MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Motor Trades Association of Queensland Industrial Organisation of Employers (the reporting unit), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and Officer Declaration Statement.

In our opinion the accompanying financial report of Motor Trades association of Queensland Industrial Organisation of Employers, presents fairly, in all material respects the reporting unit's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and any other requirement imposed by these Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Basis for opinion

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

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

Other information

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

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

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

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

Responsibilities of the Committee of Management for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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

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

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

This description forms part of our auditor's report.

Declaration by the auditor

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

BDO Audit Pty Ltd

BDO

D P Wright
Director

Brisbane, 21 September 2018

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

REPORT REQUIRED UNDER SUBSECTION 255(2A)

FOR THE YEAR ENDED 30TH JUNE 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30th June 2018.

Categories of expenditures	1 July 2017 to 30 June 2018	7 Dec 2016 to 30 June 2017
	$	$
Remuneration and other employment-related costs and expenses - employees	6,017,856	3,680,922
Advertising	207,402	55,805
Operating costs	2,223,027	1,511,621
Donations to political parties	-	-
Legal costs	20,230	14,150

Paul John Peterson

Secretary

Dated: 21st September 2018

OPERATING REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

The Committee of Management presents its operating report on the Reporting Unit for the year ended 30th June 2018.

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

(a) The federal reporting unit operates as an organisation of employers registered under the Fair Work (Registered Organisations) Act 2009 (Cth).

(b) The principal activities of the federal reporting unit fell into the following categories:

- To promote, advance and protect the interest of the motor vehicle industry and associated trades or businesses in Queensland and to conserve the interest of Members;
- To advocate, advance and protect the interests of employers connected with the motor vehicle industry and associated trades or businesses in Queensland;
- To consider and deal with any questions relevant to the motor vehicle industry and associated trades or businesses;
- To participate in, promote and encourage all forms of education and training supportive of the development of the motor vehicle industry and associated trades or businesses in Queensland; and
- To do any such other lawful things as may appear to be incidental or conducive to the above objects of any of them.

(c) There have been no significant changes in the nature of the principal activities of the federal reporting unit in the financial year ending 30 June 2018.

(d) The federal reporting unit has achieved satisfactory results from the above activities.

Significant changes in financial affairs

There was a significant change to the financial activities of the federal reporting unit for the financial year ended on 30 June 2017 because on the 6th December 2016 the associated State body was deregistered and all assets and liabilities were transferred over to the Federal Body, therefore the figures reported for the prior period are for 7 months compared to the 2018 figures comprising of 12 months.

Right of members to resign

(a) A Member may resign from MTA Queensland upon giving written notice of the Member's intention to do so, addressed and delivered to the Secretary of MTA Queensland.

(b) A notice of termination from MTA Queensland takes effect:

(i) where the Member ceases to be eligible to become a Member of MTA Queensland:

(a) on the day on which the notice is received by the Member; or

(b) on the day specified in the notice, which is a day not earlier than the day when the Member ceases to be eligible to become a Member; whichever is later; or

(ii) in any other case:

(a) at the end of two (2) weeks after the notice is received by the Member; or

(b) on the day specified in the notice, whichever is later.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

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

Number of members

The number of members recorded on the register of members as at 30 June 2018 was 1,209.

Number of employees

The federal reporting unit had 58 employees as at 30 June 2018.

Names of Committee of Management members and period positions held during the financial year

For the year of 1 July 2017 to 30 June 2018 the federal reporting unit's Committee of Management comprised of the following persons:

