

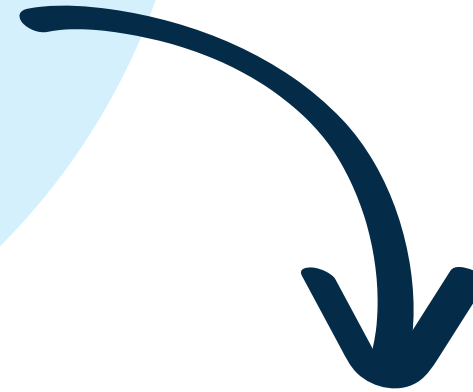
MTA  
Annual Report

2023



THE MTA YEAR

*Starts here*



## Contents

---

President's report	03
Chief Executive's report	06
Working for our industry	09
Our brand	13
Supporting our members	14
MTA Board 2023	16
MTA facts	17
Summary of results	18
Financial statements	20

Cover photo: New Vehicle Sales Manager Hemi Peek,  
from MTA member business Avon City Ford.

Photo: Peter Meecham

mta  
ASSURED

Expertise  
Reliability  
Trust



President's  
*Report*

# PREPARING FOR THE FUTURE

---

I am pleased to present my second annual report as President.

In contrast to the very messy previous year, 2023 has been a year of building internally and getting ready for the next decade.

However, this has been in an environment of vicious inflation, huge increases in cost of living, chaotic Government leadership and for many members, first-hand exposure to a crime explosion against retailers. I hope we have achieved a reasonable balance between supporting the immediate needs of members, and setting the machinery in place for the future.

In early 2022 we held an extensive strategic review which we called FOCUS 2026. It identified the key things MTA must focus on to assist members through this period of rapid change.

## The challenges distilled down to:

- Shortage of skills for member businesses
- The acceleration and implications of environmental thought on business operating issues, the composition of the fleet, and approaches to almost everything in our sector
- The importance of bringing new business to our members, as all indicators pointed to ever-increasing operating and compliance costs, and the need to spread these over more business to be viable
- The importance of the blue MTA badge, what it means to current and future generations and how to sheet home value to members.

It is interesting to take stock and see what we have made progress on in the 2023 financial year.

I am very pleased we have established a physical presence spread over Wellington, Auckland and some regional staff, in secure earthquake-rated buildings at a lower overall cost than the previous Wellington office. This gives us many options in recruiting the best people and ample room and facilities to execute our strategies.

We have many new skills on board, with fresh emphasis on how we influence policy and deal with central Government. After interim leadership during the transition phase, I am very pleased to have secured a Chief Executive of the calibre of Lee Marshall to lead us through the next phases.

Our active policy work has significantly influenced immigration and labour settings, in particular getting key roles on the immigration Green List.

Our work with all political parties should bear fruit with realistic policies around immigration, learning and training and indeed better balance to the competing issues of sustainability and letting the market prosper. Our release of a policy manifesto certainly got our key policies front and centre for the potential transport, immigration and climate Ministers.

This is an area of MTA activity which has lifted in effectiveness hugely, and I personally thank those involved.

Our own training and development portfolio has increased phenomenally, and the work of 2023 has come to fruition with a complete compendium of all our training and development capabilities.

---

New business opportunities abound with movements towards sustainability, and we remain committed to promoting in-service emissions testing as the biggest bang for buck emissions increment possible across the total fleet - we have sown the seeds and will maintain the push.

The 'Bright Blue Badge' continues to grow in recognition and importance as a quality mark, and we have supported our consumer promise and guarantee.

We have taken a stronger lead in overall industry matters, and established much closer and more influential relationships with many of our specialised sister organisations with overlapping interests.

Much of our investment in internal systems and digital developments has come to fruition this year, readying us for an electronic future in everything we do.

Financially, the organisation is in good shape despite some hits on the equity markets and discretionary concessions around member subs over Covid and climatic events last year. Our external funding base (investments in DEKRA, Auxo software, and our investment portfolio) all performed well in 2023, with a positive 7.8% return on the portfolio over the year, versus minus 6.6% in the previous year, and forecasts for the operating investments are looking promising for the coming year.

The Board committed funds to be invested in Auxo during 2024, commencing the development and rollout of the next generations of modern workshop software. When the 'Sam' business was purchased, one of the driving factors was to enable new generations of software to be developed to serve our members in the medium to long term; that project has been carefully

considered and is now underway, with first products for small workshops getting to market mid-2024.

Operating expenses for 2023 have been higher than normal with transitional costs around staffing changes, recruitment, and property changes. However, the 2024 budget sees personnel costs reducing, and with a new emphasis on efficiency and profitability of member services, we expect finances to continue to improve.

It is fair to say we are substantially on the way to the 2026 vision. I thank in particular all the MTA staff, old and new, our regional committees and their leadership through the Council, and of course the Board. Everybody at all levels contributed energetically to the challenges of transformation over the past period, and I am really excited about accelerating progress.



**Bob Boniface**  
President



Chief  
Executive's  
*Report*

# ACCELERATING PROGRESS

---

Since joining MTA in April, it has been invigorating to discover the rich history of our organisation and understand something about what makes the wheels spin. There is much pride within the MTA membership, and I am proud to have the opportunity to steer MTA through the coming years and to build on the legacy of my predecessors.

As we enter our 107th year, we do so in good financial health. We enjoy an enviable balance sheet position and a brand quality mark that is recognised and trusted by Kiwi motorists.

But we are also in a period of rapid change that will only accelerate.

Digitisation and democratisation of data access means business advantage can be fleeting. Software solutions to complex problems can be purchased off the shelf. The increasing complexity of vehicles means parts are more often replaced than repaired which in turn means repair services are becoming commoditised. Petrol stations have already begun their transition to being 'energy providers' as the age of oil starts to fade.

We should not underestimate the extent to which electric vehicles (EVs) will change the automotive landscape. Most global vehicle manufacturers having committed to a fully EV product lineup within the next 15 years - some sooner.

