



RAA Group Financial Report

**For the financial year
ended 30 June 2024**



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)*
Revenue from contracts with customers	3(a)	153,474	141,215
Insurance revenue	3(b)	525,071	437,034
Total Revenue		678,545	578,249
Share of net profit of associates	12	152	1,951
Total Income		678,697	580,200
Net (expense) / income from reinsurance contracts	22(a)	(66,402)	97,459
Employee benefits	4(a)	(114,434)	(108,243)
Payments to contractors for roadside assistance		(26,592)	(23,574)
Cost of sales		(21,305)	(23,686)
Depreciation, impairment and amortisation	4(b)	(15,844)	(9,050)
Member remediation expense	19	(2,564)	(25,556)
Insurance service expenses	4(d)	(383,094)	(522,820)
Other expenses	4(c)	(68,131)	(53,116)
Total Expenses		(698,366)	(668,586)
Investment income and net finance result	3(d)	23,808	12,931
Operating profit / (loss) before income tax		4,139	(75,455)
Income tax (expense) / benefit	5(a)	(2,055)	23,386
Profit / (loss) after tax for the year		2,084	(52,069)

*The comparative period has been restated for the adoption of AASB 17. Refer to note 1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)*
Profit / (loss) after tax for the year		2,084	(52,069)
Other comprehensive income			
<i>Items not to be reclassified subsequently to profit or loss</i>			
Actuarial loss on defined benefit plan		(18)	(122)
Fair value adjustments relating to land and buildings		-	(1,455)
Income tax on items of other comprehensive income	5(d)	5	37
Net other comprehensive (loss) not to be reclassified to profit or loss in subsequent periods		(13)	(1,540)
Other comprehensive loss for the year net of tax		(13)	(1,540)
Total comprehensive income / (loss) for the year net of tax		2,071	(53,609)

*The comparative period has been restated for the adoption of AASB 17. Refer to note 1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (30 June 2023 Restated)*	Consolidated 2022 \$'000 (Restated as at 1 July 2022)*
Current Assets				
Cash and cash equivalents	6	52,879	47,066	24,546
Trade and other receivables	7	42,790	81,132	20,683
Inventories	8	2,023	2,237	1,851
Deposits in trust account	9	1,652	11,694	5,941
Current tax asset	5(c)	-	10,759	7,050
Other current assets	10	8,377	5,121	4,453
Financial assets	11	325,642	272,674	289,743
Investments in associates - held for sale	12	5,219	-	-
Reinsurance contract assets	22(b)	27,364	157,550	78,919
Total Current Assets		465,946	588,233	433,186
Non-Current Assets				
Pension asset	25	624	714	927
Financial assets	11	2,777	3,622	4,664
Investments in associates	12	651	6,219	5,802
Property, plant and equipment	13(a)	24,223	22,512	55,241
Right-of-use assets	26	13,931	15,887	9,460
Intangible assets	14(a)	19,319	21,539	22,809
Goodwill	15	63,243	67,651	67,651
Deferred tax	5(d)	7,073	8,320	-
Total Non-Current Assets		131,841	146,464	166,554
Total Assets		597,787	734,697	599,740
Current Liabilities				
Trade and other payables	16	34,456	25,169	12,634
Unearned income	17	48,846	44,978	40,981
Interest bearing liabilities	18	18,371	33,000	1,569
Deposits in trust account	9	1,652	11,694	5,941
Provisions	19	50,749	48,209	16,932
Current tax liability	5(c)	2,237	-	-
Insurance contract liabilities	22(b)	207,938	329,945	234,818
Total Current Liabilities		364,249	492,995	312,875
Non-Current Liabilities				
Trade and other payables	16	-	5,052	-
Interest bearing liabilities	18	10,738	15,639	9,085
Provisions	19	2,316	2,598	2,052
Deferred tax		-	-	3,706
Total Non-Current Liabilities		13,054	23,289	14,843
Total Liabilities		377,303	516,284	327,718
Net Assets		220,484	218,413	272,022
Equity				
Retained earnings	20	186,011	183,940	219,564
Reserves	21	34,473	34,473	52,458
Total Equity		220,484	218,413	272,022

*The comparative period has been restated for the adoption of AASB 17. Refer to note 1.

