

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Financial Statements 2019-20

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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 and its subsidiary (the reporting unit), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2020, notes to the consolidated financial report, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and the 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 2020 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.

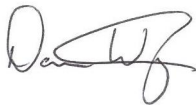
This description forms part of our auditor's report.

Declaration by the auditor

I, D P Wright, declare that I am a registered 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, 17 September 2020

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

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Report required under subsection 255(2A)

for the year ended 30th June 2020

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 30th June 2020.

Descriptive form

Categories of expenditures	2020 (\$)	2019 (\$)
Remuneration and other employment-related costs and expenses – employees	6,800,422	6,752,199
Advertising	93,552	101,914
Operating costs	2,009,983	2,122,281
Donations to political parties	–	–
Legal costs	47,469	28,333



James Robertson
Secretary

Dated: 17th September 2020

Operating report

For the year ended 30th June 2020

The committee of management presents its operating report on the reporting unit for the year ended 30th June 2020.

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 2020.
- (d) The federal reporting unit has achieved satisfactory results from the above activities.

Significant changes in financial affairs

There was no significant change to the financial activities of the federal reporting unit for the financial year ended on 30th June 2020.

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.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

“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 30th June 2020 was 1,405.

Number of employees

The federal reporting unit had 64 employees as at 30th June 2020.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Names of committee of management members and period positions held during the financial year

For the year of 1st July 2019 to 30th June 2020 the federal reporting unit's Committee of Management comprised of the following persons:

Name of officer (in full)	Position	Period
Name of officer (in full)	Position	Period
Paul John Peterson	Board Member MTAQ Chairman MTAQ Chairman Qld Motorcycle Industry Division	1 July 2019 to 30 June 2020
Mark Bryers	Vice Chairman MTAQ Board Member MTAQ Chairman Engine Reconditioners Association of Qld	1 July 2019 to 30 June 2020
James William George Robertson	Board Member MTAQ Secretary MTAQ Central District Representative	1 July 2019 to 30 June 2020
David Keith Fraser	Board Member MTAQ Chairman Qld Farm & Industrial Machinery Dealers Division	1 July 2019 to 15 November 2019
Bruce Sommerfeld	Board Member MTAQ Chairman Qld Farm & Industrial Machinery Dealers Division	15 November 2019 to 30 June 2020
Benjamin Russell Chesterfield	Board Member MTAQ Chairman National Auto Collision Alliance	1 July 2019 to 18 th July 2019
Andrea McCarthy	Board Member MTAQ Chairman National Auto Collision Alliance	21 May 2020 to 30 June 2020
Mark Billingsley	Board Member MTAQ North Qld District Representative	1 July 2019 to 30 June 2020
Brad Collett	Board Member MTAQ Chairman Tyre and Undercar Division	1 July 2019 to 30 June 2020
Mark David Dodge	Board Member MTAQ Far North Qld District Representative Chairman Automotive Engineers Division	1 July 2019 to 30 June 2020
James Sturges	Board Member MTAQ Chairman Australian Automotive Dealers Association Qld	1 July 2019 to 15 November 2019
Lawrence John Beacham	Board Member MTAQ Chairman Automotive Parts Recyclers Division	1 July 2019 to 30 June 2020

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Name of officer (in full)	Position	Period
Name of officer (in full)	Position	Period
Peter Dever	Board Member MTAQ Chairman Automotive Remarketing Division	1 July 2019 to 30 June 2020
Grant Harrison	Board Member MTAQ Chairman Rental Vehicle Industry Division	1 July 2019 to 30 June 2020
Timothy Joseph Kane	Board Member MTAQ Chairman Service Station and Convenience Store Association Qld	1 July 2019 to 30 June 2020

Names of Directors of MTA Institute of Technology Pty Ltd and period positions held during the financial year

For the year of 1st July 2019 to 30th June 2020 Board of Directors of MTA Institute of Technology Pty Ltd comprised of the following persons:

Name of officer (in full)	Position	Period
Name of officer (in full)	Position	Period
Rodney Camm	Director - Chairman	1 July 2019 to 30 June 2020
Paul John Peterson	Director	1 July 2019 to 30 June 2020
Michael Milford	Director	1 July 2019 to 30 June 2020
James William George Robertson	Director	1 July 2019 to 30 June 2020



James Robertson
Secretary

Dated: 17th September 2020

Committee of management statement

For the year ended 30th June 2020

On 17 /09/2020 the MTA Queensland Board of the *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 30th June 2020:

The MTA Queensland Board of the *Motor Trades Association of Queensland Industrial Organisation of Employers* 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.