Not only do EVs require less maintenance, but issues are more often software-related. As repairs reduce in number and cost, we have seen overseas a significant consolidation amongst repairers and a reduction in the overall number of businesses.

Electric vehicles are also, currently at least, more expensive with far slimmer manufacturer margins, which in turn places pressure on the manufacturers to extract value.

Manufacturers taking control of their dealer networks and making ventures into mobility (car share, leasing, rental, subscription) will continue to advance rapidly.

Yet the industry quickly adapts itself to change. Collectively, MTA members have kept New Zealand's fleet moving through over a century of change, and I have no doubt we will prove adept in the next wave.

The membership base will continue to, and already is, evolving and improving the organisation with it. The needs of tomorrow's automotive business will be different from today, and we are excited to fight to remain at the forefront of the conversation. To grow further our position as the voice of the industry, MTA needs to lead and inform the membership in ever more innovative ways.

If historically we have remained reactive to the needs of industry, we are already working hard to be more proactive in leading our industry into the future. In the coming year I look forward to unveiling the MTA view of what the future holds for our industry. Because in change comes opportunity for all of us.

The diversity and adaptability of MTA members never ceases to amaze me. Let it be known that MTA is every bit as ambitious and is more driven than ever to help members achieve their highest potential.

I'm pleased to say that I have inherited a team with a passion for providing great value to members. Whether in the form of marketing the brand displayed on walls, producing engaging

---

and informative media, advocating for regulatory change, connecting members to training, hosting events, negotiating member discounts, identifying new benefits, refining our member services, or driving our commercial enterprises to ensure the best possible returns, MTA works tirelessly to provide undeniable value for members. But we have much more to do.

In FY23, MTA members directly contributed \$2.2m in membership subscription fees however, the organisation spent over \$9m to operate. In other words, for every dollar a member contributed to MTA, the organisation spent four more to provide value for members.

We can currently do this from a position of great luxury, with losses offset by dividends earned through legacy investments in DEKRA, a sizeable, diversified investment fund, and a number of smaller revenue and cashflow generating products.

As a consequence, the organisation roughly breaks even each year, though we are heavily exposed to fluctuations in stock market returns. Over time, we will also need to maintain the real value of our investment portfolio to reflect inflation.

This year we will be taking a more commercial approach to our operation, with better targeting, a sales focus to many of our activities, and a keen commercial lens on the decisions we make.

We have no intention of providing less, so we are working hard to identify ways to bring in more revenue while improving the efficiency and effectiveness of some core aspects of our operation.

Methods of engagement with our membership are also the subject of considerable debate and experimentation. Times have changed, and while some longer-serving members may miss the MTA ground staff that once came for a 'cup of tea and a yarn', we know the majority no longer want or need that.

Those now reaching the twilight of their careers will need to evolve, as the next generation of employees, customers and MTA member business owners have different expectations.

The time has also come to reassess what the brand means to the public, and work is already underway. We look forward to sharing the fruits of this research, with a clear pathway on what we will be doing to ensure continued relevance and increased presence.

The 'Bright Blue Badge' is arguably our greatest asset; the value of which is reinforced through MTA advocacy efforts, marketing, and brand initiatives. But most importantly, it reflects the members who proudly display it in over 3,000 locations across the country.

Throughout the course of the next year, I look forward to working with the membership, staff, and key stakeholders to ensure the solutions we find, and the aims and aspirations of MTA, remain grounded with member expectations of us.

As a member-based organisation, ultimately, we exist to serve, and I thank members for their continued support. They are what makes MTA and our industry great.



**Lee Marshall**  
Chief Executive





## WORKING FOR *Our Industry*

---

As a trusted voice for the automotive industry, MTA is frequently sought out for our expertise and insights on topics and issues that impact both our members and the broader motoring community. Over the last year we have undertaken a range of activities to contribute to vital industry conversations and promote the expertise and industry leadership of MTA and MTA members.



Addressing the skilled labour shortage is a key part of our advocacy

## Advocacy

---

In 2023, our advocacy achieved considerable success through a combination of collaboration, advice, and constructive feedback on numerous Government initiatives impacting our sector. Our efforts included developing practical policies, offering insights on regulation alterations, and contributing to the Government's emissions reduction plan, particularly with the Clean Car initiatives to curtail CO2 emissions.

A significant victory during the year was securing the inclusion of "skilled motor mechanics" on the immigration Green List; a move we advocated strongly for. Our engagement with Government over industry skills shortages also resulted in "panel and paint" roles being considered for inclusion on the Green List, with promising developments underway and awaiting final resolutions as at the end of the financial year.

The Towing Law Change showcased our proactive stance to advocacy, with the Ministry of Transport seeking our perspective on a proposal regarding police vehicle impoundment under specified instances of driver non-

compliance. Our consultative approach with members, followed by ongoing deliberations with officials, culminated in a comprehensive presentation to the Justice Select Committee in June. As a result, a significant portion of feedback from MTA and our members was integrated into the new law. The Ministry's acknowledgement of our input, exemplified by an invitation to take part in an impending review of fees and other unchanged measures, underscores our influential role.

2023 also marked a significant shift in our advocacy through the inception of "Driving New Zealand Forward;" our political manifesto that underscores our resolve to shape transport policies.

Through these and other initiatives, we continue to strengthen our advocacy efforts, ensuring our sector's voice resonates with decision-makers and fosters a positive environment for the evolution and growth of the motor trade industry.

# Media Activity

---

Sandra Phillips was a victim of crime this year  
– a danger highlighted in our work with media



Media coverage underpins and aligns with MTA's strategic, advocacy and marketing goals. It highlights issues faced by MTA members, the wider automotive industry, and the public.

During the year, MTA used a wide range of mainstream and industry channels to reach key audiences, including Government and their agencies. Issues across the MTA membership were addressed through media strategy, including:

- Fuel station safety and protection
- The Clean Car Programme
- Skilled labour shortage and immigration
- Emissions and sustainability.