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

	Consolidated			
	Asset Revaluation Reserve	Unrealised Capital Reserve on RAAI Acquisition	Retained Earnings	Total
	(Note 21) \$'000	(Note 21) \$'000	(Note 20) \$'000	\$'000
Balance at 1 July 2022, as previously reported	17,985	34,473	215,492	267,950
Impact of initial application of AASB 17	-	-	4,072	4,072
Restated balance at 1 July 2022	17,985	34,473	219,564	272,022
Loss for the year - restated	-	-	(52,069)	(52,069)
Other comprehensive loss	(1,455)	-	(85)	(1,540)
Total comprehensive income - restated	(1,455)	-	(52,154)	(53,609)
Transfer of revaluation reserve on sale of asset	(16,530)	-	16,530	-
At 30 June 2023	-	34,473	183,940	218,413
At 1 July 2023	-	34,473	183,940	218,413
Profit for the year	-	-	2,084	2,084
Other comprehensive loss	-	-	(13)	(13)
Total comprehensive income	-	-	2,071	2,071
At 30 June 2024	-	34,473	186,011	220,484

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Cash flows from operating activities			
Receipts from members and customers (inclusive of GST)		792,481	766,434
Payments to suppliers and employees (inclusive of GST)		(741,806)	(792,895)
Interest paid		(1,358)	(720)
Interest received		1,646	891
Rental income received		-	56
Income tax received/(paid)		12,264	7,688
		<hr/>	<hr/>
Net cash (used in)/from operating activities	6	63,227	(18,546)
Cash flows from investing activities			
Proceeds from sale of fixed and intangible assets		680	428
Proceeds from the sale of financial assets		42,761	28,310
Purchase of fixed and intangible assets		(6,993)	(13,548)
Purchase of financial assets		(75,014)	(13,809)
Distributions received		2,500	9,202
Dividends received		501	1,534
		<hr/>	<hr/>
Net cash from/(used in) investing activities		(35,565)	12,117
Cash flows from financing activities			
Repayment of loans to related parties		966	963
Payment of principal portion of lease liabilities		(3,815)	(2,014)
Proceeds from borrowings		11,000	30,000
Repayment of borrowings		(30,000)	-
		<hr/>	<hr/>
Net cash from/(used in) financing activities		(21,849)	28,949
Net increase in cash		5,813	22,520
Cash and cash equivalents at beginning of the year		47,066	24,546
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Cash and cash equivalents at the end of the year	6	52,879	47,066

NOTES TO THE FINANCIAL STATEMENTS**1. BASIS OF ACCOUNTING**

The financial report of the Royal Automobile Association of South Australia Inc. (the Association) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution by the directors on 29 August 2024.

The Association is an incorporated association domiciled in Australia. The address of the Association's registered office is 101 Richmond Road, Mile End, South Australia, 5031.

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the *Associations Incorporation Act South Australia 1985*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on the basis that the entity is for-profit.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Details of the Group's accounting policies, including changes during the year, are included in notes 1(c) and 2. As explained in note 1(c), the Group has adopted AASB 17 Insurance Contracts, including any consequential amendments to other standards, with a date of initial application of 1 July 2023. The requirements of AASB 17 have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts within the financial statements, including the presentation of a third statement of financial position as at 1 July 2022.

The financial report has been prepared on the basis of historical cost, except for land and buildings and financial instruments that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars [\$'000], unless otherwise stated. Where appropriate, amounts shown for prior periods have been reclassified to facilitate comparison.

The significant accounting policies adopted are stated in order to assist in a general understanding of the financial report. These policies have been consistently applied, unless otherwise stated.

Accounting policies are applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Association (the Parent) and its subsidiaries (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if and only if the Group has:

- Power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary)
- Exposure, or rights, to variable returns from its involvement with the subsidiary, and
- The ability to use its power over the subsidiary to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary including:

- The contractual arrangement with the other vote holders of the subsidiary
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE FINANCIAL STATEMENTS**1. BASIS OF ACCOUNTING (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains or ceases control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the Parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

c) Changes in material accounting policies

The following are amended Accounting Standards issued but not yet effective for the current reporting period ended 30 June 2024. These amendments apply to the Group for annual reporting period beginning on or after 1 July 2024. The Group does not plan to early adopt these standards, interpretations or amendments as they do not have a material impact on the Group.

- Classification of liabilities as current or non-current (Amendments to AASB 101)
- Supplier Finance Arrangements (Amendments to AASB 107 and AASB 7)
- Lease Liability in a Sale and Leaseback (Amendments to AASB 16)
- Lack of Exchangeability (Amendments to AASB 121)

The following new and amended Accounting Standards and Interpretations are applicable for the current reporting period:

- AASB17 Insurance Contracts
- AASB2021-2 Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB2021-5 Amendments to Australian Accounting Standards –Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
- AASB2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB2023-2 Amendments to Australian Accounting Standards – International Tax Reform –Pillar Two Model Rules

The Group has adopted AASB 17 Insurance Contracts, including any consequential amendments to other standards, with a date of initial application of 1 July 2023.

