536,539	15,013,760
Total assets		15,792,892	15,808,871	23,679,251	23,817,024
Liabilities					
Trade and other payables	10	976,430	890,154	2,450,716	2,166,084
Employee benefits	11	772,267	670,027	1,621,106	1,449,663
Borrowings	12	1,000	1,000	1,000	1,000
Total current liabilities		1,749,697	1,561,181	4,072,822	3,616,747
Employee benefits	11	60,737	93,980	60,737	93,980
Borrowings	12	3,524,773	3,524,773	-	-
Total non-current liabilities		3,585,510	3,618,753	60,737	93,980
Total liabilities		5,335,207	5,179,934	4,133,559	3,710,727
Net assets		10,457,685	10,628,937	19,545,692	20,106,297
Equity					
Accumulated surplus		10,457,685	9,689,653	19,545,692	19,167,013
Fair value reserve		-	939,284	-	939,284
Total equity		10,457,685	10,628,937	19,545,692	20,106,297

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 2018**

	<i>Note</i>	MTA		Consolidated	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts from customers		7,375,481	7,126,634	25,632,059	24,304,522
Cash paid to suppliers and employees		(7,042,787)	(6,429,433)	(25,373,375)	(23,383,752)
Cash generated from operations		332,694	697,201	258,684	920,770
Interest expense		(193,863)	(193,863)	-	-
Interest received		74,036	48,425	133,937	113,788
Distribution from MTAA House		4,500	31,000	4,500	31,500
Net cash from operating activities	<i>13</i>	217,367	582,763	397,121	1,066,058
Cash flows from investing activities					
Payments for investments		(1,734,425)	(344,418)	(1,745,411)	(437,597)
Proceeds from settlement of investments		2,010,334	-	1,987,425	-
Payments for property, plant and equipment		(250,954)	(78,841)	(722,215)	(362,844)
Proceeds from sale of property, plant and equipment		-	-	34,151	62,634
Net cash from investing activities		24,955	(423,259)	(446,050)	(737,807)
Cash flows from financing activities					
Loans from external parties		-	-	-	-
Net cash from financing activities		-	-	-	-
Net increase in cash and cash equivalents		242,322	119,461	(48,929)	328,251
Cash and cash equivalents at 1 April		1,387,865	1,268,404	3,246,944	2,918,693
Cash and cash equivalents at 31 March	<i>4</i>	1,630,187	1,387,865	3,198,015	3,246,944

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 2018 comprises the Association and its subsidiaries (together referred to as the "Consolidated Entity").

The financial report was authorised for issue by the directors on 29th May 2018.

(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 2018 was a deficit of \$171,252 (2017: surplus of \$240,387) and a net current asset surplus of \$4,319,267 (2017: net current asset surplus of \$2,061,765). 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 \$217,367 (2017: \$582,763) 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>2017/18</u>	<u>2016/17</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.

(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.

(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.

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.

(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

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.

(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.

Notes to the consolidated financial statements (continued)

1. Significant accounting policies (continued)

(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.

(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 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.

(ii) AASB 15 Revenue from Contracts with customers

AASB 15 and AASB 1058 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 1004 Contributions, AASB 11 Construction Contracts and Interpretation 13 Customer Loyalty Programmes.

AASB 15 and AASB 1058 are effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted

The Consolidated Entity is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15 and AASB 1058.

Notes to the consolidated financial statements (continued)

(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.

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.