Media outlets engaged included:

- TVNZ
- TV3/Newshub
- NZ Herald
- Radio NZ
- Stuff
- Newstalk ZB.

Well in excess of a million New Zealanders would have seen or heard MTA media coverage. In addition, MTA features regularly in industry publications, reaching key stakeholders and partners.

MTA's share of media coverage on automotive issues is consistently in the top three amongst comparable organisations, and higher than previous years.

# Website

---

In March 2023 MTA launched its new online presence, creating a one-stop-shop for all things auto.

A substantial project involving major platform integrations, the new public website and member resources site delivers a quality user experience, architecture longevity and improved functionality while offering relevant and easily accessible information and services to all our audiences.

## Toolbox

**18,158 users**      **109,868 pageviews**

Our member resources site - the 'Toolbox' - now offers one login (instead of two), personal information called 'My MTA' with tools such as My Stats, My Finance and My Events, improved navigation, defined areas of information and much more to assist member businesses.

## Public Site

**189,108 users**      **670,337 pageviews**

The public site offers an improved shop experience, alternative scrolling options and clear navigation paths, better functionality and information options for members and the public with the 'Find A Member' section, multiple build options within the page architecture and an interactive home page.

Improvements are ongoing as we grow with the digital landscape to meet the needs of our members and customers.

MTA websites provide resources for new and experienced members and the motoring public



# OUR *Brand*



MTA members and the New Zealand public have trusted the MTA brand for over a century, and we continue to work on promoting the 'Bright Blue Badge' and protecting the brand's reputation. This mark means quality work, high standards and professionalism to motorists. Of note, in our Q4 public survey, brand awareness amongst the general public had increased to 90%.

Over the past year we developed a brand foundation document which resulted in new brand guidelines offering clear directions for the MTA brand and incorporated a fresh direction in creative style. We also introduced our first sub-brand – 360 Degree Learning.

An updated marketing strategy was produced to ensure a consistent omni-channel approach to extend MTA's brand awareness, promote member businesses and MTA Gift products.

Our marketing activities and messages were delivered online (websites/programmatic/social media), and via billboards, Google search, radio, mobile, email, bus backs and video.

Our social media community has grown and has strong engagement as we focus on delivering content that generates awareness, conversions, and website traffic.



## SUPPORTING *Our Members*

---

MTA membership is designed to make life easier for our members. We provide a range of benefits from exclusive deals through to free-to-use services and tools to both businesses and employees within the network.

Members consistently tell us they value being part of the trusted MTA brand. They also rate our partnerships with other businesses, which provide enhanced, discounted and sometimes exclusive services to members for everything from business and health insurance, power

savings, employee benefit packages and wellbeing services such as EAP.

Our partnership with the n3 buying group has been particularly rewarding for members and their employees. The number of members signed up to n3 has now reached 2,108. Over the course of the last year, members spent \$12m on n3 group products ranging from safety products, stationery, and petrol to curtains and steel. The resulting discounts saved members \$2.1m.

# HR Services

---

Our Wellington-based HR Services team assists members with all their HR matters, including support, guidance, and documentation templates. Over the last year our team resolved 1,054 cases across 534 members with subjects ranging from performance management, absenteeism and disciplinary matters through to immigration, health and safety and mental health.

## THE LARGEST AREAS OF

### Support

- 23.8% - recruitment and contract advice
- 19.1% - performance management and disciplinary advice and assistance
- 15.9% - leave policies and advice around medical circumstances
- 15.5% - restructure or termination advice and assistance.

# Mediation Services

---

This year our Mediation Services team supported both members and the public with guidance and resolution advice on 1,481 cases across 824 members. During the period we also received 608 calls relating to non-member cases.

## THE LARGEST AREAS OF

### Cases

- 37.4% - fault after purchase
- 13.8% - related to quality of repair
- 8% - related to misrepresented vehicle or vehicle rejection.

# Membership Services

---

Our Membership Services team completed 6,608 outbound calls across the membership during the year. Call subjects varied from member care calls to advice about events, training sessions and benefits.

The team also undertook specific campaigns to offer assistance and support for members impacted by the Auckland/Northland rain events and the cyclone that lashed the East Coast and Hawke's Bay.



MTA  
*Board*  
2023

*Left to right: Tony Allen, Sturrock Saunders, Bob Boniface (President),  
Samantha Sharif, Grant Woolford, Andrea Andrew, Joris Sanders.  
Not shown: Tom Ruddenklau*



MTA

*Facts*



## Mediation



WE ADVISED ON  
**1,481**  
DISPUTES



OF WHICH  
**79%**  
were resolved within the  
same month.

## Training and Events



**446**

REGIONAL  
EVENTS

=



**3,663**

ATTENDEES



**69**

WOF EVENTS

=



**495**

ATTENDEES

## Membership



**+190**

NEW  
MEMBERS



**3,811**

TOTAL  
MEMBERSHIPS

## SUMMARY OF *Results*

---

We are pleased to present the financial statements for the year ended 30 June 2023. The result for MTA Group was a reduction in the overall loss for the Group from \$7.53m in 2022 to a loss of \$5.74m in 2023. The main contributor to the improvement in the overall loss was the turnaround in our investment

portfolio, which rebounded in 2023 from the impacts of Covid, global economic conditions and other geopolitical events which prevailed and impacted the portfolio in 2022. There was also a significant increase in associate earnings in 2023 from the well-performing DEKRA investment.

## Special Purpose Financial Reporting

---

MTA Group continues to prepare the financial statements in accordance with the Group's special purpose financial reporting framework, referred to as special purpose financial reporting. This change, which was first adopted last year, allows us to avoid having to revalue annually the DEKRA Put/Call option, which is an expensive exercise, where the costs of obtaining the valuation outweigh the benefits from an MTA point of view.