Except for the first-time adoption of AASB 17 Insurance Contracts, the initial application of the abovementioned accounting standards, amendments and interpretations did not have any material financial impact to the current period and prior period financial statements of the Group.

Recognition, measurement and presentation of insurance contracts

AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts and an explicit risk adjustment for non-financial risk.

Under AASB 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses.

NOTES TO THE FINANCIAL STATEMENTS**1. BASIS OF ACCOUNTING (continued)**

The Group applies the Premium Allocation Approach (PAA) to simplify the measurement of insurance contracts as the Company issues contracts with a coverage period of 1 year or less. When measuring the liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment; however, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes a risk-free rate.

Under AASB 17, insurance acquisition cash flows are generally included in the estimates of the present value of future cash flows of insurance contracts. The Group has elected to continue to defer insurance acquisition cash flows and recognise in the statement of profit or loss and other comprehensive income in line with premium earning patterns.

Income and expense from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in the statement of profit or loss and other comprehensive income. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Group accounts for insurance and reinsurance contracts under AASB 17, see note 2(u).

Transition

Changes in accounting policies resulting from the addition of AASB 17 have been applied retrospectively to the extent practicable. At 30 June 2024, the Group:

- identified, recognised and measured each group of contracts as if AASB 17 had always applied;
- derecognised previously reported balances that would not have existed if AASB 17 had always been applied. These included deferred acquisition costs for insurance contracts and insurance receivables and payables. Under AASB 17, these are included in the measurement of the insurance contracts;
- recognise any resulting difference in equity.
- The Group has applied the transition provisions in AASB 17 and has not disclosed the impact of the adoption of AASB 17 on each financial statement line item. The effects of adopting AASB 17 on the financial statements at 1 July 2022 are presented in the statement of changes in equity. The adoption did not have any cash flow impact.
- The option to apply AASB 17 using the modified retrospective approach or the fair value approach, has not been applied.

NOTES TO THE FINANCIAL STATEMENTS

The effects of adopting AASB 17 on the Statement of Financial Position as at 1 July 2022 are presented below:

In \$000	Consolidated Accounts				Statement of Financial Position under AASB 17 1 July 2022
	Original	Measurement Adjustments (1)	Adjustments (2)	Reclassifications (3)	
Current Assets					
Cash and cash equivalents	24,546	-	-	-	24,546
Trade and other receivables	308,768	-	-	(288,085)	20,683
Inventories	1,851	-	-	-	1,851
Deposits in trust account	5,941	-	-	-	5,941
Current tax asset	7,050	-	-	-	7,050
Other current assets	4,453	-	-	-	4,453
Financial assets	289,743	-	-	-	289,743
-		(199)	-	79,118	78,919
Deferred acquisition costs	7,337	-	(503)	(6,833)	-
Total Current Assets	649,689	(199)	(503)	(215,800)	433,186
Non-Current Assets					
Trade and other receivables	7,399	-	-	(7,399)	-
Pension asset	927	-	-	-	927
Financial assets	4,664	-	-	-	4,664
Investments in joint ventures	-	-	-	-	-
Investments in associates	5,802	-	-	-	5,802
Investments in subsidiaries	-	-	-	-	-
Property, plant and equipment	55,241	-	-	-	55,241
Right-of-use assets	9,460	-	-	-	9,460
Intangible assets	22,809	-	-	-	22,809
Goodwill	67,651	-	-	-	67,651
Total Non-Current Assets	173,953	-	-	(7,399)	166,554
Total Assets	823,642	(199)	(503)	(223,199)	599,740
Current Liabilities					
Trade and other payables	55,456	-	-	-	12,634
Unearned income	253,892	-	-	(42,822)	40,981
Interest bearing liabilities	1,569	-	-	-	1,569
Deposits in trust account	5,941	-	-	-	5,941
Provisions	16,932	-	-	-	16,932
Current tax liability	-	-	-	-	-
Subsidiary tax contribution	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Outstanding claims liability	203,027	(6,519)	-	(217,422)	234,818
Total Current Liabilities	536,817	(6,519)	-	(217,422)	312,875
Non-Current Liabilities					
Interest bearing liabilities	9,085	-	-	-	9,085
Provisions	2,052	-	-	-	2,052
Deferred tax	1,961	1,896	(151)	-	3,706
Outstanding claims liability	5,777	-	-	(5,777)	-
Total Non-Current Liabilities	18,875	1,896	(151)	(5,777)	14,843
Total Liabilities	555,692	(4,623)	(151)	(223,199)	327,718
Net Assets	267,950	4,424	(352)	-	272,022
Equity					
Retained earnings	215,492	4,424	(352)	-	219,564
Reserves	52,458	-	-	-	52,458
Total Equity	267,950	4,424	(352)	-	272,022