(iv) 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
2.a. Rental revenue				
Properties	1,593,649	1,610,886	1,018,749	1,047,886
	<u>1,593,649</u>	<u>1,610,886</u>	<u>1,018,749</u>	<u>1,047,886</u>
2.b. Other operating income				
Other services	5,352	6,978	179,259	120,351
Industrial services	93,307	131,380	93,307	131,380
Related party salaries and on costs recharge	2,366,577	2,199,921	-	-
Related party management fees	806,000	803,000	-	-
	<u>3,271,236</u>	<u>3,141,279</u>	<u>272,566</u>	<u>251,731</u>
2.c. Grants				
Government funds	-	-	2,809,301	2,636,743
	<u>-</u>	<u>-</u>	<u>2,809,301</u>	<u>2,636,743</u>
2.d. Net finance income				
Interest income	74,036	48,425	133,937	113,788
MTAA House distribution	4,500	31,000	4,500	31,500
Less related party interest ⁽¹⁾	(193,863)	(193,863)	-	-
Net Finance Income	<u>(115,327)</u>	<u>(114,438)</u>	<u>138,437</u>	<u>145,288</u>
⁽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	157,500	157,500	157,500	157,500
	<u>157,500</u>	<u>157,500</u>	<u>157,500</u>	<u>157,500</u>
3.b. Administration Expenses				
Fees/ allowances - meeting and conferences	-	-	-	-
Conferences and meeting expenses of members, councils, committees, panels or other bodies	70,172	51,565	70,172	51,565
	<u>70,172</u>	<u>51,565</u>	<u>70,172</u>	<u>51,565</u>
3.c. Grants				
Total paid that were \$1,000 or less	-	-	-	-
Total paid that exceeded \$1,000	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3.d. Donations				
Total paid that were \$1,000 or less	785	979	785	979
Total paid that exceeded \$1,000	9,045	2,681	9,045	2,681
	<u>9,830</u>	<u>3,660</u>	<u>9,830</u>	<u>3,660</u>

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
3.e. Employees Expenses				
<u> Holders of office </u>				
Other employee expenses	6,198	5,643	6,198	5,643
Employee expenses holders of office	6,198	5,643	6,198	5,643
<u> Employees other than office holders </u>				
Wages and Salaries	3,897,621	3,597,315	17,601,413	16,209,856
Superannuation	369,772	333,394	1,518,360	1,406,222
Leave and other entitlements	32,365	65,099	164,423	51,329
Separation and redundancies	30,838	21,998	30,838	21,998
Other employee expenses	217,854	207,909	892,224	882,395
Employee expenses holders of office	4,548,450	4,225,715	20,207,258	18,571,800
Total employee expenses	4,554,648	4,231,358	20,213,456	18,577,443
3.f Legal costs				
Other legal costs	28,765	14,529	33,270	14,529
	28,765	14,529	33,270	14,529
There has been no litigation expenditure and are no litigation claims				
3.g. Property Expenses				
Airconditioning	16,602	15,308	16,602	15,308
Cleaning	43,850	42,239	43,850	42,239
Fire	6,613	8,538	6,613	8,538
Landscaping	10,315	11,438	10,315	11,438
Lift	3,000	3,000	3,000	3,000
Rate and Taxes	247,293	241,118	247,293	241,118
Repairs and maintenance	41,041	42,129	41,041	42,129
Security	2,844	3,044	2,844	3,044
Property Management Fees	39,500	58,034	39,500	58,034
	411,058	424,848	411,058	424,848
4. Cash				
Cash and cash equivalents	1,630,187	1,387,865	3,198,015	3,246,944
	1,630,187	1,387,865	3,198,015	3,246,944