## Revenue

---

Total Group revenue was \$14.57m, which is \$0.03m higher than the previous financial year's revenue of \$14.54m. However, within the total revenue figure, Software sales from Auxo improved \$1.15m or 13% to \$10.02m. This was offset by a reduction in other revenue which fell \$1.3m from \$2.5m in 2022 to \$1.2m in 2023. This reduction was mostly due to other revenue now returning to more normalised levels following last year's one-off favourable impact from the recognition of additional forfeiture revenue being recognised on gift vouchers in 2022. During the previous year, the Board reassessed the gift voucher forfeiture rate based on actual redemption history and as a result an additional \$1.28m of gift voucher forfeiture revenue was recognised as other revenue during 2022. This was not repeated in 2023.

## Expenses

---

Total expenses, including direct costs, were \$5.96m higher than the prior year at \$26.59m, however \$2.72m of this increase was non-cash expenses made up as follows:

- A \$2.41m write-off of all the Australasian Automotive Business Solutions Ltd (AABSL) goodwill created at the acquisition of AABSL in 2021, and
- A \$0.31m increase in amortisation expense with respect to software intangibles.

Salaries and Wages expense was up \$2.2m in 2023 and this was the bulk of the increase in cash costs in 2023.

## Investment Returns

---

After a poor performance in FY22, where the investment portfolio generated a loss of \$3.44m or 6.6% a rebound in investment returns in 2023 resulted in a \$2.77m gain in which was a 6.7% return on the fund's opening balance of \$41.1m. This level of return is pleasing given that it has exceeded the fund's benchmark return of 5.5% for the year.

Our share of DEKRA's net profit, which is recorded in the special purpose consolidated statement of comprehensive income, increased by \$0.95m to \$3.54m in 2023. This investment yielded \$3.45m in cash dividends in the current year, which was an increase on the \$3.02m of cash dividends received in 2022.

# Motor Trade Association Incorporated Group

## Summary Special Purpose Consolidated Financial Overview (unaudited)

for the year ended 30 June 2023

	2023	2022
	NZ\$'000	NZ\$'000
<b>Member activities</b>		
Revenue		
Subscriptions	2,217	2,201
Services and products	617	812
Gift cards and vouchers	514	2,020
Commissions	468	354
Total members' revenue	3,816	5,387
Salaries and wages	(3,058)	(2,405)
Gift card and voucher costs	(685)	(591)
MTA image	(658)	(556)
Other costs	(1,224)	(1,754)
<b>Operating surplus / (deficit) from member activities</b>	<b>(1,809)</b>	<b>81</b>
<b>Commercial service activities</b>		
Revenue		
SAM Computer Systems Limited	7,052	6,271
Systeme Automotive Solutions Limited	2,958	2,595
Total service revenue	10,010	8,866
Cost of goods sold	(1,989)	(1,811)
Salaries and wages	(6,349)	(5,541)
Amortisation/depreciation	(704)	(712)
Impairment of goodwill (b)	(2,410)	-

Other costs	(1,441)	(768)
<b>Operating surplus / (deficit) from commercial service activities</b>	<b>(2,883)</b>	<b>34</b>
<b>Investment activities</b>		
Interest income	45	6
(Loss) / Gain on financial instruments at fair value through profit or loss	2,774	(3,438)
Equity accounted share of DEKRA New Zealand Limited	3,540	2,591
Total investment income	6,359	(841)
Other costs	(557)	(305)
<b>Operating surplus / (deficit) from investment activities</b>	<b>5,802</b>	<b>(1,146)</b>
<b>Administration and general</b>		
Other revenue	540	277
Gain on sale of assets	19	66
Total other revenue	559	343
Salaries and wages	(3,071)	(2,403)
IT	(700)	(625)
Other costs	(2,803)	(2,659)
Amortisation/depreciation	(704)	(549)
Financing costs	(85)	45
<b>Operating deficit of administration and general activities</b>	<b>(6,805)</b>	<b>(5,848)</b>
<b>Operating (loss) / income before tax</b>	<b>(5,695)</b>	<b>(6,879)</b>
<b>Exchange differences on translation of foreign operations</b>	<b>(21)</b>	<b>-</b>
<b>Income tax credit/(expense)</b>	<b>(19)</b>	<b>(650)</b>
<b>Total comprehensive (loss) / income after tax attributable to members</b>	<b>(5,735)</b>	<b>(7,529)</b>

# Motor Trade Association Incorporated Group

## Summary Special Purpose Consolidated Financial Overview (unaudited)

for the year ended 30 June 2023

Note :

### Investment activities

- a. DEKRA Put/Call Option (the "Options"). In 2022, the Board elected to prepare special purpose consolidated financial statements under the Group's special purpose financial reporting framework, referred to as special purpose financial reporting. Under special purpose financial reporting, the Options have not been fair valued and are not recorded in the special purpose consolidated statement of financial position. The Directors consider that the special purpose consolidated financial statements of the Group have been prepared using accounting policies appropriate to the Group's circumstances, consistently applied, with the exception of the above, and are supported by reasonable and prudent judgements and estimates.

### Expenses

- b. Goodwill impairment - The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. At 30 June 2023 the AABSL Board reviewed the goodwill relating to SAM Computer Systems Limited (SAM) and Systime Automotive Solutions Limited (Systime) and concluded that the SAM goodwill of \$1.81m is likely to be fully impaired and furthermore whilst Systime goodwill of \$0.6m exhibited no signs of impairment that the Board and management decided to write off all goodwill in the 2023 year.

### Directors fees

- c. Fees paid to Directors for services during the year are as follows:

	<u>NZ\$'000</u>
Bob Boniface*	161
David Harris**	83
Samantha Sharif	63
Tony Allen	49
Andrea Andrew	56
Sturrock Saunders***	141
Tom Ruddenklau	49
Grant Woolford	55
Terry Allen****	35
Joris Sanders*****	39
	<u>731</u>

\*President (Motor Trade Association Incorporated Group - from November 2021) and Director (Australasian Automotive Business Solutions Limited).