Paul Peterson

Chairman

17th September 2020 Brisbane



James Robertson

Secretary

17th September 2020 Brisbane

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of profit or loss and comprehensive income
for the year ended 30 June 2020**

	Notes	Consolidated	
		2020	2019
		\$	\$
Revenue from contracts with customers	3		
Membership subscription*		1,096,382	1,118,112
Training		7,976,103	7,118,369
Other sales of goods or services to members		151,921	169,700
Total revenue from contracts with customers		9,224,406	8,406,181
Income for furthering objectives			
Grants and/or donations*	3A	1,175,837	967,642
Total income for furthering objectives		1,175,837	967,642
Other Income			
Investment income	3B	196,302	210,158
Rental revenue	3C	9,532	25,746
Net gains from sale of assets	3D	500	27,633
Other revenue		700,590	681,576
Total other income		906,924	945,113
Total income		11,307,167	10,318,936
Expenses			
Employee expenses	4A	(6,800,422)	(6,752,199)
Administration expenses	4B	(1,358,351)	(1,452,121)
Grants or donations	4C	(3,263)	(3,284)
Depreciation and amortisation	4D	(671,445)	(468,732)
Finance costs	4E	(14,710)	(6,029)
Legal costs	4F	(47,469)	(28,333)
Audit fees	14	(47,030)	(42,984)
Insurance		(78,794)	(67,984)
Motor Vehicle		(189,753)	(285,232)
Cost of goods sold		(426,344)	(372,590)
Total expenses		(9,637,581)	(9,479,488)
Surplus (deficit) for the year		1,669,586	839,447
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss			
Gain/(loss) on available for sale investments		(3,452)	(23,734)
Items that will not be subsequently reclassified to profit or loss			
Gain/(loss) on revaluation of land & buildings		-	5,327,393
Total comprehensive income for the year		(3,452)	5,303,659

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

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of financial position
as at 30 June 2020**

		Consolidated	
	Notes	2020	2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	5,712,561	6,037,075
Trade and other receivables*	5B	1,726,842	1,765,846
Inventory	5C	47,954	48,571
Other current assets	5D	178,423	152,802
Total current assets		7,665,780	8,004,294
Non-current Assets			
Land and buildings	6A	12,631,250	12,900,000
Plant and equipment	6B	886,696	748,103
Intangibles	6C	65,952	105,615
Right-of-use assets	6D	308,566	-
Other non-current assets	6E	4,037,229	2,256,682
Total non-current assets		17,929,693	16,010,400
Total assets		25,595,473	24,014,694
LIABILITIES			
Current Liabilities			
Trade payables*	7A	695,621	643,050
Other payables*	7B	1,276,726	1,791,045
Employee provisions	8A	805,200	783,009
Lease liabilities	6D	137,290	-
Total current liabilities		2,914,837	3,217,104
Non-current Liabilities			
Employee provisions	8A	172,026	115,249
Lease liabilities	6D	160,135	-
Total non-current liabilities		332,161	115,249
Total liabilities		3,246,998	3,332,353
Net assets		22,348,475	20,682,341
EQUITY			
General funds	10A	286,530	289,982
Reserves	10A	5,327,393	5,327,393
Retained earnings (accumulated deficit)		16,734,552	15,064,966
Total equity		22,348,475	20,682,341

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

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of changes in equity
for the year ended 30 June 2020**

		Consolidated		
		General funds /reserves	Retained earnings	Total equity
Notes		\$	\$	\$
Balance as at 1 July 2018		313,716	14,225,519	14,539,235
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	839,447	839,447
Other comprehensive income		(23,734)	-	(23,734)
Transfer to/from reserves		5,327,393	-	5,327,393
Closing balance as at 30 June 2019		5,617,375	15,064,966	20,682,341
Surplus / (deficit)		-	1,669,586	1,669,586
Other comprehensive income		(3,452)	-	(3,452)
Transfer to/from reserves		-	-	-
10A	Closing balance as at 30 June 2020	5,613,923	16,734,552	22,348,475

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

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Consolidated statement of cash flows
for the year ended 30 June 2020**

		Consolidated	
		2020	2019
		\$	\$
	Notes		
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		10,385,830	10,424,651
Donations and grants		1,175,837	967,642
Interest		120,635	118,633
Dividends		75,667	91,525
Other		-	-
Cash used			
Suppliers and Employees		(9,771,008)	(9,612,379)
Interest payments		(14,710)	(6,029)
Net cash from (used by) operating activities	11A	1,972,251	1,984,043
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of investments		1,235,186	1,092,483
Proceeds from sale of plant and equipment		-	43,636
Cash used			
Purchase of plant and equipment		(387,573)	(219,557)
Payment for investments		(3,019,185)	(1,424,482)
Net cash from (used by) investing activities		(2,171,572)	(507,920)
FINANCIING ACTIVITES			
Cash used			
Repayment of lease liabilities		(125,193)	-
Net cash from (used by) financing activities		(125,193)	-
Net increase (decrease) in cash held		(324,514)	1,476,123
Cash & cash equivalents at the beginning of the reporting period		6,037,075	4,560,952
Cash & cash equivalents at the end of the reporting period	5A	5,712,561	6,037,075

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

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

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**Notes to the financial statements
for the year ended 30 June 2020**

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 period, 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 is a not-for-profit entity.

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 Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Motor Trades Association of Queensland Industrial Organisation of Employers) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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.

Subsidiary of the Motor Trades Association of Queensland Industrial Organisation of Employers

- MTA Institute of Technology Pty Ltd
- Motor Trades Association of Queensland Ltd
- MTAQ Management Pty Ltd
- MTA Global Pty Ltd
- MTAQ Trust

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**Notes to the financial statements
for the year ended 30 June 2020**

1.3 Comparative amounts

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

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue, and AASB 1058 Income of Not-for-Profit-Entities, which replaces in the income recognition requirements of AASB 1004 Contributions
- AASB 16 Leases and amending standards, which replaces AASB117 Leases

No accounting standard has been adopted earlier than the application date sated in the standard.

