

## THE MRA PROMOTIONS PROBLEM

### 1. What is MRA PROMOTIONS?

MRA PROMOTIONS is a Private Company owned by its Directors. The Directors of MRA PROMOTIONS are currently Damien Codognotto and Greg Coysh. Greg Coysh draws no income from the Company.

Greg Coysh takes no part in the running of MRA PROMOTIONS. He remains a Director simply because a Company must have at least 2 Directors.

### 2. History of MRA PROMOTIONS.

In 1981 the then committee of the MRA decided to run a Motorcycle Show in Melbourne.

The then committee agreed that owing to the amount of work involved the then President and Treasurer Damien Codognotto and Lewis Bordon could organise this show using the Trading Name MRA PROMOTIONS. These two people would run the event and take any profit from it.

In consideration of the use of the MRA name and Logo MRA PROMOTIONS was to pay the Association 10% of its profit.

The Association was to hold control of the company by having the veto of any proposed event and being able to withdraw the use of the name at any time.

The Association was to benefit by having full time staff available, together with the use of equipment purchased by the company for company use.

At some later time the two principals of MRA PROMOTIONS formed an incorporated company MRA PROMOTIONS LTD. No advance notice was given or permission sought for this action.

This company subsequently registered the Trading name of MRA INSURANCES in all States of Australia in an apparent attempt to control any insurance activity on behalf of MRA members. This action caused considerable resentment amongst other State MRA's.

The Company ran 3 Motorcycle Shows before the Motorcycle trade refused to take part in any further shows organised by MRA Promotions.

The company subsequently obtained its income from Insurance Commissions earned on insurance purchased by members and other motorcyclists.

During 1984 the directors of MRA PROMOTIONS, Damien Codognotto and Lewis Bordon, decided to open a shop in Elizabeth St. This was done without consultation with the Association. The intention was to operate a commercial venture selling insurance, motorcycling accessories and paraphenalia for the benefit of the Company.

In order to finance this venture Damien Codognotto took out a mortgage on his house of some \$23,000. In fact these funds were spent on outstanding debts leaving only \$600 available to fund the new shop.

This led to the schism between Damien and Lewis prior to the 1984 AGM. Both stood against each other for President in a heated meeting in which much reference was made to the Articles of Association. Damien was elected once again. As a result Lewis Bordon and Glen Barlow walked out of the Association followed a few months later by the mass resignation of the current 4B Director and many of his staff.

Lewis resigned as director of MRA PROMOTIONS and Greg Coysh took over.

MRA PROMOTIONS was then left with the shop which it could not pay for and the Association was left with MRA HOUSE and no staff to run it.

The Association decided that in the circumstances we should leave the House and move to the shop.

The Association was to pay half the rent of the Shop. In fact we have paid all the rent and rates of the shop. In addition the Association made MRA PROMOTIONS a loan of \$1126.26 in October 1984 to avoid the bank foreclosing on their mortgage as Damien had no money to pay two months payments on his mortgage. No repayments had been made on this loan by the end of the year.

Recognising the impossibility of recovering this loan and the back rent on the shop the Treasurer, in his 1984/85 annual report, proposed that the Association grant these outstanding amounts due to the Association to Damien, thus wiping out the debt.

It was also proposed that the arrangements regarding the rent, that is 50% payment from MRA PROMOTIONS, be cancelled and the Association agree to pay all of the rent in future.

Dave Dorman, the incoming Vice President, amended this motion such that the Arrears were cancelled but the rent arrangement should continue. This was the motion passed.

MRA Promotions is therefore indebted to the Association for half the rent, rates, phone and power costs from June 30 1985 until December 31st 1985 when MRA Promotions moved out of the shop.

Damien resigned as President along with Dave Dorman as Vice President. The Secretary also resigned with effect from the end of February.

3. Supposed advantages to the Association gained from the existance of MRA PROMOTIONS.

3.1 Ten percent of MRA PROMOTIONS profits.

There is no record of any payment being received by the Association.

3.2 Rent for Association premises used by MRA PROMOTIONS.

During the period the Association occupied MRA House members frequently asked at general meetings if rent was being paid by MRA PROMOTIONS. It was always stated that this was being done. No record of such payment exists.

3.3 Equipment purchased by MRA PROMOTIONS which the Association could use which it would otherwise not have access to.

In fact the reverse has applied. MRA Promotions has used equipment purchased by the Association. The photocopier is an example of this.

The PA equipment purchased by PROMOTIONS for the Association mysteriously disappeared from MRA HOUSE.