\*\* President (Motor Trade Association Incorporated Group - until November 2021) and Director (Australasian Automotive Business Solutions Limited & DEKRA New Zealand Limited).

\*\*\* Director (DEKRA New Zealand Limited).

\*\*\*\* Director (Australasian Automotive Business Solutions Limited - from November 2022)

\*\*\*\*\* Director (Motor Trade Association Incorporated Group - from November 2022)

# Motor Trade Association Incorporated Group

## Summary Special Purpose Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

	2023 NZ\$'000	2022 NZ\$'000
<b>Revenue</b>		
Membership revenue	3,336	3,160
Other revenue	1,215	2,510
Software and associated sales	10,019	8,866
less: Software and associated cost of goods sold	(1,989)	(1,811)
	<b>12,581</b>	<b>12,725</b>
(Loss) / Gain on financial instruments at fair value through profit or loss	2,774	(3,438)
Other gains and losses	13	66
Employee expense	(12,549)	(10,348)
Amortisation expense	(858)	(552)
Depreciation expense		
- ROU asset	(342)	(424)
- Fixed assets	(208)	(285)
Finance costs		
- Lease liability	(33)	(27)
- Other Finance Costs	(53)	72
Goodwill impairment	(2,408)	-
Other expenses	(8,152)	(7,259)
<b>Loss before share of associate's net profit and income tax expense</b>	<b>(9,235)</b>	<b>(9,470)</b>
Income tax credit/(expense)	(19)	(650)
<b>Loss after income tax expense and before share of associate's net profit</b>	<b>(9,254)</b>	<b>(10,120)</b>
Share of associate net profit	3,540	2,591
<b>Gain/(loss) attributable to members' funds</b>	<b>(5,714)</b>	<b>(7,529)</b>
Exchange differences on translation of foreign operations	(21)	-
<b>Total comprehensive income/(loss) after tax attributable to members</b>	<b>(5,735)</b>	<b>(7,529)</b>

# Motor Trade Association Incorporated Group

## Summary Special Purpose Consolidated Statement of Changes In Members' Funds

for the year ended 30 June 2023

	Special funds	Capital protection	Investment	Foreign currency	Retained earnings	Total
		reserve	fluctuation	translation		
Note	NZ\$'000	NZ\$'000	NZ\$'000		NZ\$'000	NZ\$'000
Balance at 30 June 2021	96	-	-	-	61,457	61,553
Adjustment on acquisition of subsidiaries	-	-	-	1	-	1
Total comprehensive income	-	-	-	-	(7,529)	(7,529)
Reclassify DEKRA Options to retained earnings	-	-	-	-	3,421	3,421
<b>Balance at 1 July 2022</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>57,349</b>	<b>57,446</b>
Exchange rate movement	-	-	-	(21)	-	(21)
Total comprehensive income	-	-	-	-	(5,714)	(5,714)
<b>Balance at 30 June 2023</b>	<b>2</b>	<b>96</b>	<b>-</b>	<b>(20)</b>	<b>51,635</b>	<b>51,711</b>

# Motor Trade Association Incorporated Group

## Summary Special Purpose Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 NZ\$'000	2022 NZ\$'000
<b>Current assets</b>			
Cash and cash equivalents		1,619	3,338
Trade and other receivables		1,808	3,283
Capitalised installed costs		68	68
Inventories		127	239
<b>Total current assets</b>		<b>3,622</b>	<b>6,928</b>
<b>Non-current assets</b>			
Investment in associate		22,859	22,767
Goodwill	5	-	2,408
Property, plant and equipment		410	357
Lease assets		849	514
Capitalised installed costs		223	200
Other non-current assets		45,352	46,773
<b>Total non-current assets</b>		<b>69,693</b>	<b>73,019</b>
<b>Total assets</b>		<b>73,315</b>	<b>79,947</b>

<b>Current liabilities</b>		
Subscriptions invoiced in advance	-	1,293
Trade and other payables	2,261	2,562
Other financial liabilities	17,076	17,042
Lease liabilities	314	129
Unearned contract income	129	141
Other current liabilities	871	623
<b>Total current liabilities</b>	<b>20,651</b>	<b>21,790</b>
<b>Non-current liabilities</b>		
Lease liabilities	605	406
Unearned contract income	348	305
<b>Total non-current liabilities</b>	<b>953</b>	<b>711</b>
<b>Total liabilities</b>	<b>21,604</b>	<b>22,501</b>
<b>Total members' funds</b>	<b>51,711</b>	<b>57,446</b>



# Motor Trade Association Incorporated Group

## Summary Special Purpose Consolidated Cash Flow Statement

for the year ended 30 June 2023

	2023	2022
	NZ\$'000	NZ\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	12,534	10,862
Proceeds from branch advances	53	(72)
Payments to suppliers and employees	(19,819)	(16,314)
Other operating cash flows	(63)	2,334
<b>Net cash used in operating activities</b>	<b>(7,295)</b>	<b>(3,190)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(261)	(185)
Sales of investments	6,173	1,568
Purchase of investments	(2,048)	(2,553)
Other investing cash flows	2,038	2,080
<b>Net cash (used in)/provided by investing activities</b>	<b>5,902</b>	<b>910</b>
<b>Cash provided by financing activities</b>		
Principal payments - Lease liability	(293)	(424)
Finance costs - Lease liability	(33)	(58)
<b>Net cash provided by financing activities</b>	<b>(326)</b>	<b>(482)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,719)</b>	<b>(2,762)</b>
Cash and cash equivalents at the beginning of the year	3,338	6,100
<b>Cash and cash equivalents at the end of the year</b>	<b>1,619</b>	<b>3,338</b>