Impact on adoption of AASB 15 Revenue from Contracts with Customers (AASB 15) and AASB 1058 Income of Not-for-Profit Entities (AASB 1058)

AASB 15 Revenue from Contracts with Customers supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example AASB 1058 Income of Not-for-Profit Entities.

AASB 1058 replaces the income recognition requirements in AASB 1004 Contributions that had previously applied to the Motor Trades Association of Queensland Industrial Organisation of Employers. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

**Notes to the financial statements
for the year ended 30 June 2020**

1.4 New Australian Accounting Standards (con't)

The Motor Trades Association of Queensland Industrial Organisation of Employers adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. The comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition.

The adoption of AASB 15 and AASB 1058 did not have a material impact on the Motor Trades Association of Queensland Industrial Organisation of Employers financial statements

Impact on adoption of AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the [reporting unit] is the lessor.

Motor Trades Association of Queensland Industrial Organisation of Employers has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Motor Trades Association of Queensland Industrial Organisation of Employers has lease contracts for various items of vehicles and other equipment. Before the adoption of AASB 16, Motor Trades Association of Queensland Industrial Organisation of Employers classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, Motor Trades Association of Queensland Industrial Organisation of Employers applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1.9 Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by Motor Trades Association of Queensland Industrial Organisation of Employers.

**Notes to the financial statements
for the year ended 30 June 2020**

1.4 New Australian Accounting Standards (con't)

Leases previously accounted for as operating leases

Motor Trades Association of Queensland Industrial Organisation of Employers recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Motor Trades Association of Queensland Industrial Organisation of Employers also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 July 2019:

- Right-of -use assets of \$422,618 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of \$Nil that were reclassified from property, plant and equipment.
- Additional lease liabilities of \$422,618 (included in lease liabilities) were recognised.
- Prepayments of \$Nil and trade and other payables of \$Nil related to previous operating leases were derecognised.
- The net effect of these adjustments had been adjusted to retained earnings \$Nil

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 future reporting periods that are expected to have a future financial impact on Motor Trades Association of Queensland Industrial Organisation of Employers include.

**Notes to the financial statements
for the year ended 30 June 2020**

1.4 New Australian Accounting Standards (con't)

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Adoption of this amendment is not expected to have a material impact on the statement of financial position.

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

Motor Trades Association of Queensland Industrial Organisation of Employers 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) or 249(1) of the RO Act.

1.6 Revenue

The Motor Trades Association of Queensland Industrial Organisation of Employers enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Motor Trades Association of Queensland Industrial Organisation of Employers has a contract with a customer, the Motor Trades Association of Queensland Industrial Organisation of Employers recognises revenue when or as it transfers control of goods or services to the customer. The Motor Trades Association of Queensland Industrial Organisation of Employers accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Notes to the financial statements for the year ended 30 June 2020

1.6 Revenue (con't)

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Motor Trades Association of Queensland Industrial Organisation of Employers.

If there is only one distinct membership service promised in the arrangement, the Motor Trades Association of Queensland Industrial Organisation of Employers recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Motor Trades Association of Queensland Industrial Organisation of Employers promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Motor Trades Association of Queensland Industrial Organisation of Employers allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Motor Trades Association of Queensland Industrial Organisation of Employers charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Motor Trades Association of Queensland Industrial Organisation of Employers recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Motor Trades Association of Queensland Industrial Organisation of Employers has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Motor Trades Association of Queensland Industrial Organisation of Employers at their standalone selling price, the Motor Trades Association of Queensland Industrial Organisation of Employers accounts for those sales as a separate contract with a customer.

Capitation fees

Where the Motor Trades Association of Queensland Industrial Organisation of Employers arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Motor Trades Association of Queensland Industrial Organisation of Employers recognises the capitation fees promised under that arrangement when or as it transfers the goods or service.

In circumstances where the criteria for a contract with a customer are not met, the Motor Trades Association of Queensland Industrial Organisation of Employers will recognise capitation fees as income upon receipt.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Notes to the financial statements for the year ended 30 June 2020

1.6 Revenue (con't)

Levies

Levies paid by a member (or other party) in an arrangement that meets the criteria to be a contract with a customer is recognised as revenue when or as the Motor Trades Association of Queensland Industrial Organisation of Employers transfers the goods or service.

In circumstances where the criteria for a contract with a customer are not met, the Motor Trades Association of Queensland Industrial Organisation of Employers will recognise levies as income upon receipt.

Income of the Motor Trades Association of Queensland Industrial Organisation of Employers as a Not-for-Profit Entity

Consideration is received by the Motor Trades Association of Queensland Industrial Organisation of Employers to enable the entity to further its objectives. The Motor Trades Association of Queensland Industrial Organisation of Employers recognises each of these amounts of consideration as income when the consideration is received (which is when the Motor Trades Association of Queensland Industrial Organisation of Employers obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Motor Trades Association of Queensland Industrial Organisation of Employers recognition of the cash contribution does not give to any related liabilities.