Name of officer (*in full*)	Position	Period
David Keith Fraser	Chairman MTAQ Chairman Qld Farm & Industrial Machinery Dealers Division	1 July 2017 to 30 June 2018
Mark Bryers	Vice Chairman MTAQ Board Member MTAQ Chairman Engine Reconditioners Association of Qld	1 July 2017 to 30 June 2018
Paul John Peterson	Secretary MTAQ Chairman Qld Motorcycle Industry Division	1 July 2017 to 30 June 2018
Benjamin Russell Chesterfield	Board Member MTAQ Chairman National Auto Collision Alliance	1 July 2017 to 30 June 2018
Rodney Graham Pether	Board Member MTAQ North Qld District Representative	1 July 2017 to 30 June 2018
Brad Collett	Board Member MTAQ Chairman Tyre and Undercar Division	1 July 2017 to 30 June 2018
Mark David Dodge	Board Member MTAQ Far North Qld District Representative Chairman Automotive Engineers Division	1 July 2017 to 30 June 2018
James Sturgess	Board Member MTAQ Chairman Australian Automotive Dealers Association Qld	1 July 2017 to 30 June 2018
Lawrence John Beacham	Board Member MTAQ Chairman Automotive Parts Recyclers Division	1 July 2017 to 30 June 2018
Peter Dever	Board Member MTAQ Chairman Automotive Remarketing Division	9 November 2017 to 30 June 2018
Christopher Andrew Ching	Board Member MTAQ Chairman Rental Vehicle Industry Division	1 July 2017 to 9th November 2017
Grant Harrison	Board Member MTAQ Chairman Rental Vehicle Industry Division	9 November 2017 to 30 June 2018
Timothy Joseph Kane	Board Member MTAQ Chairman Service Station and Convenience Store Association Qld	1 July 2017 to 30 June 2018
James William George Robertson	Board Member MTAQ Central District Representative	1 July 2017 to 30 June 2018

Secretary Dated: 21st September 2018

COMMITTEE OF MANAGEMENT STATEMENT

On 21/09/ 2018 the MTA Queensland Board of *Motor Trades Association of Queensland Industrial Organisation of Employers* passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2018:

The MTA Queensland Board declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

   (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a 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 a branch concerned; and

   (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

   (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

   (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

   (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

Signed on behalf of the Committee of Management:

David Fraser	**Paul Peterson**
Chairman	Secretary
21st September 2018 Brisbane	21st September 2018 Brisbane

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Revenue			
Membership subscription*		1,161,134	655,858
Interest	3A	60,058	15,801
Training Services		6,902,737	4,071,527
Other revenue		673,367	495,358
Total revenue		**8,797,296**	**5,238,544**
Other Income			
Grants and/or donations*	3B	483,819	-
Net gains from sale of assets	3C	44,094	-
Total other income		**527,913**	**-**
Total income		**9,325,209**	**5,238,544**
Expenses			
Employee expenses	4A	(6,017,856)	(3,680,922)
Administration expenses	4B	(1,591,097)	(805,453)
Grants or donations	4C	(182)	-
Depreciation and amortisation	4D	(441,992)	(200,933)
Finance costs	4E	(6,285)	(3,821)
Legal costs	4F	(20,230)	(14,150)
Audit fees	14	(58,118)	(25,382)
Write-down and impairment of assets	4G	-	(186,083)
Insurance		(62,687)	(40,091)
Motor vehicle		(269,105)	(192,126)
Cost of goods sold		(449,240)	(318,291)
Total expenses		**(8,916,792)**	**(5,467,252)**
Surplus (deficit) for the year		**408,417**	**(228,708)**
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Revaluation of available for sale investments		79,636	78,134
Total comprehensive income for the year		**488,053**	**(150,574)**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	30 June 2018 $	30 June 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	4,560,952	2,221,673
Trade and other receivables*	5B	2,305,869	1,669,114
Asset held for sale	5C	-	1,995,000
Inventory		52,753	66,634
Other current assets	5D	213,795	158,775
Total current assets		**7,133,369**	**6,111,196**
Non-Current Assets			
Land and buildings	6A	7,759,637	7,945,108
Plant and equipment	6B	860,107	738,671
Intangibles	6C	55,755	59,746
Other investments	6D	1,924,683	1,771,078
Total non-current assets		**10,600,182**	**10,514,603**
Total assets		**17,733,551**	**16,625,799**
LIABILITIES			
Current Liabilities			
Trade payables*	7A	408,306	586,164
Other payables*	7B	1,988,683	1,261,645
Employee provisions	8A	708,235	594,904
Total current liabilities		**3,105,224**	**2,442,713**
Non-Current Liabilities			
Employee provisions	8A	89,092	131,904
Total non-current liabilities		**89,902**	**131,904**
Total liabilities		**3,194,316**	**2,574,617**
Net assets		**14,539,235**	**14,051,182**
EQUITY			
General funds	10A	313,716	234,080
Retained earnings (accumulated deficit)		14,225,519	13,817,102
Total equity		**14,539,235**	**14,051,182**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	General Funds $	Retained earnings $	Total equity $
Balance as at 1 July 2016		-	-	-
Transfer of net assets upon deregistration with Industrial Relations Act 2016	17	155,946	14,045,810	14,201,756
Surplus / (deficit)		-	(228,708)	(228,708)
Other comprehensive income		78,134	-	78,134
Closing balance as at 30 June 2017		**234,080**	**13,817,102**	**14,051,182**
Balance as at 1 July 2017		234,080	13,817,102	14,051,182
Surplus / (deficit)		-	408,417	408,417
Other comprehensive income		79,636	-	79,636
Closing balance as at 30 June 2018		**313,716**	**14,225,519**	**14,539,235**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Cash Flows From Operating Activities			
Receipts from customers		10,266,819	5,838,575
Dividends received		73,204	24,117
Finance costs paid		(6,285)	(3,821)
Interest received		60,058	15,801
Payments to suppliers and employees		(9,542,130)	(5,338,046)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	11A	**851,666**	**536,626**
Cash Flows From Investing Activities			
Proceeds from sale of investments		1,995,000	328,467
Payment for property, plant and equipment		(433,416)	(80,613)
Payments for Investments		(73,971)	(396,621)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**1,487,613**	**(148,767)**
Net Increase / (Decrease) in cash and cash equivalents		2,339,279	387,859
Cash and cash equivalents at the beginning of the period		2,221,673	1,833,814
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5A	**4,560,952**	**2,221,673**