# Motor Trade Association Incorporated Group

## Notes to the Summary Special Purpose Consolidated Financial Statements

for the year ended 30 June 2023

### 1. Basis of preparation of the Special Purpose Consolidated Summary Financial Statements

The information contained in the summary special purpose consolidated summary financial statements has been extracted from the full special purpose consolidated financial statements authorised for issue by the Board of Directors on 13 October 2023. The summary special purpose consolidated financial statements cannot be expected to provide and do not provide, as complete an understanding as provided by the full special purpose consolidated financial statements. The full special purpose consolidated financial statements from which these summary special purpose consolidated financial statements have been extracted, have been prepared in accordance with the Group's special purpose financial reporting framework, referred to as special purpose financial reporting. The full special purpose consolidated financial statements have been prepared in accordance with the requirements of NZ IFRS RDR and Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") as appropriate for profit oriented entities, with the exception of: (i) NZ IFRS 9: Financial Instruments The Group has elected not to fair value the DEKRA Put and Call Options (the Options) commencing as at 30 June 2022 year as is required under NZ IFRS RDR. The impact of adopting special purpose financial reporting was that the carrying value of the Options as at 30 June 2021 (net liability of \$3.421m) has been transferred directly to retained earnings in the 2022 financial year and the Options have not been recognised as a financial instrument in accordance with NZ IFRS 9.

These summary special purpose consolidated financial statements are presented in New Zealand dollars which is the Group's functional and presentation currency, rounded to the nearest thousand dollars (\$000). Aside from the recognition and measurement differences noted above, these summary special purpose consolidated financial statements have been prepared in accordance with FRS-43 Summary Financial Statements.

The full special purpose consolidated financial statements are available to members at no charge. To receive a copy of the full special purpose consolidated financial statements, you can phone MTA on 0800 00 11 44 or email [mta@mta.org.nz](mailto:mta@mta.org.nz).

The full special purpose consolidated financial statements have been audited and an unqualified opinion has been expressed in respect of the Group.

### 2. Members' funds

	2023	2022
	NZ\$'000	NZ\$'000
Special funds and Foreign Currency Translation Reserve	76	97
Retained earnings	51,635	57,349
Total members' funds	51,711	57,446

Each general member is entitled to one voting right in MTA. The current number of general members at balance date is 3,811 (2022: 3,817).

Upon the winding up of MTA any property remaining after the satisfaction of all debts and the costs, charges, and expenses of the winding up, shall be transferred to such other association or organisation having objects similar to the objects of MTA or in such other manner as may be determined by the general meeting at which the winding up is approved.

### 3. Contingent assets and contingent liabilities

There are no significant contingent assets or contingent liabilities as at 30 June 2023 (2022: nil).

# Motor Trade Association Incorporated Group

## Notes to the Summary Special Purpose Consolidated Financial Statements

for the year ended 30 June 2023

### 4. Investment in associate companies

The investment in the DEKRA NZ is subject to Put and Call options (the Options), with the period from which an option may be exercised being the three months after the DEKRA NZ Board has provided the Shareholders with the Approved Special Purpose Consolidated Financial Statements for the year ending 31 December 2023. The option has an exercise price based on the higher of a price floor and a multiple of average historical earnings. The Options are subject to a lock in period, under which neither option can be exercised, with the current lock in period expiring on 31 December 2023.

From the 2022 financial year, MTA has not recognised the Options as an asset or liability on the special purpose consolidated statement of financial position. Accordingly there has been no fair value exercise and no changes in value have been recorded through profit and loss. At 30 June 2022, the carrying value of the Options as at 30 June 2021 (\$3.421m liability) were transferred directly to retained earnings. In the 2021 financial year, in line with NZ IFRS 9: Financial Instruments, MTA calculated the fair values of the Options and recognised any movement in fair value through the profit and loss. At 30 June 2021, MTA assessed the fair value of the put option asset as \$518k and the fair value of the call option liability as \$3.939m, with an accompanying net charge to the P&L of \$2.102m.

	No of shares held	Percentage held	MTA Group	
			2023	2022
			NZ\$'000	NZ\$'000
Investment in DEKRA NZ (Opening Balance)	4,560,040	40%	22,767	23,191
Add : share of associate's net profit for the year			3,540	2,591
Less : dividends received from associate for the year			(3,448)	(3,015)
Investment in DEKRA NZ (Closing Balance)	4,560,040	40%	<b>22,859</b>	<b>22,767</b>
			<b>MTA Group</b>	
			<b>2023</b>	<b>2022</b>
			<b>NZ\$'000</b>	<b>NZ\$'000</b>
<b>Other financial liabilities:</b>				
Financial Instrument - Call Option			-	-
			-	-

The above associate is accounted for using the equity method in these special purpose consolidated financial statements. Pursuant to a shareholder agreement, the Company has the right to cast 40 per cent of the votes at shareholder meetings of DEKRA NZ.

For the purposes of applying the equity method of accounting, the financial statements of DEKRA NZ for the year ended 31 December 2022 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 30 June 2023.

# Motor Trade Association Incorporated Group

## Notes to the Summary Special Purpose Consolidated Financial Statements

for the year ended 30 June 2023

### 5. Goodwill

	<u>MTA Group</u>
	<u>Total</u>
	<u>NZ\$'000</u>
<b>Gross carrying amount</b>	
Balance at 1 July 2021	2,408
Recognised on acquisition of subsidiaries	-
Disposals	-
Balance at 30 June 2022	2,408
Additions	-
Disposals	-
Balance at 30 June 2023	<u>2,408</u>
<b>Accumulated Impairment Losses</b>	
Balance at 1 July 2021	-
Impairment Losses for the year	-
Balance at 30 June 2022	-
Impairment Losses for the year	(2,408)
Balance at 30 June 2023	<u>(2,408)</u>
<b>Net book value</b>	
As at 30 June 2022	<u>2,408</u>
As at 30 June 2023	<u>-</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. At 30 June 2023 the AABSL Board reviewed the goodwill relating to SAM Computer Systems Limited (SAM) and Systime Automotive Solutions Limited (Systime) and concluded that the SAM goodwill of \$1.81m is fully impaired and furthermore whilst Systime goodwill of \$0.6m exhibited no signs of impairment that the Board and management decided to write off all goodwill in the 2023 year.