During the year, Motor Trades Association of Queensland Industrial Organisation of Employers received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- donations and voluntary contribution from members (including whip arounds); and
- government grants.

Income recognised from transfers

Where, as part of an enforceable agreement, the Motor Trades Association of Queensland Industrial Organisation of Employers receives consideration to acquire or construct a non-financial asset such as property, plant and equipment to an identified specification and for the Motor Trades Association of Queensland Industrial Organisation of Employers own use, a liability is recognised for the obligation to acquire or construct the asset. Income is recognised as the obligation to acquire or construct the asset is satisfied, which is typically over time. The asset that is being acquired or constructed is recognised in accordance with the policy on property, plant and equipment.

**Notes to the financial statements
for the year ended 30 June 2020**

1.6 Revenue (con't)

Revenue recognition policies applicable to comparatives

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 loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

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

1.7 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.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Notes to the financial statements for the year ended 30 June 2020

1.7 Employee benefits (con't)

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 Motor Trades Association of Queensland Industrial Organisation of Employers 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.

1.8 Leases

The Motor Trades Association of Queensland Industrial Organisation of Employers assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Motor Trades Association of Queensland Industrial Organisation of Employers as a lessee

The Motor Trades Association of Queensland Industrial Organisation of Employers applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Motor Trades Association of Queensland Industrial Organisation of Employers recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Motor Trades Association of Queensland Industrial Organisation of Employers recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2020	2019
Plant and equipment	3 to 5 years	3 to 5 years

If ownership of the leased asset transfers to the Motor Trades Association of Queensland Industrial Organisation of Employers at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

**Notes to the financial statements
for the year ended 30 June 2020**

1.8 Leases (con't)

Lease liabilities

At the commencement date of the lease, the Motor Trades Association of Queensland Industrial Organisation of Employers recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Motor Trades Association of Queensland Industrial Organisation of Employers and payments of penalties for terminating the lease, if the lease term reflects the Motor Trades Association of Queensland Industrial Organisation of Employers exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Motor Trades Association of Queensland Industrial Organisation of Employers uses the **incremental borrowing rate** if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.9 Borrowing costs

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

1.10 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.

1.11 Financial instruments

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

**Notes to the financial statements
for the year ended 30 June 2020**

1.12 Financial assets

Contract assets and receivables

A contract asset is recognised when the Motor Trades Association of Queensland Industrial Organisation of Employers right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Motor Trades Association of Queensland Industrial Organisation of Employers future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Motor Trades Association of Queensland Industrial Organisation of Employers business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Motor Trades Association of Queensland Industrial Organisation of Employers initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Motor Trades Association of Queensland Industrial Organisation of Employers business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Motor Trades Association of Queensland Industrial Organisation of Employers commits to purchase or sell the asset.

**Notes to the financial statements
for the year ended 30 June 2020**

1.12 Financial assets (con't)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Motor Trades Association of Queensland Industrial Organisation of Employers has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Motor Trades Association of Queensland Industrial Organisation of Employers has transferred substantially all the risks and rewards of the asset, or
 - b) the Motor Trades Association of Queensland Industrial Organisation of Employers has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Motor Trades Association of Queensland Industrial Organisation of Employers has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Motor Trades Association of Queensland Industrial Organisation of Employers continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Notes to the financial statements
for the year ended 30 June 2020**

1.12 Financial assets (con't)

Impairment

Expected credit losses

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Motor Trades Association of Queensland Industrial Organisation of Employers applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Motor Trades Association of Queensland Industrial Organisation of Employers does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Motor Trades Association of Queensland Industrial Organisation of Employers has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1.13 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Motor Trades Association of Queensland Industrial Organisation of Employers financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

**Notes to the financial statements
for the year ended 30 June 2020**

1.13 Financial Liabilities (con't)

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.14 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Motor Trades Association of Queensland Industrial Organisation of Employers transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Motor Trades Association of Queensland Industrial Organisation of Employers performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Motor Trades Association of Queensland Industrial Organisation of Employers refund liabilities arise from customers' right of return. The liability is measured at the amount the Motor Trades Association of Queensland Industrial Organisation of Employers ultimately expects it will have to return to the customer. The Motor Trades Association of Queensland Industrial Organisation of Employers updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.15 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.

**Notes to the financial statements
for the year ended 30 June 2020**

1.16 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:

	2020	2019
Land & 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.

**Notes to the financial statements
for the year ended 30 June 2020**

1.17 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:

	2020	2019
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.

1.18 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.

1.19 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.

**Notes to the financial statements
for the year ended 30 June 2020**

1.20 Taxation

The 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.

1.21 Fair value measurement

The Motor Trades Association of Queensland Industrial Organisation of Employers measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, 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.

**Notes to the financial statements
for the year ended 30 June 2020**

1.21 Fair value measurement (con't)

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.