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

INDEX TO THE NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

In the prior year, MTAQ held dual registration, i.e. registered under the Fair Work (Registered Organisation) Act 2009 and Industrial Relations Act 2016. MTAQ deregistered from Industrial Relations Act 2016 on 6 December 2016. Accordingly, the assets and liabilities were transferred to across at their book value to the federally registered organisation upon deregistration and the profit or loss numbers are for the period 7 December 2016 to 30 June 2017. No assets or liabilities were acquired from an amalgamation, restructure, determination under s245 or revocation under s249.

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

1.2 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.3 Significant accounting judgements and estimates

There have been no accounting assumptions or estimates identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*, which makes amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

  Adoption of this amendment did not have impact on the Motor Trades Association of Queensland Industrial Organisation of Employers.

- AASB 2016-2 *Amendment to Australian Accounting Standards – Disclosure Initiative Amendments to AASB 107,* which amends AASB 107 *Statement of Cash Flows* (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and no-cash changes.

  Adoption of this amendment did not have impact on the Motor Trades Association of Queensland Industrial Organisation of Employers.

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities, which amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 Fair Value Measurement [under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets] no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136.

  Adoption of this amendment did not have impact on the Motor Trades Association of Queensland Industrial Organisation of Employers.

- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle, which clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

  Adoption of this amendment did not have impact on the Motor Trades Association of Queensland Industrial Organisation of Employers.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on Motor Trades Association of Queensland Industrial Organisation of Employers include:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments, and the relevant amending standards The new standard introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially - changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2019	30 June 2020
AASB 15 Revenue from Contracts with Customers The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when contour of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	1 January 2019	30 June 2020
AASB 16 Leases AASB 16 requires almost all leases to be recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	1 January 2020	30 June 2021
AASB 1058 Income of Not-for-Profit Entities On 20 December 2016, the Australian Accounting Standards Board (AASB) issued the highly anticipated new Accounting Standard AASB 1058 Income of Not-for-Profit Entities. The standard establishes principles and guidance that apply to:	1 January 2019	30 June 2020

• Transactions where the consideration to acquire an asset is significantly less than fair value principally to enable an NFP entity to further its objectives • The receipt of volunteer services. On initial recognition of an asset received by a NFP entity, any related amounts including contributions by owners, liabilities or revenue, are to be recognised in accordance with other Australian Accounting Standards. This includes the additional new Accounting Standards AASB 15 Revenue from Contracts with Customers (for which the application date has been deferred to 1 January 2019 for NFP entities) and AASB 16 Leases (for which the application date is also 1 January 2019). Refer to commentary below on these standards. The combined operation of AASB 15 and AASB 1058 provides specific guidance for NFP entities on the principles for recognising various forms of income.		