Notes:

(1) Adjustment to Liability for Incurred Claims (LIC) due to:

- (i) Change in Risk Margin from 90% Probability of Adequacy (PoA) to 75% Confidence Level and
- (ii) Adjustment to discounting methodology

(2) Adjustment to Deferred Acquisition Cash Flows due to directly attributable requirements under AASB17

(3) Reclassification of non-reinsurance receivables to insurance liabilities

(4) Reclassification of payables & unearned premium to insurance liabilities

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION**

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments did not result in any changes to the accounting policies themselves, management also assessed they do not impact the Group’s accounting policy information disclosed in below.

(a) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition related costs are expensed as incurred and included in other expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of AASB 9, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses (refer Note 2 (l)).

(b) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group’s investments in its associates and joint ventures are accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, investments in the associates or joint ventures are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group’s share of net assets of the associates. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Profit or Loss reflects the Group’s share of the profits or losses of the associate or joint venture. Any change in OCI of those associates is presented as part of the Group’s OCI. When there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The reporting dates of the associates or joint ventures are the same as the Group. The accounting policies of associates or joint ventures conform to those used by the Group for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture.

At each reporting date, the Group determines whether there is evidence that the investment in the associate or joint venture is impaired. If such evidence exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

(c) Revenue recognition*Revenue streams*

The Group generates revenue primarily from Road Service Subscriptions and Insurance Premiums. Other sources of revenue include sales of goods (solar & battery and retail sales) and rendering of services (driving lessons and vehicle inspections).

Revenue from contracts with customers

Road Service subscriptions, Sales of goods, Rendering of services, Distribution fees, Commission, Sundry Income and Advertising revenue are measured under AASB 15 and classified as revenue from contracts with customers. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Road Service subscriptions

The performance obligations related to Road Service subscriptions are deemed to be the provision of Road Service and any discounts received on other Group retail sales or services.

Revenue is recognised when the Road Service performance obligation is satisfied, on a straight line basis over the subscription period. Discounts received in conjunction with holding a Road Service subscription are not material.

The proportion of revenue not recognised at the reporting date is recognised as a contract liability in the statement of financial position.

Sales of goods

The performance obligation relating to retail sales is the over the counter sale of the product. Revenue from the sales of goods is recognised when the customers obtain control of the product, usually on delivery of the goods. Revenue from the sales of goods is measured at fair value of the consideration received or receivable, net of customer discounts.

Revenue outside the scope of AASB 15*Insurance premiums and Reinsurance recoveries*

Revenue streams from Insurance are not applicable to AASB 15 as they fall within the scope of AASB 17 Insurance Contracts, refer to note 2(r).

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***Interest revenue*

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the Group's right to receive the dividend is established.

Rental revenue

Rental revenue is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

(d) Income tax and other taxes

Income tax on the Statement of Profit or Loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income and reflects the uncertainty related to income taxes, if any.

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and reflects any uncertainty related to income tax, if any.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

The Association and its wholly owned Australian controlled entities elected to be taxed as a single entity under the tax consolidation regime with effect from 1 July 2003.

The measurement and disclosure of deferred tax assets and liabilities is performed in accordance with the principles in AASB 112 “Income taxes” and on a standalone basis under Interpretation 1052 “Tax consolidation accounting.”

The head entity, the Association, and the wholly owned tax consolidated entities account for their own current and deferred tax amounts. The Association recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The members of the tax consolidated group have entered into a tax funding arrangement which sets out the funding obligations of each entity in respect of tax amounts. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Details of the tax funding agreement are disclosed in Note 5.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Goods and services tax (GST)

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

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable, or payable to, the taxation authority.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits generally with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(f) Trade and other receivables**

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment. Collectability of trade receivables is reviewed on an on-going basis at an operating level. Individual debts that are known to be uncollectible are written off when identified.

In line with AASB 9, an allowance loss based on lifetime expected credit losses (ECLs) is recognised at each reporting date. Premium receivables and reinsurance contracts are not required to be assessed for expected credit losses under AASB 9, however, amounts are provided for where appropriate.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale. Inventories are accounted for on a first in, first out basis.