### 6. Other financial liabilities

	<u>Note</u>	<u>MTA Group</u>	
		<u>2023</u>	<u>2022</u>
		<u>NZ\$'000</u>	<u>NZ\$'000</u>
<b>(a) Gift Vouchers :</b>			
Gift vouchers in circulation	(i)	14,704	14,147
Gift cards in circulation	(ii)	1,297	1,873
		<u>16,001</u>	<u>16,020</u>
<p>(i) Gift vouchers in circulation represents the obligation in respect of gift vouchers still to be returned for redemption.</p> <p>(ii) Gift cards in circulation represents the obligation in respect of the unused balance on activated gift cards.</p>			
<b>(b) Others</b>			
Advance from MTA branches		1	1
Investment on behalf of MTA (Northern Region) Incorporated (formerly known as MTA Auckland Branch)	(iii)	1,074	1,021
		<u>1,075</u>	<u>1,022</u>
<p>(iii) Earnings are debited or credited based on the net return from the investment portfolio's managed funds.</p>			
Total other financial liabilities		<u>17,076</u>	<u>17,042</u>

# Motor Trade Association Incorporated Group

## Notes to the Summary Special Purpose Consolidated Financial Statements

for the year ended 30 June 2023

### 7. Related party disclosures

Members of the group conduct transactions between themselves, as described below. There are no amounts receivable from related parties at balance date.

#### Equity interest in subsidiaries

Motor Trade Association Incorporated (MTA) holds a 100% interest either directly or indirectly in all subsidiary companies.

#### MTA (Northern Region) Incorporated

\$1,077k (2022: \$1,021k) of the total funds under management (total of \$39.2m) (2022: total of \$41.1m) is held on behalf of MTA (Northern Region) Incorporated.

#### Other transactions involving related parties

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

	MTA Group	
	2023	2022
	NZ\$'000	NZ\$'000
Key management personnel	1,822	1,318
Directors fees	731	515
	2,553	1,833

No related party debts have been written off or forgiven during the year.

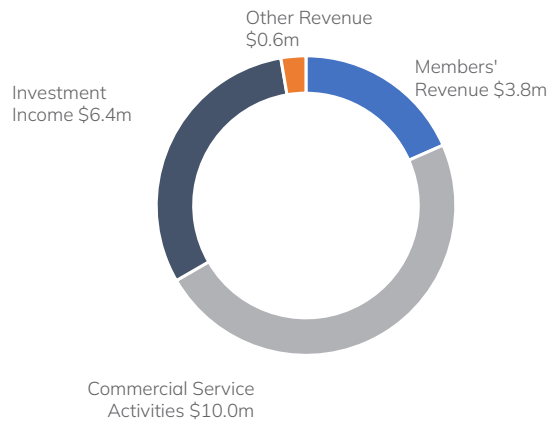
### 8. Events occurring after Balance Date

On the 25th July 2023 the Motor Group Investments Limited( MGIL) Board provided a letter of comfort to it's 100% owned subsidiary AABSL, that it would fund to AABSL, over the period to 31st December 2024, up to \$2.25M for the purposes of a Product Modernisation Project (Build Phase). This funding is subject to the adherence of project related milestones and criteria. DEKRA declared a dividend on the 22nd of June 2023 amounting to \$1.72m which was paid to MGIL on the 25th of September 2023 (2022: nil). Other than expressly noted above, there have been no other events subsequent to balance date requiring disclosure in, or adjustment to, the special purpose consolidated financial statements.