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

Motor Trades Association of Queensland Industrial Organisation of Employers (MTAQ) did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) of the *Fair Work (Registered Organisations) Act 2009* or subsection 249(1) of the *Fair Work (Registered Organisations) Act 2009.*

1.6 Revenue

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

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

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

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

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

1.7 Government grants

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

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

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

1.8 Gains

Sale of assets

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

1.9 Capitation fees and levies

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

1.10 Employee benefits

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

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

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

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

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

1.11 Leases

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

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

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

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

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

1.12 Borrowing costs

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

1.13 Cash

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

1.14 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.15 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.16 Financial Liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. Financial liabilities are recognised and derecognised upon ‘trade date’.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses’ line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1.17 Contingent Liabilities and Contingent Assets

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

1.18 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

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

Revaluations—Land and Buildings

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

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

Depreciation

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

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

	2018	2017
Buildings	40 years	40 years
Plant and equipment	2 to 7 years	2 to 7 years
Motor Vehicles	3 years	3 years
Leased Assets	5 years	5 years
Fixture and Fittings	5 years	5 years

Derecognition

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

1.19 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.20 Intangibles

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

	2018	2017
Intangibles	**1 to 3 years**	**1 to 3 years**

Derecognition

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

1.21 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

1.22 Non-current assets held for sale

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

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

1.23 Taxation

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

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

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

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

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

1.24 Fair value measurement

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

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

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

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

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

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

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

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

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

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

1.25 Going concern

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

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

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2018 and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Motor Trades Association of Queensland Industrial Organisation of Employers.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
	$	$
Note 3 Income		
Note 3A: Interest		
Deposits	60,058	15,801
Total interest	**60,058**	**15,801**
Note 3B: Grants or donations*		
Grants	483,819	-
Donations	-	-
Total grants or donations	**483,819**	**-**
Note 3C: Net gains from sale of assets		
Intangibles	83,018	-
Plant and equipment	(38,924)	-
Total net gains from sale of assets	**44,094**	**-**
Note 4 Expenses		
Note 4A: Employee expenses*		
Holders of office:		
Wages and salaries	822,103	612,575
Superannuation	92,435	53,356
Leave and other entitlements	24,096	50,941
Separation and redundancies	-	-
Other employee expenses	22,279	-
Subtotal employee expenses holders of office	**960,913**	**716,872**
Employees other than office holders:		
Wages and salaries	4,480,300	2,112,211
Superannuation	495,254	378,100
Leave and other entitlements	46,423	232,060
Separation and redundancies	-	-
Other employee expenses	34,966	241,679
Subtotal employee expenses employees other than office holders	**5,056,943**	**2,964,050**
Total employee expenses	**6,017,856**	**3,680,922**

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
	$	$
Note 4B: Administration expenses		
Conference and meeting expenses*	1,621	1,713
Contractors/consultants	211,834	133,946
Office expenses	353,944	169,099
Information communications technology	226,315	102,912
Other	797,383	397,783
Total administration expenses	**1,591,097**	**805,453**
Note 4C: Grants or donations*		
Grants:		
Total paid that were $1,000 or less	-	-
Total paid that exceeded $1,000	-	-
Donations:		
Total paid that were $1,000 or less	182	-
Total paid that exceeded $1,000	-	-
Total grants or donations	**182**	**-**
Note 4D: Depreciation and amortisation		
Depreciation		
Land & buildings	185,470	108,191
Property, plant and equipment	208,002	77,678
Total depreciation	**393,472**	**185,869**
Amortisation		
Intangibles	48,520	15,064
Total amortisation	**48,520**	**15,064**
Total depreciation and amortisation	**441,992**	**200,933**