(h) Prepayments

Prepayments are recognised as an asset at reporting date as they represent rights to receive services in the future.

(i) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings are measured at fair value, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Depreciation is calculated on a straight line basis over the estimated useful life of the specific assets.

The depreciation rates used for each class of assets in the current and comparative year are as follows:

- Land - not depreciated
- Buildings - 2%
- Plant and equipment - 2.5-50%
- Motor vehicles - 15-17%
- Furniture and fittings - 2.5-50%
- Leasehold improvements - 10-50%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Revaluations of land and buildings

Land and buildings are measured on the fair value basis. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, and determined on market-based evidence by appraisal, and does not take capital gains tax into account. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss. Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amount of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit or Loss. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(j) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation of an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(k) Impairment of non-financial assets other than goodwill and indefinite life intangibles

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual review of asset values to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(l) Goodwill**

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. The Group performs its impairment testing as at 30 June each year using discounted cash flows under the value in use methodology. Further details on the methodology and assumptions used are outlined in Note 15, Goodwill.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment recognised for goodwill is not subsequently reversed.

(m) Financial instruments*Initial recognition and measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition of issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*Classification and subsequent measurement**(i) Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. All financial assets backing insurance liabilities have been designated as FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(ii) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*Derecognition**(i) Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(n) Pensions and other post-employment benefits

The defined benefit pension plan requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the Statement of Profit or Loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises changes in service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in the net defined benefit obligation under employee benefits expense in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(o) Leases**

The Group 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group 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 is equal to the lease liabilities recognised. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group 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 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease 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 lease term, a change in lease payments or change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest bearing liabilities (see note 18).

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for in a straight-line basis over the lease term and is included in revenue in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(q) Provisions and employee benefits**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit of Loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of time value of money and the risks specific to the liability.

*Employee leave benefits**(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Workers' compensation

The Group is a self-insurer for workers' compensation claims. Claims expense incurred and a provision for outstanding claims has been recognised in the financial statements. The provision for outstanding claims has been actuarially assessed by reviewing individual claim files and estimating unnotified claims using statistics based on past experience and trends.

Outstanding claims have been discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the timing of claim payments. Refer to Note 27 for contingent liability relating to bank guarantee provided as security for outstanding claims.

(r) Insurance and reinsurance contracts

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

The Group does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

All insurance and reinsurance contracts are classified without direct participation features and are measured under the PAA.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***(i) Level of aggregation*

The Group identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

Each group of insurance contracts is further divided by effective date. The resulting groups represents the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

Each group of reinsurance contracts comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are identified in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

(ii) Recognition

The Group recognises a group of insurance contracts from the earliest of the following.

- The beginning of the coverage period of the groups of contracts. The coverage period is the period during which the Group provides coverage for insured events in respect of all premiums within the boundary of an insurance contract;
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder; and,
- The date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Group recognises a group of reinsurance contracts initiated that provide proportionate coverage at the later of the beginning of the coverage period of the group of reinsurance contracts and the initial recognition of any underlying contract and recognises all other groups of reinsurance contracts from the beginning of the coverage period of the group of reinsurance contracts. The coverage period is the period during which the Group receives coverage for claims arising from the reinsured portions of the underlying insurance contracts.

The Group recognises its excess of loss reinsurance contracts held from the beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***(iii) Contract boundaries**Insurance contracts*

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. For insurance contracts, cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises of a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.

- Reinsurance contracts initiated by the Group that provide proportionate coverage: the date on which any underlying insurance contract is intimately recognised. This applies to the Group's quota share reinsurance contracts; and
- Other reinsurance contracts initiated by the Group: The beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date the related reinsurance contract was entered into before the earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Group's excess of loss reinsurance contracts.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

(iv) Measurement

The Group uses the PAA to simplify the measurement of groups of contracts on the basis that the coverage period of insurance and reinsurance contracts in the group of contracts is one year or less.

On initial recognition of each group of contracts, less any insurance acquisition cash flows paid, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition (insurance acquisition cash flows are recognised as expenses when they are incurred).

Subsequently, the carrying amount of the liability for remaining coverage is adjusted for any premiums received, amortisation of acquisition costs and insurance revenue recognised for coverage provided (note 22 (c)). On initial recognition of each group of contracts, the Group expects that the time between providing each part of the coverage and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognised a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceeded the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

The Group recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date claims are incurred.

An Asset for Incurred Claims (AIC) is only recognised when an insured event occurs, that is when the ultimate amount of the underlying claims is determined, which is normally concurrent with the full or partial settlement of claim triggering a recovery within the contract limit.