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
5. Trade and other receivables				
Current				
<u>Receivables from other controlled entities</u>				
- The MTA Group Training Scheme	495,541	405,078	-	-
- Retail Motor Trading Co. Pty Ltd	-	-	-	-
Total receivables from other controlled entities	495,541	405,078	-	-
<u>Other receivables</u>				
Trade and other receivables	251,583	185,683	2,030,064	1,786,729
Prepayments	17,458	18,957	98,656	87,315
/ess Provision for doubtful debts	-	-	(20,000)	(20,000)
Total other Receivables	269,041	204,640	2,108,720	1,854,044
Total trade and other receivables (net)	764,582	609,718	2,108,720	1,854,044
Non-current				
Loan due from controlled entity Retail Motor Trading Co. Pty Ltd	-	-	-	-
	-	-	-	-
6. Inventories				
Stationery	43,669	35,575	43,669	35,575
Printing	13,185	5,122	18,351	7,360
	56,854	40,697	62,020	42,935
7. Investments				
Current Investments				
Fixed term deposit	3,649,091	1,584,666	5,773,957	3,659,341
	3,649,091	1,584,666	5,773,957	3,659,341
<u>Details of Terms Deposits held</u>				
	Maturity	Amount		
		\$		
<u>Motor Trade Association of SA Inc</u>				
Commonwealth Bank	19-Jun-18	2,025,592		
Commonwealth Bank	28-Aug-18	1,623,499		
<u>MTA Group Training Scheme Inc</u>				
		\$		
Commonwealth Bank	16-Apr-18	681,333		
Commonwealth Bank	28-Aug-18	1,443,533		
Shares in Non-Listed Investments				
MTAA Superannuation Fund Pty Limited (ACN 008 650 628)		1	1	1
		1	1	1
Non-current Investments				
Units in MTAA House Unit Trust		-	2,066,508	-
Total Non-current Investments		-	2,066,508	-

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
8. Investment Property				
Balance at 1 April	5,050,000	5,050,000	5,050,000	5,050,000
Reclassification from property, plant and equipment	-	-	-	-
Acquisitions	-	-	-	-
Less: Accumulated depreciation	-	-	-	-
Less: Reduction on Revaluation	(330,000)	-	(330,000)	-
	<u>4,720,000</u>	<u>5,050,000</u>	<u>4,720,000</u>	<u>5,050,000</u>
Balance at 31 March				

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 capitalisation of income approach therefore recognised as Level 2 fair value in accordance with AASB 13 Fair Values Measurement.

46 Fullarton Road Norwood was valued by Mr. N Bell B.Bus (Property) FAPI of Knight Frank Valuations Pty Ltd at 31 March 2018 at a "willing buyer/seller" market value of \$3,000,000 which assumed a capitalisation rate of 6.25%.

3 Schenker Drive Royal Park was valued by Mr T Walker B.Bus (Property) AAPI of Knight Frank Valuations at 31 March 2018 at a "willing buyer/seller" market value of \$1,720,000 which assumed a capitalisation rate of 7.25%. The next valuation due is March 2019.

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment

	MTA				Total
	Land and buildings	Plant and equipment	Fixtures and fittings	Other	
Cost					
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)
Disposals	-	(167,597)	-	-	(167,597)
Balance at 31 March 2017	5,989,858	2,835,129	100,989	152,660	9,078,636
Balance at 1 April 2017	5,989,858	2,835,129	100,989	152,660	9,078,636
Acquisitions	-	194,568	-	56,384	250,952
Disposals	-	(880)	-	(51,312)	(52,192)
Balance at 31 March 2018	5,989,858	3,028,817	100,989	157,732	9,277,396
Depreciation and impairment losses					
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
Disposals	-	(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
Balance at 1 April 2017	2,105,919	1,756,012	62,947	84,341	4,009,219
Depreciation charge for the year	110,368	190,913	5,522	22,607	329,410
Disposals	-	(824)	-	(32,587)	(33,411)
Balance at 31 March 2018	2,216,287	1,946,101	68,469	74,361	4,305,218
Carrying amounts					
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
At 1 April 2017	3,883,939	1,079,117	38,042	68,319	5,069,417
At 31 March 2018	3,773,571	1,082,716	32,520	83,371	4,972,178

Notes to the consolidated financial statements (continued)

Property, plant and equipment (continued)