3.4 MRA PROMOTIONS would provide the staff for the Association that could not otherwise be provided full time.

This has been partly true, although the Association has received two grants from government to employ staff.

The Association no longer has any staff provided by MRA Promotions.

4. What has MRA PROMOTIONS cost the Association?

4.1 The Association has provided premises and services for MRA PROMOTIONS at no cost to MRA PROMOTIONS.

4.2 The Association has picked up the tab for MRA PROMOTIONS mail, photographic processing, printing services and a large part of its telephone bill.

4.3 The Association has paid the cost of decisions to which it had no input. Example is the computer and the MRA Shop.

5. Current and future problems.

5.1 Whilst MRA PROMOTIONS exists the world will always confuse the two bodies. Damien is institutionalised into the MRA.

5.2 Damien literally believes he IS the MRA and that he owns the LOGO and other names of the Association.

5.3 Damien is making public announcements on behalf of the Association. Even when he makes them on Promotions behalf the public thinks it is the Association speaking. This confusion will occur until Damien no longer uses the MRA name.

Dated May 1986.

MRA PROMDTIONS PTY LTD

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MOTOR CYCLE PROMOTERS  
 440 ELIZABETH STREET  
 MELBOURNE 3000

TRADING STATEMENT

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FOR THE PART YEAR FROM 1/7/85 TO 30/4/86

	<u>CURRENT MONTH</u>		<u>YEAR TO DATE</u>	
	%	< 5 >	%	< 11 >
<u>INCOME</u>				
REVENUE	100	14769	100	35020
<u>COST OF SALES</u>				
OPENING STOCK		816		425
PURCHASES		3922		8775
		-----		-----
CLOSING STOCK		4738		5200
		685		685
		-----		-----
COST OF GOODS SOLD		4053		8515
		-----		-----
<u>GROSS PROFIT ON TRADING</u>	73	\$10716	76	25505
		=====		=====

MRA PROMOTIONS PTY LTD

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MOTOR CYCLE PROMOTERS  
 440 ELIZABETH STREET  
 MELBOURNE 3000

PROFIT AND LOSS STATEMENT

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FOR THE PART YEAR FROM 1/7/85 TO 30/4/86

	<u>CURRENT MONTH</u>		<u>YEAR TO DATE</u>
	< 5 >		< 11 >
	90	90	
<u>INCOME</u>			
PROFIT ON TRADING B/FWD	10715		25505
LOSS SALE OF FIXED ASSETS	(275)		(275)
	-----		-----
TOTAL INCOME	10441		25230
 <u>LESS EXPENSES</u>			
ADVERTISING & ENTERTAINMENT	(950)		--
BANK CHARGES	159		259
CONSULTANTS FEES	275		1125
DEPRECIATION PLANT	238		458
GENERAL EXPENSES	217		515
INTEREST	27		27
LEGAL EXPENSES	--		75
LIGHT & POWER	--		186
MOTOR VEHICLE EXPENSES	217		507
PRINTING, STAMPS & STATIONERY	2950		6270
RENT & RATES	3920		8829
REPAIRS & REPLACEMENTS	192		263
SUBSCRIPTIONS	45		46
TELEPHONE	342		766
TRAVELLING	94		229
WAGES	342	2	783
	-----		-----
TOTAL EXPENSES	8069		20338
	-----		-----
<u>NET PROFIT</u>	16		5892
	\$2372	17	-----
	=====		=====

1985-86      < 9700 >

MRA PROMOTIONS PTY LTD

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MOTOR CYCLE PROMOTERS  
440 ELIZABETH STREET  
MELBOURNE 3000

PROFIT AND LOSS APPROPRIATION  
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FOR THE PART YEAR FROM 1/7/85 TO 30/4/86

	<u>YEAR TO 31/3/86</u>	<u>YEAR TO DATE</u>
OPERATING PROFIT B/FWD	3520	5893
DEDUCT ACCUMULATED LOSSES B/FWD	9424	9424
	-----	-----
<u>ACCUMULATED LOSS</u>	<u>\$5904</u>	<u>3531</u>
	=====	=====

MRA PROMOTIONS PTY LTD

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MOTOR CYCLE PROMOTERS  
440 ELIZABETH STREET  
MELBOURNE 3000

BALANCE SHEET

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AS AT 30th. APRIL, 1986

AS AT 31/3/86

AS AT 30/4/86

AUTHORISED CAPITAL

NOMINAL CAPITAL

100000

\$100000

=====

=====

ISSUED AND PAID UP CAPITAL

ISSUED CAPITAL

2

2

RESERVES

ACCUMULATED LOSS B/FWD

(5904)