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
	$	$
Note 4E: Finance costs		
Finance leases	-	-
Overdrafts/loans	6,285	3,821
Unwinding of discount	-	-
Total finance costs	**6,285**	**3,821**
Note 4F: Legal costs*		
Litigation	-	-
Other legal costs	20,230	14,150
Total legal costs	**20,230**	**14,150**
Note 4G: Write-down and impairment of assets		
Asset write-downs and impairments of:		
Available for sale financial asset	-	186,083
Total write-down and impairment of assets	**-**	**186,083**
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	2,588,101	512,322
Cash on hand	700	700
Short term deposits	1,971,851	1,708,651
Total cash and cash equivalents	**4,560,952**	**2,221,673**
Note 5B: Trade and Other Receivables		
Trade Receivables	1,578,930	545,724
Less: Provision for doubtful debts	(31,594)	(40,193)
Total trade receivables (net)	**1,547,336**	**505,531**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
	$	$
Other receivables:		
Other trade receivables	758,533	1,163,583
Total other receivables	**758,533**	**1,163,583**
Total trade and other receivables (net)	**2,305,869**	**1,669,114**

Note 5C: Asset held for sale

Units in MTAA House Unit Trust at director's valuation	-	1,995,000
Total asset held for sale	**-**	**1,995,000**

Note 5D: Other Current Assets

Prepayments	213,795	158,775
Total other current assets	**213,795**	**158,775**

Note 6 Non-current Assets

Note 6A: Land and buildings

Land and buildings:		
at cost	8,981,209	8,981,209
accumulated depreciation	(1,221,572)	(1,036,101)
Total land and buildings	**7,759,637**	**7,945,108**

Reconciliation of Opening and Closing Balances of Land and Buildings

Book value - 1 July	**7,945,108**	**8,053,299**
Additions:		
By purchase	-	-
Depreciation expense	(185,471)	(108,191)
Disposals	-	-
Net book value 30 June	**7,759,637**	**7,945,108**

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	2,149,324	2,010,890
accumulated depreciation	(1,289,217)	(1,272,219)
Total plant and equipment	**860,107**	**738,671**

Reconciliation of Opening and Closing Balances of Plant and Equipment

Book value 1 July	**738,671**	**744,066**
Additions	369,473	72,383
Disposals	(40,036)	-
Impairment	-	-
Depreciation expense	(208,001)	(77,678)
Net book value 30 June	**860,107**	**738,671**

Note 6C: Intangibles

Computer software at cost:	104,275	74,810
accumulated amortisation	(48,520)	(15,064)
Total intangibles	**55,755**	**59,746**

Reconciliation of Opening and Closing Balances of Intangibles

Book Value - 1 July	**59,746**	**66,480**
Additions	65,055	8,330
Disposals	(20,526)	-
Amortisation	(48,520)	(15,064)
Net book value 30 June	**55,755**	**59,746**

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Note 6D: Other Investments		
Shares in MTAQ	-	1
Dalton Nicol Reid Portfolio	1,924,683	1,771,077
Total other investments	**1,924,683**	**1,771,078**

Note 7 Current Liabilities

Note 7A: Trade payables		
Trade creditors and accruals	408,306	586,164
Operating lease rentals	-	-
Subtotal trade creditors	**408,306**	**586,164**
Total trade payables	**408,306**	**586,164**

Settlement is usually made within 30 days.

Note 7A: Other payables		
Wages and salaries	49,176	-
Superannuation	-	-
Prepayments received/unearned revenue	1,816,824	1,186,240
GST payable	118,698	72,633
Other	3,985	2,772
Total other payables	**1,988,683**	**1,261,645**
Total other payables are expected to be settled in:		
No more than 12 months	1,988,683	1,261,645
More than 12 months	-	-
Total other payables	**1,988,683**	**1,261,645**

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Note 8 Provisions		
Note 8A: Employee Provisions*		
Office-holders		
Annual leave	68,591	-
Long service leave	74,796	-
Separations and redundancies	-	-
Other employee matters	-	-
Subtotal employee provisions—office holders	**143,387**	**-**
Employees other than office holders:		
Annual leave	274,631	323,651
Long service leave	379,309	403,157
Separation and redundancy	-	-
Other employee matters	-	-
Subtotal employee provisions—employees other than office holders	**653,940**	**726,808**
Total employee provisions	**797,327**	**726,808**
Current	708,235	594,904
Non-Current	89,092	131,904
Total employee provisions	**797,327**	**726,808**