	Consolidated				
	Land and buildings	Plant and equipment	Fixtures and fittings	Other	Total
Cost					
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	<u>5,989,858</u>	<u>4,505,033</u>	<u>272,985</u>	<u>3,837,404</u>	<u>14,605,280</u>
Balance at 1 April 2017	5,989,858	4,505,033	272,985	3,837,404	14,605,280
Acquisitions	-	555,722	9,816	156,677	722,215
Disposals	-	(106,256)	(6,179)	(117,586)	(230,021)
Balance at 31 March 2018	<u>5,989,858</u>	<u>4,954,499</u>	<u>276,622</u>	<u>3,876,495</u>	<u>15,097,474</u>
Depreciation and impairment losses					
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	213,776	725,577
Adjustment	-	(8,797)	5,755	365	(2,677)
Disposals	-	(394,868)	(3,350)	(104,640)	(502,858)
Balance at 31 March 2017	<u>2,105,919</u>	<u>3,019,803</u>	<u>220,275</u>	<u>1,362,031</u>	<u>6,708,028</u>
Balance at 1 April 2017	2,105,919	3,019,803	220,275	1,362,031	6,708,028
Depreciation charge for the year	110,368	388,853	13,668	224,851	737,740
Disposals	-	(86,723)	(6,179)	(71,931)	(164,833)
Balance at 31 March 2018	<u>2,216,287</u>	<u>3,321,933</u>	<u>227,764</u>	<u>1,514,951</u>	<u>7,280,935</u>
Carrying amounts					
At 1 April 2016	3,994,307	1,636,833	71,765	2,619,715	8,322,620
At 31 March 2017	<u>3,883,939</u>	<u>1,485,230</u>	<u>52,710</u>	<u>2,475,373</u>	<u>7,897,252</u>
At 1 April 2017	3,883,939	1,485,230	52,710	2,475,373	7,897,252
At 31 March 2018	<u>3,773,571</u>	<u>1,632,566</u>	<u>48,858</u>	<u>2,361,544</u>	<u>7,816,539</u>

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 valued by Mr. N Bell B.Bus (Property) FAPI of Knight Frank Valuations Pty Ltd at 31 March 2018 using a capitalisation of income approach using a rate of 7.50% at a "willing buyer/seller" market value of \$6,750,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement.

3 Frederick Road Royal Park was valued by Mr. T Walker B.Bus (Property) AAPI of Knight Frank Valuations at 31 March 2018 using a capitalisation of income approach using a rate of 8.50% at a "willing buyer/seller" market value of \$6,250,000. The valuation constitutes a level 2 fair value in accordance with AASB 13 Fair Value Measurement

The next valuation due is March 2021.

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
10. Trade and other payables				
Subscriptions in advance	179,917	121,603	179,917	121,603
Other trade payables	728,227	751,443	2,270,799	2,044,481
Consideration to employers for payroll deductions	-	-	-	-
Legal costs	-	-	-	-
Subtotal trade creditors	908,144	873,046	2,450,716	2,166,084
<u>Payable to other controlled entities</u>				
The MTA Group Training Scheme Inc.	68,286	17,108	-	-
Subtotal payables to other controlled entities	68,286	17,108	-	-
Total trade payables	976,430	890,154	2,450,716	2,166,084
11. Employee benefits				
Current				
<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	292,315	273,148	1,141,067	1,049,342
Long service leave	540,689	490,859	540,689	490,859
Other	-	-	87	3,442
Employee provisions - other than office holders	833,004	764,007	1,681,843	1,543,643
Total Employee provisions	833,004	764,007	1,681,843	1,543,643
Current	772,267	670,027	1,621,106	1,449,663
Non Current	60,737	93,980	60,737	93,980
Total Employee provisions	833,004	764,007	1,681,843	1,543,643
12. 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

Notes to the consolidated financial statements (continued)

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

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash and cash equivalents				
Cash on hand	1,630,187	1,387,865	3,198,015	3,246,944
Total cash & cash equivalents	1,630,187	1,387,865	3,198,015	3,246,944
Cash flows from operating activities				
Profit for the period	(171,252)	240,387	(560,605)	286,884
<i>Adjustments for:</i>				
(Profit)/Loss on disposal	43,207		39,165	
		401		
Non-cash interest earned on investments	-	-	-	-
Non-cash interest payable on related party loans	-	-	-	-
Depreciation	329,410	335,233	737,740	725,577
Impairment loss on trade and other receivables				
Government asset contribution	-	-	-	-
Operating profit before changes in working capital and provisions	201,365	576,021	216,300	1,012,461
(Increase)/decrease in trade and other receivables	(123,114)	6,031	(222,926)	25,270
(Increase)/decrease in inventories	(16,157)	12,973	(19,085)	13,889
(Decrease)/increase in trade and other payables	86,276	11,827	284,632	29,580
Decrease in provisions and employee benefits	68,997	(24,079)	138,200	(15,142)
Cash generated from the operations	217,367	582,773	397,121	1,066,058