(3531)

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TOTAL SHAREHOLDERS FUNDS

\$(5902)

(3529)

=====

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THESE FUNDS ARE REPRESENTED BY:-

CURRENT ASSETS

CASH AT BANK ACCOUNT 1

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124

TRADE DEBTORS

3724

1188

STOCK ON HAND

816

685

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4540

1997

CURRENT LIABILITIES

BANK OVERDRAFT ACCOUNT 1

1028

---

TRADE CREDITORS

3036

1884

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-----

4064

1884

WORKING CAPITAL

\$476

113

FIXED ASSETS

PLANT AND EQUIPMENT

2895

2041

DEDUCT PROVISION FOR

1454

1087

DEPRECIATION

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1441

954

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1917

1067

SHAREHOLDERS LOANS

D K CDDDBNOTTD

7819

4596

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NET LIABILITIES

\$(5902)

3529

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REFER TO ACCOUNTANTS DISCLAIMER.....



MRA PROMOTIONS PTY LTD

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MOTOR CYCLE PROMOTERS

440 ELIZABETH STREET

MELBOURNE 3000

BALANCE SHEET

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AS AT 30th. APRIL, 1986

AS AT 31/3/86

AS AT 30/4/86

The accompanying financial reports have been prepared from the books and information provided by the clients at their request exclusively for their benefit based on historical costs. Accounting records have not been audited therefore no opinion is expressed as to whether the financial reports present a true and fair view of the clients financial position. This company its shareholders & employees take no responsibility other than to its clients. Any implied duty of care to other persons is expressly negatived.  
MARK E LEWIS & ASSOCIATES PTY

## M.R.A. PROMOTIONS

M.R.A. Promotions is a company set up and run by two members of the M.R.A. Victoria Committee, namely Lewis Bordon and Damien Codognotto.

M.R.A. Promotions is one of the few feasible means for the Association to significantly supplement its funds, bypass restrictions and increase services to members.

M.R.A. Promotions has been granted the use of the M.R.A.'s logo and colors by the Association, so as to conduct its business in a manner best suited to the spirit of the original M.R.A. Constitution supplied by the founding Branch, Victoria. The granting of the logo and colors to M.R.A. Promotions by the Association was a means of controlling M.R.A. Promotions so that it remained in line with the spirit of the Constitution and acted in the best interests of the members. The Committee has the power to withdraw the logo offer which could mean the collapse of M.R.A. Promotions or could stop individual projects.

In payment for the use of the logo, M.R.A. Promotions pays 10% per annum of its nett yearly profit to the Association. Further to that, M.R.A. Promotions employs 2 persons on a full time basis. Because the Association and M.R.A. Promotions have the same interests, the 2 persons employed are virtually working for the Association. This saves the Association approximately \$30,000 per year in wages. Due to the nature of the Association, and the limits on its funds, the Association can not afford to employ full time workers. To further aid the Association, M.R.A. Promotions has, and will, purchase items required to make the Association function at its best, e.g: the computer, sound and video equipment, offset printing and photographic systems, vehicles, renovations to M.R.A. House, telephones etc.

## LIMITATIONS TO THE BUSINESS FUNCTIONS OF THE ASSOCIATION

### 1. Funds.

The income of the Association is limited by the number of members that join and the lack of full-time staff to run bigger money making functions.

### 2. Status

- (a) Non Profit Association
- (b) Taxation
- (c) Constitution

## M.R.A. PROMOTIONS

### 1. Separate entity

- (a) The use of the M.R.A.'s logo and colors benefits the Association.
- (b) Any financial loss is borne by M.R.A. Promotions, not the Association.
- (c) Payment for use of the logo and colors is 10% of M.R.A. Promotions annual profit to the Association.

### 2. Employees

Two persons now. The Association is not able to employ staff and is not likely to be able to in the near future.

### 3. Promotional Work

Benefits the name and public image of the Association, e.g: Motorcycle Expo. Supplies services to members, otherwise not available, e.g: Motorcyc Insurance.

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4. Controlled by Name

The M.R.A. Committee can stop any project that the State Committee deems not in the interests of the members or not in keeping with the spirit of the Constitution by withdrawing the use of the colors and logo.

M.R.A. Promotions has been operating for 2 years and has proved its worth in promoting the good name and the functions of the M.R.A., in purchasing equipment, operating M.R.A. House and providing services to members.