Note 9 Non-current Liabilities

Note 9A: Other non-current liabilities

Non-current liabilities	-	-
Total other non-current liabilities	**-**	-

Note 10 Equity

Note 10A: Funds

Reserves		
Balance as at start of year	**234,080**	**55,762**
Revaluation increments/(decrements) – Dalton Nicol Reid Portfolio	79,636	178,318
Balance as at end of year	**313,716**	**234,080**
Total Reserves	**313,716**	**234,080**

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $

Note 11 Cash Flow

Note 11A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Cash and cash equivalents as per:		
Cash flow statement	4,560,952	2,221,673
Balance sheet	4,560,952	2,221,673
Difference	-	-

Reconciliation of profit/(deficit) to net cash from operating activities:

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Profit/(deficit) for the year	408,417	(228,708)
Adjustments for non-cash items		
Depreciation/amortisation	441,992	200,933
Net write-down of available for sale financial assets	-	186,083
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(691,773)	(533,586)
(Increase)/decrease in Inventory	13,882	34,205
Increase/(decrease) in trade and other payables	608,629	887,235
Increase/(decrease) in provisions	70,519	(9,536)
Net cash from (used by) operating activities	**851,666**	**536,626**

Note 12 Contingent Liabilities, Assets and Commitments

Note 12A: Commitments and Contingencies

Operating lease commitments—as lessee

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

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

Within one year	144,763	110,895
After one period but not more than five years	148,308	130,459
More than five years	-	1,174
	293,071	**242,528**

Capital commitments

At 30 June 2018 the entity has commitments of $0 (2017: $0).

Other contingent assets or liabilities (i.e. legal claims)

There are no contingent liabilities as at 30 June 2018.

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
	$	$

Note 13 Related Party Disclosures

Note 13A: Related Party Transactions for the Reporting Period

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

Director fees paid during the reporting period were $80,474 (2018), $47,290 (2017)

Apart from the above, there are no other Related Party Transaction during the financial year ended 30 June 2018.

Names of Officers who held office during the year are:

David Fraser	Peter Dever
Paul Peterson	Chris Ching
Rodney Pether	Grant Harrison
Thomas Mangan	James Robertson
Mark Bryers	Allan Bonsall
Mark Dodge	Robert Lawrence
Ben Chesterfield	Timothy Kane
Lawrence Beacham	Brad Collett
Brad Collett	James Sturges

Note 13B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits		
Salaries (including annual leave taken)	822,103	612,575
Annual leave accrued	12,316	42,066
Other FBT	22,279	-
Performance bonus	-	-
Total short-term employee benefits	**856,698**	**654,641**
Post-employment benefits:		
Superannuation	92,435	53,356
Total post-employment benefits	**92,435**	**53,356**
Other long-term benefits:		
Long-service leave	11,780	8,875
Total other long-term benefits	**11,780**	**8,875**
Termination benefits	-	-
Total	**960,913**	**716,872**

Note 14 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	41,200	52,700*
Total remuneration of auditors	**41,200**	**52,700**

*Prior year remuneration of auditors includes an amount of $7,700 relating to the deregistration of the State body, the remainder of the auditors remuneration is the full year audit fees that has been prorated in the statement of profit or loss.

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

Note 15 Financial Instruments

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

Note 15A: Categories of Financial Instruments

	1 July 2017 to 30 June 2018 $	7 December 2016 to 30 June 2017 $
Financial assets		
Cash and cash equivalents	4,560,952	2,221,673
Trade and other receivables	2,305,869	1,669,114
Asset held for sale	-	1,995,000
Other current assets	213,795	158,775
Carrying amount of financial assets	**7,080,616**	**6,044,562**
Financial liabilities		
Trade payables	408,306	586,164
Other payables - unearned income	1,988,683	1,261,645
Carrying amount of financial liabilities	**2,396,989**	**1,847,809**

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
	$	$

Note 15B: Net Income and Expense from Financial Assets

Available for sale		
Interest revenue	1,137	526
Dividend revenue	72,832	36,779
Exchange gains/(loss)	-	-
Gain/loss recognised in equity	79,636	78,134
Amounts reversed from equity:		
Impairment	-	(186,083)
Fair value changes reversed on disposal	-	-
Gain/loss on disposal	83,018	-
Net gain/(loss) from available for sale	**83,018**	**(186,083)**

The net income/expense from financial assets not at fair value from profit and loss is $nil (2017: $nil).