Financing Facilities

A Line of Credit facility of \$1,000,000 (2017 - \$1,000,000), is available to the Motor Trade Association of South Australia at 31 March 2018. At that date, \$1,000 of this facility was in use (2017 - \$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

	MTA		Consolidated	
	2018	2017	2018	2017
Cash inflows				
MTA Group Training Scheme Inc	3,718,763	3,626,135	-	-
Retail Motor Trading Co. Pty Ltd	-	-	-	-
Total Cash inflows	3,718,763	3,626,135	-	-
Cash outflows				
MTA Group Training Scheme Inc	(225,932)	(240,407)	-	-
Total Cash inflows	(225,932)	(240,407)	-	-

Notes to the consolidated financial statements (continued)

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
14. Contingencies				
Estimates of the maximum amount of contingent liabilities that may become payable	379,000	372,000	2,122,100	1,919,100

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 \$1,743,000 (2017:\$1,675,000), whilst the cost to the Association for training staff entitlements would be \$379,000 (2017:\$372,000). The likelihood of realisation of contingencies and payout is considered remote based of recent period actual payments and expectations of future periods.

15. Consolidated Entities

	Principal Activity	Country of Incorporation	Australian Business Number	Ownership Interest	
				2018	2017
Parent entity					
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.

16. Related party transactions

The Associations transactions receivable from MTA Group Scheme
Statement of Comprehensive Income

	2018	2017
	\$	\$
Management Fees	806,000	803,000
Staff Salaries and on costs	2,366,577	2,199,921
Rental of 3 Frederick Road	574,900	563,000
Printing sales	61,749	60,214
Staff Training	-	-
Provision of services for governments grants	-	0
	<u>3,809,226</u>	<u>3,626,135</u>

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

Statement of Comprehensive Income

	2018	2017
	\$	\$
Interest on Loan of \$3,524,773 payable to MTA Group Training Scheme)	(193,863)	(193,863)
	<u>(193,863)</u>	<u>(193,863)</u>

Notes to the consolidated financial statements (continued)

<u>Statement of Financial Position</u>	2018	2017
	\$	\$
Trade and other receivables	495,541	405,078
Trade and other payables	(68,286)	(17,108)
Borrowings	(3,524,773)	(3,524,773)
	<u>(3,097,518)</u>	<u>(3,136,803)</u>

<u>Statement of Financial Position</u>	2018	2017
	\$	\$
Borrowings	-	-
	<u>-</u>	<u>-</u>

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.

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

17. Key management personnel for the reporting period

	MTA		Consolidated	
	2018	2017	2018	2017
	\$	\$	\$	\$
<u>Short term employee benefits</u>				
Salary (including annual leave taken)	906,274	865,498	906,274	865,498
Annual leave accrued	116,437	74,145	116,437	74,145
Performance Bonus	-	-	-	-
other major categories)	-	-	-	-
Total employee provisions	<u>1,022,711</u>	<u>939,643</u>	<u>1,022,711</u>	<u>939,643</u>
<u>Post - employment benefits</u>				
Superannuation	90,692	82,220	90,692	82,220
Total post- employment benefits	<u>90,692</u>	<u>82,220</u>	<u>90,692</u>	<u>82,220</u>
<u>Other long term benefits</u>				
Long service leave	-	-	-	-
Total post- employment benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Termination benefits</u>				
Termination	-	-	-	-
Total termination benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

18. Remuneration to Auditors

<u>Value of services to Auditors</u>				
Financial statement audit services	19,895	19,429	40,458	40,804
Other assurance services	-	-	-	-
Tax services	-	5,504	-	5,504
Advisory Services	18,327	-	18,327	-
Total remuneration to auditors	<u>38,222</u>	<u>24,933</u>	<u>58,785</u>	<u>46,308</u>