1.22 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

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Motor Trades Association of Queensland Industrial Organisation of Employers is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Motor Trades Association of Queensland Industrial Organisation of Employers. There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Motor Trades Association of Queensland Industrial Organisation of Employers, the results of those operations, or the state of affairs of the Motor Trades Association of Queensland Industrial Organisation of Employers in subsequent financial periods.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

A disaggregation of the Motor Trades Association of Queensland Industrial Organisation of Employers revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

	Consolidated	
	2020	2019
	\$	\$
Type of customer		
Members	1,096,382	1,118,112
Other reporting units	-	-
Government	7,976,103	7,118,369
Other parties	151,921	169,700
Total revenue from contracts with customers	9,224,406	8,406,181

Note 3A: Grants or donations*

Grants	1,175,837	967,642
Donations	-	-
Total grants or donations	1,175,837	967,642

Note 3B: Investment income

Interest		
Deposits	120,635	118,633
Dividends	75,667	91,525
Total investment income	196,302	210,158

Note 3C: Rental revenue

Properties	9,532	25,746
Total rental revenue	9,532	25,746

Note 3D: Net gains from sale of assets

Plant and equipment	500	27,633
Intangibles	-	-
Total net gain from sale of assets	500	27,633

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Note 4 Expenses

Note 4A: Employee expenses*

	Consolidated	
	2020	2019
	\$	\$
Holders of office:		
Wages and salaries	1,104,470	980,184
Superannuation	76,641	84,826
Leave and other entitlements	40,071	24,886
Separation and redundancies	-	-
Other employee expenses	27,974	22,955
Subtotal employee expenses holders of office	1,249,156	1,112,851
Employees other than office holders:		
Wages and salaries	4,995,366	5,085,780
Superannuation	431,720	430,056
Leave and other entitlements	38,895	76,047
Separation and redundancies	-	-
Other employee expenses	85,285	47,465
Subtotal employee expenses employees other than office holders	5,551,266	5,639,348
Total employee expenses	6,800,422	6,752,199

Note 4B Administration expenses

Conference and meeting expenses*	2,857	4,611
Contractors/consultants	239,499	267,763
Property expenses	214,127	215,516
Office expenses	285,240	292,864
Information communications technology	251,408	211,939
Other	365,220	459,428
Total administration expense	1,358,351	1,452,121

Note 4C: Grants or donations*

Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	3,263	3,284
Total expensed that exceeded \$1,000	-	-
Total grants or donations	3,263	3,284

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 4D: Depreciation and amortisation		
Depreciation		
Land & buildings	268,750	187,030
Property, plant and equipment	248,981	247,701
Leases	114,052	-
Total depreciation	631,783	434,731
Amortisation		
Intangibles	39,662	34,001
Total amortisation	39,662	34,001
Total depreciation and amortisation	671,445	468,732
Note 4E: Finance costs		
Overdrafts/loans	14,710	6,029
Total finance costs	14,710	6,029
Note 4F: Legal costs*		
Litigation	-	-
Other legal costs	47,469	28,333
Total legal costs	47,469	28,333
Note 5 Current Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	822,552	859,626
Cash on hand	700	700
Short term deposits	4,889,309	5,176,749
Total cash and cash equivalents	5,712,561	6,037,075
Note 5B: Trade and other receivables		
Receivables from other reporting unit*	-	-
Trade Receivables	1,056,460	1,162,623
Total receivables	1,056,460	1,162,623
Less allowance for expected credit losses*		
Receivables from other reporting unit*	-	-
Trade Receivables	(26,494)	(25,502)
Total allowance for expected credit losses	(26,494)	(25,502)
Total net trade and other receivables	1,029,966	1,137,121

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**Notes to the financial statements
for the year ended 30 June 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 5B: Trade and other receivables (con't)		
Other receivables:		
Other	696,876	628,725
Total other receivables	<u>696,876</u>	<u>628,725</u>
Total trade and other receivables (net)	<u><u>1,726,842</u></u>	<u><u>1,765,846</u></u>

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 July	(25,502)	(31,594)
Provision for expected credit losses	(3,049)	-
Write-off	2,057	6,092
At 30 June	<u><u>(26,494)</u></u>	<u><u>(25,502)</u></u>

Note 5C: Inventory

Current		
Inventory	47,954	48,571
Total current inventories	<u><u>47,954</u></u>	<u><u>48,571</u></u>

Note 5D: Other current assets

Prepayments	178,423	152,802
Total other current assets	<u><u>178,423</u></u>	<u><u>152,802</u></u>

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Consolidated
2020 **2019**
\$ **\$**

Note 6 Non-current assets

Note 6A: Land and buildings

Land and buildings:		
fair value	12,900,000	12,900,000
accumulated depreciation	(268,750)	-
Total land and buildings	12,631,250	12,900,000

Reconciliation of opening and closing balances of land and buildings

As at 1 July		
Gross book value	12,900,000	8,981,209
Accumulated depreciation and impairment	-	(1,221,572)
Net book value 1 July	12,900,000	7,759,637
Revaluations	-	5,327,393
Depreciation expense	(268,750)	(187,030)
Net book value 30 June	12,631,250	12,900,000
Net book value as of 30 June represented by:		
Gross book value	12,900,000	13,087,030
Accumulated depreciation and impairment	(268,750)	(187,030)
Net book value 30 June	12,631,250	12,900,000

The revalued land and buildings consist of land \$2,150,000 and buildings \$10,481,250 at Building 8, 2728 Logan Road, Eight Mile Plains Q 4113. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. The most recent valuation was obtained on the 30th April 2019. The valuation was adopted by management on 30th June 2019. The valuation was performed by CBRE Valuation Pty Limited an accredited independent valuer (Registered Valuer No.1735).