The Group uses consistent assumptions to measure the Asset for Remaining Coverage (ARC) for reinsurance contracts held and the Liability for Remaining Coverage (LRC) for underlying insurance contracts. The ARC represents the amounts ultimately expected to be received from the reinsurer considering contractual terms and counterparty credit risk. They are measured as the discounted present value of expected future receipts due from reinsurers net of any allowance for the risk of non-performance.

The Group reasonably expects that the ARC using PAA approach would not differ materially from the result of applying other measurement approaches. When comparing the different possible measurements, the Group considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money.

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts, for example the generation of expenses or reduction in expenses rather than revenue to simplify the measurement of a group of reinsurance contracts held. If a loss-recovery component is created for a group of reinsurance contracts measured under PAA, then the Group adjusts the carrying amount of the next asset for remaining coverage.

(v) Derecognition and contract modification

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(vi) Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amounts of the related groups of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and other comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented separately that, together give a net amount equal to 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***(iii) Insurance revenue*

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Group allocates the expected premium receipts to each period based on the passage of time.

(iv) Insurance service expense

Insurance service expenses include claims and benefits paid, maintenance and claims handling costs, and allocation of acquisition cost cash flows. Incurred claims represents claims payments and movements between the liabilities for incurred claims and loss component at the beginning and end of the period.

Acquisition cash flows are those arising from the costs of selling, underwriting and starting a group of insurance contracts. Acquisition cash flows are deferred and recognised as an expense over time in line with the recognition of related insurance revenue. Acquisition cash flows associated with issued contracts are included in the related liability for remaining coverage.

(v) Loss components

The Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

(vi) Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid.

The Group recognises an allocation of reinsurance premiums paid in profit or loss (reinsurance service expenses) as it receives services under groups of reinsurance contracts.

The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

(vii) Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

The Group presents insurance finance income and expenses for all contracts in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

Insurance and reinsurance acquisition cash flows are allocated to groups of insurance and reinsurance contracts held using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance or reinsurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals is based on the manner in which the Group expects to recover those cash flows. The Group has chosen not to recognise acquisition cash flows as expenses when incurred, and instead includes costs related to contracts in force in the liability for remaining coverage or asset for remaining coverage.

(viii) Liability for remaining coverage

For insurance acquisition cash flows, the Group chooses to capitalise acquisition cash flows and recognise costs in line with the passage of time

Facts and circumstances are analysed to determine if a group of insurance contracts are onerous. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

(viii) Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account all the uncertainties involved.

Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are applied to the estimation of the liability for incurred claims note 22 (c)), amounts receivable for incurred claims (note 22 (c)) and provisions relating to the member remediation program (note 19).

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose motor and home product lines. This disaggregation has been determined based on how the Group is managed.

The following assumptions have been made in determining the liabilities for incurred claims:

	2024	2023
Average weighted term to settlement from reporting date	< 1 yr	< 1 yr
Average claim frequency (claims per policy)	< 1 yr	< 1 yr
Average claim size (cost per policy)	1.8%-15.8%	1.8%-16.1%
Claims handling expense rate*	\$1,293-\$5,924	\$1,191-\$6,197
Discount rate*	5.10%-5.25%	4.25%-4.40%
Inflation and superimposed inflation*	4.24%-4.25%	4.08%-4.10%
	Implicit	Implicit

*A description of the process to determine assumptions is included below.

Fulfilment cash flows

Fulfilment cash flows comprise estimates of discounted future cash flows and a risk adjustment for non-financial risk. In estimating the fulfilment cash flows, the Group considers the range of possible outcomes in an unbiased way considering the amount and timing of cash flows and applying a probability weighting to each scenario. In determining possible scenarios, the Group uses all reasonable and supportable information available without undue cost or effort - including information about past events, current conditions and forecasts.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, acquisition cash flows and other costs incurred in fulfilling contracts (including claims handling costs and certain administration costs). Insurance acquisition cash flows and other costs incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Discount rates

In determining discount rates for each group of contracts, the Group applies a bottom-up approach. Under this approach, the Group estimates discount rates as points on a liquid, risk-free rate curve for the same currency and duration as the cash flows of the relevant insurance contracts. The Group does not adjust for an illiquidity premium.

Projected future claim payments, both insurance and reinsurance, and other recoveries and associated claims handling costs, are discounted to a present value using discount rates derived applying the bottom-up approach.