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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash and Cash Equivalents	1,630,187	1,387,865	3,198,015	3,246,944
Trade and other receivables - current	732,832	609,718	2,076,970	1,854,044
Investments - current	3,649,091	1,584,666	5,773,957	3,659,341
Investments - non current	31,750	2,066,508	31,750	2,066,508
Trade and other receivables - non current	-	-	-	-
	<u>6,043,860</u>	<u>5,648,757</u>	<u>11,080,692</u>	<u>10,826,837</u>

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

	MTA				Consolidated			
	2018		2017		2018		2017	
	\$	\$	\$	\$	\$	\$	\$	\$
	Carrying Value	Provision	Net Value	Net Value	Carrying Value	Provision	Net Value	Net Value
Current	710,921	-	710,921	587,807	1,997,429	(20,000)	1,977,429	1,754,503
Past Due 0-30 days	5,159	-	5,159	5,159	78,482	-	78,482	78,482
Past Due 31-60 days	2,278	-	2,278	2,278	3,921	-	3,921	3,921
Past Due 61- 90 days	3,405	-	3,405	3,405	5,156	-	5,156	5,156
More than 90 days	11,069	-	11,069	11,069	11,982	-	11,982	11,982
	<u>732,832</u>	<u>-</u>	<u>732,832</u>	<u>609,718</u>	<u>2,096,970</u>	<u>(20,000)</u>	<u>2,076,970</u>	<u>1,854,044</u>

Notes to the consolidated financial statements (continued)

b. Market Risk

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

(i) Exposure to interest rate risk

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

(i) Exposure to Interest Rate Risk

		MTA		Consolidated	
		2018	2017	2018	2017
		\$	\$	\$	\$
Cash and Cash Equivalents	4	1,630,187	1,387,865	3,198,015	3,246,944
Investments - current	7	3,649,091	1,584,666	5,773,957	3,659,341
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)	-	-
		<u>1,753,505</u>	<u>(553,242)</u>	<u>8,970,972</u>	<u>6,905,285</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 2018				
Cash and Cash Equivalents	16,302	(16,302)	16,302	(16,302)
Investments - current	36,491	(36,491)	36,491	(36,491)
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>17,536</u>	<u>(17,536)</u>	<u>17,536</u>	<u>(17,536)</u>
31 March 2017				
Cash and Cash Equivalents	13,879	(13,879)	13,879	(13,879)
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
	<u>(5,533)</u>	<u>5,533</u>	<u>(5,533)</u>	<u>5,533</u>
	Consolidated			
	Profit and Loss		Equity	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
31 March 2018				
Cash and Cash Equivalents	31,980	(31,980)	31,980	(31,980)
Investments - current	57,740	(57,740)	57,740	(57,740)
Commonwealth mortgage on 3 Schenker Drive	(10)	10	(10)	10
	<u>89,709</u>	<u>(89,709)</u>	<u>89,709</u>	<u>(89,709)</u>
31 March 2017				
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
	<u>69,052</u>	<u>(69,052)</u>	<u>69,052</u>	<u>(69,052)</u>

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
	\$	\$	\$		\$	\$	\$	
31 March 2018								
Accounts payable	976,430	976,430	976,430	-	2,450,716	2,450,016	2,450,716	-
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>4,502,203</u>	<u>4,502,203</u>	<u>977,430</u>	<u>3,524,773</u>	<u>2,451,716</u>	<u>2,451,716</u>	<u>2,451,716</u>	<u>-</u>
31 March 2017								
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>

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 2018				
Cash and Cash Equivalents	1,630,187	1,630,187	3,198,015	3,198,015
Trade and other receivables - current	732,832	732,832	2,076,970	2,076,970
Short Term Bank Secured Investments	3,649,091	3,649,091	5,773,957	5,773,957
Investments - non-current	31,750	31,750	31,750	31,750
Investments - Property	4,720,000	4,720,000	4,720,000	4,720,000
Trade and other payables	(976,430)	(976,430)	(2,450,716)	(2,450,716)
Receivables due to other controlled entities non-current	(3,524,773)	(3,524,773)	-	-
	<u>6,262,657</u>	<u>6,262,657</u>	<u>13,349,976</u>	<u>13,349,976</u>

Notes to the consolidated financial statements (continued)

31 March 2017	MTA		Consolidated	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
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
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>

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).