Significant unobservable valuation input	Range
Value \$ per square meter of Net Lettable Area	\$3,047 - \$6,792

A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	2,471,394	2,206,716
accumulated depreciation	(1,584,698)	(1,458,613)
Total plant and equipment	886,696	748,103

Reconciliation of opening and closing balances of plant and equipment

As at 1 July		
Gross book value	2,206,716	2,149,324
Accumulated depreciation and impairment	(1,458,613)	(1,289,217)
Net book value 1 July	748,103	860,107
Additions	387,717	159,156
Depreciation expense	(248,980)	(247,701)
Disposals	(144)	(23,459)
Net book value 30 June	886,696	748,103
Net book value as of 30 June represented by:		
Gross book value	2,471,394	2,206,716
Accumulated depreciation and impairment	(1,584,698)	(1,458,613)
Net book value 30 June	886,696	748,103

Note 6C: Intangibles

Computer software at cost:		
Purchased	235,047	235,047
accumulated amortisation	(169,095)	(129,432)
Total intangibles	65,952	105,615

Reconciliation of opening and closing balances of intangibles

As at 1 July		
Gross book value	235,047	104,275
Accumulated amortisation and impairment	(129,432)	(48,520)
Net book value 1 July	105,615	55,755
Additions	-	83,861
Amortisation	(39,663)	(34,001)
Disposals	-	-
Net book value 30 June	65,952	105,615
Net book value as of 30 June represented by:		
Gross Book value	235,047	235,047
Accumulated amortisation and impairment	(169,095)	(129,432)
Net book value 30 June	65,952	105,615

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Note 6D: Leases

Motor Trades Association of Queensland Industrial Organisation of Employer as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Motor Vehicles	Printers	Total
As at 1 July 2019 (restated)	376,970	45,648	422,618
Additions	-	-	-
Depreciation expense	(103,527)	(10,525)	(114,052)
Impairment	-	-	-
Disposal	-	-	-
Other movement	-	-	-
As at 30 June 2020	273,443	35,123	308,566

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2020	2019
	\$	\$
		Restated
As at 1 July	422,618	-
Additions	-	-
Accretion of interest	(9,420)	-
Payments	(115,773)	-
As at 30 June 2020	297,425	-
Current	137,290	-
Non-current	160,135	-

The maturity analysis of lease liabilities is disclosed in Note 15D.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
Note 6D: Leases (Continued)		
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	114,052	-
Interest expense on lease liabilities	9,420	-
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	-	-
Variable lease payments	-	-
Total amount recognised in profit or loss	<u>123,472</u>	<u>-</u>

For the year ended 30th June 2020, the Motor Trades Association of Queensland Industrial Organisation of Employers made fixed rental payments of \$115,773.

	Consolidated	
	2020	2019
	\$	\$
Note 6E: Other non-current assets		
Investments	4,037,229	2,256,682
Total other non-current assets	<u>4,037,229</u>	<u>2,256,682</u>

Note 7 Current liabilities

Note 7A: Trade payables

Trade creditors and accruals	695,621	643,050
Operating lease rentals	-	-
Subtotal trade creditors	<u>695,621</u>	<u>643,050</u>
Total trade payables	<u>695,621</u>	<u>643,050</u>

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	9,280	6,370
Superannuation	41,515	1,520
Prepayments received/unearned revenue	1,062,561	1,644,266
GST payable	57,952	62,378
Other	105,418	76,511
Total other payables	<u>1,276,726</u>	<u>1,791,045</u>

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 7B: Other payables (Con't)		
Total other payables are expected to be settled in:		
No more than 12 months	1,276,726	1,791,045
More than 12 months	-	-
Total other payables	1,276,726	1,791,045
Note 8 Provisions		
Note 8A: Employee provisions*		
Office holders:		
Annual leave	113,358	88,160
Long service leave	109,873	89,000
Subtotal employee provisions—office holders	223,231	177,160
Employees other than office holders:		
Annual leave	316,231	288,601
Long service leave	437,764	432,497
Subtotal employee provisions—employees other than office holders	753,995	721,098
Total employee provisions	977,226	898,258
Current	805,200	783,009
Non-current	172,026	115,249
Total employee provisions	977,226	898,258
Note 9 Non-current liabilities		
Non-current liabilities	-	-
Total employee provisions	-	-
Note 10 Equity		
Note 10A: Reserves		
Revaluation increments/(decrements) – Dalton Nicol Reid Portfolio		
Balance as at start of year	289,982	313,716
Transferred to reserve	286,530	289,982
Transferred out of reserve	(289,982)	(313,716)
Balance as at end of year	286,530	289,982
Total reserves	5,613,923	5,617,375

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**Notes to the financial statements
for the year ended 30 June 2020**