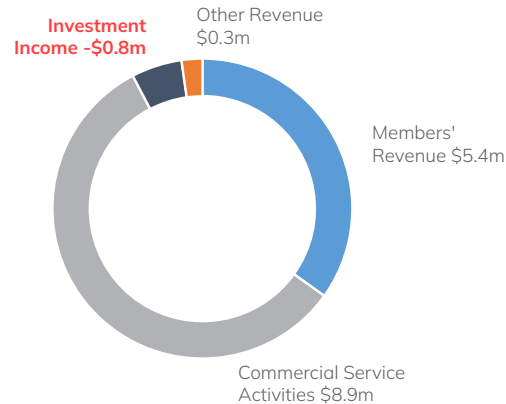
# Total *Income*

**\$20.7m** (FY 2022 = \$13.8m)

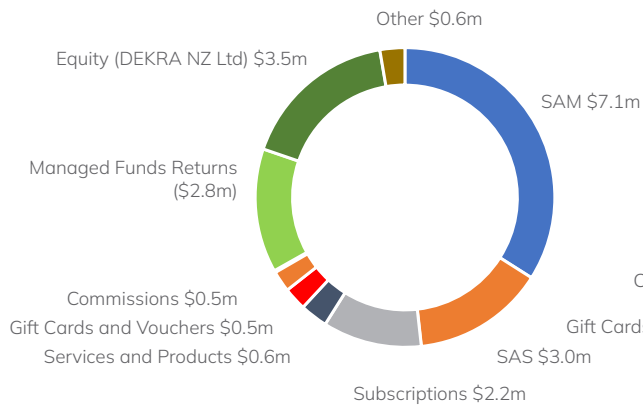
**By Activities 2023**



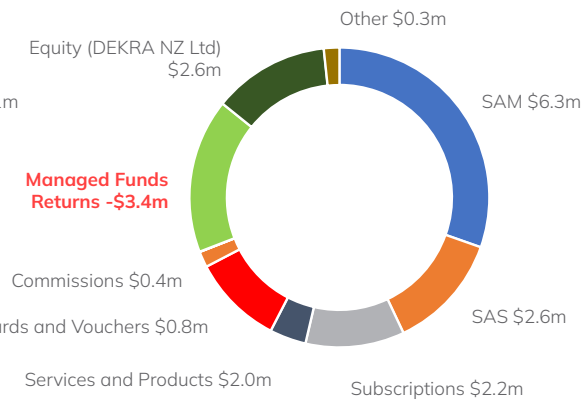
**By Activities 2022**



**By Categories 2023**



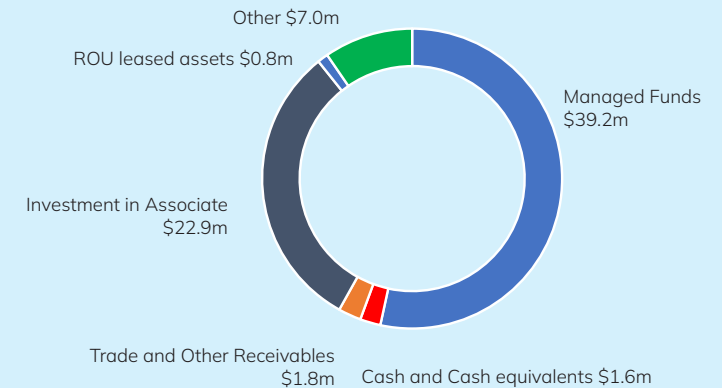
**By Categories 2022**



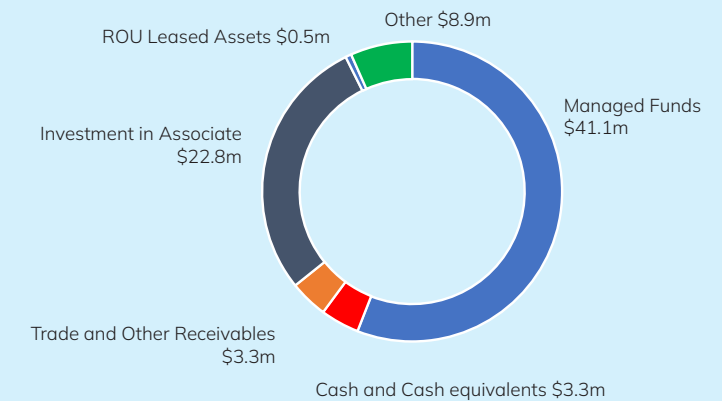
# Total *Assets*

**\$73.3m** (FY 2022 = \$79.9m)

**Year 2023 \$73.3m**



**Year 2022 \$79.9m**



## INDEPENDENT AUDITOR'S REPORT

### On the Summary Special Purpose Consolidated Financial Statements To the Members of Motor Trade Association Incorporated

#### Opinion

The accompanying summary special purpose consolidated financial statements of Motor Trade Association Incorporated and its subsidiaries ('the Group'), on pages 22 to 29, which comprise the Summary Special Purpose Consolidated Statement of Financial Position as at 30 June 2023, the Summary Special Purpose Consolidated Statement of Comprehensive Income, Summary Special Purpose Consolidated Statement of Changes in Members' Funds and Summary Special Purpose Consolidated Cash Flow Statement for the year then ended, and related notes, are derived from the audited special purpose consolidated financial statements of the Group for the year ended 30 June 2023.

In our opinion, the accompanying summary special purpose consolidated financial statements are consistent, in all material respects, with the audited special purpose consolidated financial statements, in accordance with the basis of preparation, as described in Note 1 in the summary special purpose consolidated financial statements.

Our report is made solely to the Members of the Group. Our audit work has been undertaken so that we might state to the Members of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Group as a body, for our audit work, for our report or for the opinions we have formed.

#### Summary Special Purpose Consolidated Financial Statements

The summary special purpose consolidated financial statements do not contain all disclosures required by the Group's stated accounting policies per Note 1 in the summary special purpose consolidated financial statements. Reading the summary special purpose consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited special purpose consolidated financial statements of the Group. The summary special purpose consolidated financial statements and the audited special purpose consolidated financial

statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited special purpose consolidated financial statements.

#### **The Audited Special Purpose Consolidated Financial Statements**

We expressed an unmodified audit opinion on the audited special purpose consolidated financial statements of the Group for the year ended 30 June 2023 in our report dated 13 October 2023. That report also includes an Emphasis of Matter section that draws attention to Note 1 in the audited special purpose consolidated financial statements which describes the basis of accounting. The audited special purpose consolidated financial statements comply with the Group's accounting policies as stated in Note 1 to the audited special purpose consolidated financial statements.

#### **Responsibilities of the Directors of the Summary Special Purpose Consolidated Financial Statements**

The Directors are responsible for the preparation of a summary of the audited special purpose consolidated financial statements in accordance with the Group's stated accounting policies per Note 1 to the summary special purpose consolidated financial statements.

#### **Auditor's Responsibilities for the Audit of the Summary Financial Statements**

Our responsibility is to express an opinion on the summary special purpose consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "*Engagements to Report on Summary Financial Statements*."

Other than in our capacity as auditor we have no relationship with, or interests in, Motor Trade Association Incorporated or any of its subsidiaries.

In addition to this, principals and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. This has not impaired our independence.



**BAKER TILLY STAPLES RODWAY AUCKLAND**

**Auckland, New Zealand**

13 October 2023





**MTA Wellington Office**  
Level 5, AIA Tower  
34 Manners Street  
Te Aro, Wellington 6011

**MTA Auckland Campus**  
485 Great South Road  
Penrose  
Auckland 1061

**Postal Address**  
PO Box 9244  
Marion Square  
Wellington 6141

**Phone:** 0800 00 11 44  
**Email:** [mta@mta.org.nz](mailto:mta@mta.org.nz)  
**Website:** [mta.org.nz](http://mta.org.nz)  
**Toolbox:** [mta.org.nz/toolbox](http://mta.org.nz/toolbox)

**Facebook:** [@motortradeassociation](https://www.facebook.com/motortradeassociation)  
**Instagram | X | TikTok:** [@MTA\\_NZ](https://www.instagram.com/MTA_NZ)