31 March 2018	Date of Valuation	MTA			Consolidated		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value							
Cash and Cash Equivalents	31-Mar-18	1,630,187	-	-	3,198,015	-	-
Trade and other receivables - current	31-Mar-18	732,832	-	-	2,076,970	-	-
Investments - current	31-Mar-18	3,649,091	-	-	5,773,957	-	-
Investments - non-current	31-Mar-18	-	31,750	-	-	31,750	-
Investments - Property	31-Mar-18	-	4,720,000	-	-	4,720,000	-
Retail Motor Trading Co Pty Ltd Loan non-current	31-Mar-18	-	-	-	-	-	-
TOTAL		<u>6,012,110</u>	<u>4,751,750</u>	<u>-</u>	<u>11,048,942</u>	<u>4,751,750</u>	<u>-</u>
Liabilities measured at Fair Value							
Trade and other payables	31-Mar-18	976,430	-	-	2,450,716	-	-
Receivables due to other controlled entities non-current	31-Mar-18	3,524,773	-	-	-	-	-
TOTAL		<u>4,501,203</u>	<u>-</u>	<u>-</u>	<u>2,450,716</u>	<u>-</u>	<u>-</u>

Notes to the consolidated financial statements (continued)

31 March 2017	Date of Valuation	MTA			Consolidated		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
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		<u>3,582,249</u>	<u>7,116,508</u>	<u>-</u>	<u>8,760,329</u>	<u>7,116,508</u>	<u>-</u>
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		<u>4,414,927</u>	<u>-</u>	<u>-</u>	<u>2,166,084</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;

	2018	2017
Less than one year	707,148	615,138
Between one and five years	1,060,276	1,385,708
More than five years	-	-
	<u>1,767,424</u>	<u>2,000,846</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 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).

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:

Neville Gibb	Phillip Turner	
Clive Polley	Mark Flynn	
Peter Roberts	David Vincent	
Ron Lewis	Marcus Baldacchino	
Colin Butcher	Mark McGuire	
Jeff Williams	Robert Duns	
Bill Lane	Frank Agostino	1 April 2017 - 24 April 2017, 18 July 2017 - Current
Brenton Stein	John Hitchcock	18 July 2017 – Current
Dale John	Brenton Caddle	1 April 2017 - 18 July 2017
Kim Webber	Craig Gough	1 April 2017 - 18 July 2017
Tracy Butler		

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

Neville Gibb	Ron Lewis	
Clive Polley	Colin Butcher	
Peter Roberts	Frank Agostino	1 April 2017 - 24 April 17, 18 July 2017 - Current

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 has not received revenue for;

- Capitation fees
- Donations
- Compulsory levies

The reporting unit has not 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 29th of May 2018 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 2018.

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 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 Registered Organisations 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.

Signature of designated officer:



Name and title of designated officer: Neville Gibb, Past President

Dated: 29 May 2018

**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 2017/2018 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 29th day of May 2018

**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) received or due and receivable, by officers of the Association.	2018 \$ -	2017 \$ -
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Signed pursuant to a resolution of the Board of Management.



Clive Polley

Neville Gibb



Dated this 29th day of May 2018



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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 2018, 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 2018 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 2018 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 2018, 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 of 'BDO' in a cursive, stylized font.

BDO Audit (SA) Pty Ltd

A handwritten signature of 'Paul Gosnold' in a cursive, stylized font.

Paul Gosnold
Director

Registered company auditor (310046)

Approved Auditor (FWC Act and Regulations)

Adelaide, 8 June 2018



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.

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