	Consolidated	
	2020	2019
Note 10A: Reserves (con't)	\$	\$
Revaluation increments/(decrements) – Land & Buildings		
Balance as at start of year	-	-
Transferred to reserve	5,327,393	5,327,393
Balance as at end of year	5,327,393	5,327,393

Note 11 Cash flow

Note 11A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

Cash and cash equivalents as per:

Cash flow statement	5,712,561	6,037,075
Balance sheet	5,712,561	6,037,075
Difference	-	-

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

Profit/(deficit) for the year	1,669,586	839,447
Adjustments for non-cash items		
Depreciation/amortisation (includes lease liability)	671,445	468,732
Gain on disposal of assets	-	(23,735)
Changes in assets/liabilities		
(Increase)/decrease in net receivables	13,383	557,380
(Increase)/decrease in inventory	617	4,182
Increase/(decrease) in supplier and other payables	(461,748)	37,106
Increase/(decrease) in provisions	78,968	100,933
Net cash from (used by) operating activities	1,972,251	1,984,043

Note 12 Contingent liabilities, assets and commitments

Note 12A: Commitments and contingencies

There are no commitments or contingencies.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Notes to the financial statements for the year ended 30 June 2020

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 and training courses from the Association which are on standard terms.

Director fees paid during the reporting period were \$154,595 (2020), \$152,260 (2019).

Apart from the above, there are no other Related Party Transaction during the financial year ended 30 June 2020.

Names of Committee of Management Officers who held office during the year are:

Committee of management

David Fraser	Peter Dever
Paul Peterson	Bruce Sommerfeld
Grant Harrison	James William Robertson
Mark Bryers	Mark Dodge
Andrea McCarthy	Timothy Kane
Lawrence Beacham	Brad Collett
James Sturges	Mark Billingsley
Benjamin Chesterfield	

Board of Directors of MTA Institute of Technology Pty Ltd

Rodney Camm	Paul John Peterson
Michael Milford	James William Robertson

Dr Brett Dale is the Group CEO for Motor Trades Association of Queensland Industrial Organisation of Employers as well as a director of Block Two Pty Ltd with whom Motor Trades Association of Queensland Ltd is a shareholder. Dr Brett Dale does not receive any director fees from Block Two Pty Ltd for his position on the board.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Motor Trades Association of Queensland Industrial Organisation of Employers has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Consolidated
2020 **2019**
\$ **\$**

Note 13B: Key management personnel remuneration for the reporting period

Short-term employee benefits

Salary (including annual leave taken)	908,471	889,681
Annual leave accrued	21,446	12,703
Performance bonus*	195,999	90,503
Other FBT	27,974	22,955
Total short-term employee benefits	1,153,890	1,015,842

* These figures include only formally approved amounts accrued and paid which are relevant to the current financial year to which they relate.

Post-employment benefits:

Superannuation	76,641	84,826
Total post-employment benefits	76,641	84,826

Other long-term benefits:

Long-service leave	18,625	12,183
Total other long-term benefits	18,625	12,183

Termination benefits

Termination benefits	-	-
Total	1,249,156	1,112,851

Note 14 Remuneration of Auditors

Value of the services provided

Financial statement audit services	47,030	42,500
Other services	-	-
Total remuneration of auditors	47,030	42,500

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

**Notes to the financial statements
for the year ended 30 June 2020**

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 to 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

Financial assets

	Consolidated	
	2020	2019
	\$	\$
Fair value through other comprehensive income:		
Dalton Nicol Reid Share Portfolio	2,537,229	2,006,682
Block Two Pty Ltd	500,000	250,000
GDTC Ltd	1,000,000	-
Total	4,037,229	2,256,682
Held-to-maturity investments:		
Cash and cash equivalents	5,712,561	6,037,075
Total	5,712,561	6,037,075
Loans and receivables:		
Trade and other receivables	1,726,842	1,765,846
Other current assets	178,423	152,802
Total	1,905,265	1,918,648
<i>Carrying amount of financial assets</i>	11,655,055	10,212,405

Financial liabilities

Other financial liabilities:		
Trade payables	695,621	643,050
Total	695,621	643,050
<i>Carrying amount of financial liabilities</i>	695,621	643,050

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 15B: Net income and expense from financial assets		
Held-to-maturity		
Interest revenue	120,635	118,633
Net gain/(loss) held-to-maturity	120,635	118,633
Financial assets at fair value through other comprehensive income under AASB 9		
Interest revenue	935	1,296
Dividend revenue	75,667	91,525
Exchange gains/(loss)	(32,406)	51,269
Net income/(expense) from financial assets at fair value through other comprehensive income	44,196	144,090
Fair value gain/loss recognised in other comprehensive income under AASB 9	(3,452)	(23,734)
	(3,452)	(23,734)

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Consolidated	
2020	2019
\$	\$

Note 15C: Credit risk

The Maximum exposure to credit risk at balance date is accounts receivable balances.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

Financial assets

Trade Receivables	1,029,965	1,137,121
Total	1,029,965	1,137,121

Financial liabilities

Nil	-	-
Total	-	-

In relation to the entity's gross credit risk, no collateral is held.