NOTES TO THE FINANCIAL STATEMENTS**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)***Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The assumptions regarding uncertainty for each class were applied to the net central estimates, and the results were aggregated, allowing for diversification in order to arrive at an overall provision which is intended to have a 75% probability of sufficiency (POS).

<i>Risk adjustment</i>	2024	2023
	\$'000	\$'000
		(restated)
At 75% POS	4,488	4,800

Claims handling expense rate

The allowance for claims handling expenses is based on the expected relationship between claims handling expenses and gross claim costs.

Inflation and superimposed inflation

No explicit allowance for normal and superimposed inflation has been made; however, it is implicit in the development assumptions.

Reinsurance contracts

The Group applies the same accounting significant judgment and estimates to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS**3. INCOME**

	Note	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
(a) Revenue from contracts with customers			
Subscriptions (i)		91,916	83,456
Sales of goods		34,304	31,283
Rendering of services		7,443	7,309
Distribution fee		220	314
Commission		14,012	9,601
Sundry income		5,269	8,880
Advertising revenue		310	372
		<u>153,474</u>	<u>141,215</u>
(b) Insurance Revenue			
Insurance premium revenue	22(a)	<u>525,071</u>	<u>437,034</u>
Total Revenue		<u>678,545</u>	<u>578,249</u>

(i) Subscriptions

Subscription revenue, relating to Road Service, is recognised over time. All other revenue from contracts with customers is recognised at a point in time.

(c) Contract balances

Receivables, which are included in 'trade and other receivables'	7	42,945	36,196
Contract liabilities - Road Service Subscriptions	17	<u>(48,846)</u>	<u>(44,978)</u>

The contract liabilities relate to the advance consideration received from customers in relation to Road Service, for which revenue is recognised over the 12 month period of the Subscription.

(d) Investment income and net finance result

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Investment return		
Amounts recognised in the profit or loss		
Interest & distribution income	11,240	7,716
Other interest and similar income	639	1,239
Net fair value gains/(losses) on financial assets at FVTPL	9,397	(2,109)
Interest expense	(1,358)	(1,031)
Net gain on disposal of non-current assets	184	123
	<u>20,102</u>	<u>5,938</u>
Total amounts recognised in the profit or loss		
Insurance finance income from insurance contracts issued		
Discounting relating to insurance contracts	<u>3,706</u>	<u>6,993</u>
	<u>3,706</u>	<u>6,993</u>
Total insurance finance income from insurance contracts		
	<u>23,808</u>	<u>12,931</u>
Total Investment income and net finance result		

NOTES TO THE FINANCIAL STATEMENTS**4. EXPENSES**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
(a) Employee Benefits		
Salaries, wages and allowances	103,672	98,488
Superannuation Guarantee	10,762	9,755
	<u>114,434</u>	<u>108,243</u>
(b) Depreciation, Impairment and Amortisation		
Depreciation of property, plant and equipment	4,646	4,679
Depreciation of right-of-use assets	4,433	1,953
Impairment of goodwill	4,408	-
Amortisation of intangibles	2,357	2,418
	<u>15,844</u>	<u>9,050</u>
(c) Other expenses		
Bad debts written off, net of recoveries	109	78
Banking and credit card charges	2,690	2,525
Building maintenance	1,312	999
Commission paid to agents	1,607	1,440
Consultants	16,252	7,798
Legal fees	380	164
Fleet expenses	1,206	1,202
System expenses	13,680	9,468
Other expenditure	830	491
Postages and freight	1,759	1,871
Marketing and public issues	11,778	11,367
Rates, insurance and utility expenses	2,384	2,117
Rent paid on operating leases	190	77
SA Motor magazine production costs	1,026	1,091
Staff related costs	9,692	9,328
Telephone charges	3,236	3,100
	<u>68,131</u>	<u>53,116</u>
(d) Insurance service expenses		
Claims and benefits	340,309	473,698
Other underwriting expenses	6,158	946
Employee benefits and related costs	25,820	23,872
Information Services	9,187	8,601
Advertising and Marketing	6,592	6,225
Consulting and Subscriptions	2,541	1,965
Losses on onerous contracts and (reversals) of those losses	(7,513)	7,513
	<u>383,094</u>	<u>522,820</u>