Note 15C: Credit Risk

The maximum exposure to credit risk at balance date is as follows:

Trade Receivables	1,547,336	505,531
Total	**1,547,336**	**505,531**

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due not impaired 2018	Past due not impaired 2018	Not past due not impaired 2017	Past due not impaired 2017
	$	$	$	$
Trade Receivables	1,395,361	151,975	322,357	183,174
Total	**1,395,361**	**151,975**	**322,357**	**183,174**

Ageing of financial assets that were past due but not impaired for 2018

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$	$	$	$	$
Trade Receivables	-	33,592	21,071	97,312	151,975
Total	**-**	**33,592**	**21,071**	**97,312**	**151,975**

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$	$	$	$	$
Trade Receivables	63,808	33,798	30,767	54,801	183,174
Total	**63,808**	**33,798**	**30,767**	**54,801**	**183,174**

Note 15D: Liquidity Risk

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

Maturity Analysis – 30 June 2018

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years
	$	$	$	$	$
Financial Liabilities					
Trade and other payables	421,153	421,153	421,153	-	-

Maturity Analysis – 30 June 2017

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years
	$	$	$	$	$
Financial Liabilities					
Trade and other payables	586,164	586,164	586,164	-	-

Note 15E: Market Risk

Interest rate risk

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

	1 July 2017 to 30 June 2018	7 December 2016 to 30 June 2017
Change in profit/(loss)	$	$
- Increase in interest rate by 2%	(90,139)	(44,433)
-Decrease in interest rate by 2%	90,139	44,433

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged. No sensitivity analysis has been performed for foreign exchange risk, as the branch is not exposed to fluctuations in foreign exchange.

Note 16 Fair Value Measurement

Note 16A: Financial Assets and Liabilities

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's 30th June 2018 year was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30th June 2018 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

	Carrying amount 2018 $	Fair value 2018 $	Carrying amount 2017 $	Fair value 2017 $
Unit in MTAA House Unit Trust	-	-	1,995,000	1,995,000
Dalton Nicol Reid Share Portfolio	1,924,683	1,924,683	1,771,078	1,771,078
Total	**1,924,683**	**1,924,683**	**3,766,078**	**3,766,078**

Note 16B: Financial and Non-Financial Assets and Liabilities Fair Value Hierarchy

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

Fair value hierarchy - 30 June 2018

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Asset Held for Sale – Units in MTAA House Unit	**30 June 2018**	-	-	-
Dalton Nicol Reid Share Portfolio	**30 June 2018**	1,924,683	-	-
Total		**1,924,683**	**-**	**-**

Fair value hierarchy - 30 June 2017

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Asset Held for Sale – Units in MTAA House Unit	**30 June 2017**	-	-	1,995,000
Dalton Nicol Reid Share Portfolio	**30 June 2017**	1,771,078	-	-
Total		**1,771,078**	**-**	**1,995,000**

Note 16C: Description of Significant Unobservable Inputs

Valuation processes for Level 3 fair values

MTAQ’s investment in the MTAA House Unit Trust is valued based on net assets of the trust multiplied by no. of units held at 30 June 2017. The majority of the net assets within the MTAA House Unit Trust relate to investment property, of which the Unit Trust regularly engages external, independent and qualified valuers to determine the fair value of the investment property.

A significant increase (decrease) net assets of value of MTAA House Unit Trust in isolation would result in a significantly higher (lower) fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Note 17 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

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

OFFICER DECLARATION STATEMENT

I, Paul John Peterson, being the Secretary of the *Motor Trades Association of Queensland Industrial Organisation of Employers* declare that the following activities did not occur during the reporting period ending 30th June 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees to another reporting unit
- pay any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Paul John Peterson

Secretary

Dated: 21st September 2018