Lease liabilities are of fixed interest rates, therefore there is no credit risk.

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

30 June 2020

	Trade and other receivables					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	2%	
Estimate total gross carrying amount at default	7,160	1,011,844	10,649	9,632	17,175	1,056,460
Expected credit loss	-	-	-	(9,319)	(17,175)	(26,494)
	7,160	1,011,844	10,649	313	-	1,029,966

30 June 2019

	Trade and other receivables					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	2%	
Estimate total gross carrying amount at default	150,723	988,630	11,146	-	12,124	1,162,623
Expected credit loss	-	(13,378)	-	-	(12,124)	(25,502)
	150,723	975,252	11,146	-	-	1,137,121

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

**Notes to the financial statements
for the year ended 30 June 2020**

Note 15C: Credit risk (Con't)

The Motor Trades Association of Queensland Industrial Organisation of Employers maximum exposure to credit risk for the components of the statement of financial position at 30 June 2020 and 2019 is the carrying amounts as illustrated in Note 15D.

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.

Contractual maturities for financial liabilities 2020

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	695,621	-	-	-	695,621
Other payables*	-	214,165	-	-	-	214,165
Total	-	909,786	-	-	-	909,786

Contractual maturities for financial liabilities 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	643,050	-	-	-	643,050
Other payables*	-	146,779	-	-	-	146,779
Total	-	789,829	-	-	-	789,829

*Excluding unearned income

Lease liability maturities for 2020

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Motor Vehicles	-	116,173	83,056	64,086	-	263,315
Computer equipment	-	21,117	12,363	630	-	34,110
Total	-	137,290	95,419	64,716	-	297,425

Lease liability maturities for 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Nil	-	-	-	-	-	-
Total	-	-	-	-	-	-

**Notes to the financial statements
for the year ended 30 June 2020**

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 2020, 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:

Sensitivity analysis of the risk that the entity is exposed to for 2020

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Interest rate risk	5,712,561	[+ 2%]	(114,251)	(114,251)
Interest rate risk	5,712,561	[- 2%]	114,251	114,251

Sensitivity analysis of the risk that the entity is exposed to for 2019

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Interest rate risk	6,037,075	[+ 2%]	(120,742)	(120,742)
Interest rate risk	6,037,085	[- 2%]	120,742	120,742

Due to the changes in interest rates over the last financial year trending downwards, the interest rate risk exposure for 2020 has been based on 2% which was the same as last years.

**Notes to the financial statements
for the year ended 30 June 2020**

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 current 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 value of listed financial assets carried at fair value through profit or loss is derived from quoted market prices in active markets.
- Fair value of unlisted financial assets carried a fair value through profit or loss is derived from recent sales transactions.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Motor Trades Association of Queensland Industrial Organisation of Employers 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 2020 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 2020 \$	Fair value 2020 \$	Carrying amount 2019 \$	Fair value 2019 \$
Financial assets				
Dalton Nicol Reid Share Portfolio	2,537,229	2,537,229	2,006,682	2,006,682
Block2	500,000	500,000	250,000	250,000
GDTC Ltd	1,000,000	1,000,000	-	-
Total	4,037,229	4,037,229	2,256,683	2,256,682

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**Notes to the financial statements
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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 2020

	Date of valuation 30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$
Dalton Nicol Reid Share Portfolio		2,537,229	-	-
Block Two Pty Ltd		-	-	500,000
GDTC Ltd		-	-	1,000,000
Total		2,537,229	-	1,500,000

Liabilities measured at fair value

Nil		-	-	-
Total		-	-	-

Fair value hierarchy – 30 June 2019

	Date of valuation 30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value				
Dalton Nicol Reid Share Portfolio		2,006,683	-	-
Block Two Pty Ltd		-	-	250,000
Total		2,006,683	-	250,000

Liabilities measured at fair value

Nil		-	-	-
Total		-	-	-

Level 3 financial assets include investments in Block Two Pty Ltd and Green Distillation Technologies Corporation Limited.

Fair value has been determined on the basis of the last capital transactions conducted by the investee with external parties as this is the best evidence of fair value. Where capital transaction is greater than 12 months or there are no recent capital transactions with external parties, alternative methods have been used including comparable recent transactions of similar companies or maintainable earnings valuation methods.

For the current year, the last capital transaction occurred on 30/04/2020 Block Two Pty Ltd and 30/06/2020 Green Distillation Technologies Corporate Limited and the pricing of those transactions are the basis for determination of fair value.

Significant increase or decrease will have an impact on the fair value of the investments.

**Notes to the financial statements
for the year ended 30 June 2020**

Note 17 Administration of financial affairs by a third party

Motor Trades Association of Queensland Industrial Organisation of Employers did not use third party for the administration of affairs during the year or prior year.

Note 18 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).

MOTOR TRADES ASSOCIATION OF QUEENSLAND INDUSTRIAL ORGANISATION OF EMPLOYERS

Officer declaration statement

I, James William George Robertson 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 2020.

The Motor Trades Association of Queensland Industrial Organisation of Employers 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 or any other revenue amount 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 or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- 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 payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- 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



James Robertson
Secretary

Dated: 17th September 2020