Insurance service expense relates to the expenses incurred by RAA Insurance Limited (RAAI) to generate general insurance contracts. Insurance service expenses recognised by the Group does not tie to RAAI (note 22) due to intercompany eliminations on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
(a) Income tax (benefit)/expense		
Current income tax	2,237	(10,759)
Current tax expense - Prior year under/over	(1,423)	(636)
Deferred income tax	746	(12,568)
Deferred tax expense - Prior year under/over	495	578
	<u>2,055</u>	<u>(23,385)</u>
<i>Deferred income tax benefit included in income tax expense comprises:</i>		
Decrease/(Increase) in deferred tax charged directly to equity	5	37
Decrease/(Increase) in deferred tax assets	(1,286)	(3,871)
(Decrease)/Increase in deferred tax liabilities	2,533	(8,155)
	<u>1,252</u>	<u>(11,989)</u>
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and the tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit / (loss) before income tax	<u>4,139</u>	<u>(75,455)</u>
Income tax benefit at 30% (2023: 30%)	1,242	(22,635)
Goodwill impairment	1,321	-
Income not assessable for income tax purposes	-	(195)
Expenditure not allowable for income tax purposes	97	111
Rebates	-	(701)
Franking credits	151	218
Distributions	218	460
<i>Assessable income not included</i>		
Equity share of associate's profits	(46)	(585)
Prior year over provision	(928)	(59)
	<u>2,055</u>	<u>(23,386)</u>
Aggregate income tax expense / (benefit)		
Accounting effective tax rate:	49.65%	30.99%

NOTES TO THE FINANCIAL STATEMENTS**5. INCOME TAX (continued)**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
(c) Numerical reconciliation of tax expense to current tax liability / (asset)		
Aggregated income tax expense / (benefit)	2,055	(23,386)
Less prior year under/over provision	1,423	637
<i>Temporary difference recognised in deferred tax asset</i>		
Doubtful debts	12	11
Employee benefits	415	637
Unearned income	2,409	(2,253)
Outstanding claims	155	247
Tax only assets	1,225	1,355
Accruals	(1,971)	3,068
Tax losses utilised	(959)	-
<i>Temporary difference recognised in deferred tax liability</i>		
Other Items	1,886	54
Deferred acquisition costs	(2,412)	2,204
Financial assets at fair value	(2,985)	253
Property, plant and equipment	984	5,614
Deferred Tax Asset recognised on tax losses	-	800
Current tax liability / (asset)	2,237	(10,759)
(d) Recognised deferred tax assets and liabilities		
<i>(i) Amounts recognised directly in equity</i>		
Aggregate deferred tax arising in the reporting period and not recognised in net profit but directly debited to equity:		
Actuarial (loss)/gain on defined benefit superannuation fund	(5)	(37)
	(5)	(37)

NOTES TO THE FINANCIAL STATEMENTS**5. INCOME TAX (continued)**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
(d) Recognised deferred tax assets and liabilities (continued)		
<i>(ii) Non-current assets - Deferred tax assets</i>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Doubtful debts	46	35
Employee benefits	6,462	6,046
Unearned income	2,660	252
Outstanding claims	2,786	2,631
Tax only assets	3,808	2,675
Accruals	1,279	3,250
Tax losses	-	867
Deferred tax assets	<u>17,041</u>	<u>15,756</u>
<i>Movements</i>		
Opening balance	15,755	11,884
Recognised in income	<u>1,286</u>	<u>3,871</u>
Closing balance	<u>17,041</u>	<u>15,755</u>
<i>(iii) Non-current liabilities - Deferred tax liabilities</i>		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Other Items	(1,906)	(25)
Deferred acquisition costs	4,305	1,893
Financial assets at fair value	3,255	270
Brand intangible asset	4,620	4,620
Property, plant and equipment	(306)	678
Deferred tax liabilities	<u>9,968</u>	<u>7,436</u>
<i>Movements</i>		
Opening balance	7,436	15,591
	-	
Recognised in income	2,527	(8,119)
Recognised in equity	<u>5</u>	<u>(37)</u>
Closing balance	<u>9,968</u>	<u>7,435</u>
Net deferred tax asset	<u>7,073</u>	<u>8,320</u>

NOTES TO THE FINANCIAL STATEMENTS**5. INCOME TAX (continued)****(e) Tax consolidation***Members of the tax consolidated group and the tax sharing arrangement*

The Parent and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2003. The Association is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Members of the tax consolidated group and the tax funding arrangement

Under the tax funding agreement, income tax is recognised on a standalone taxpayer basis under which current and deferred tax amounts for the tax consolidated group are allocated among each entity in the tax consolidated group. Assets or liabilities arising under the tax funding agreements with tax consolidated entities are recognised as amounts receivable or payable to other entities in the tax consolidated group.

6. CASH AND CASH EQUIVALENTS

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Cash at bank and on hand	<u>52,879</u>	<u>47,066</u>
Reconciliation of net profit after tax to net cash flows from operations		
Net profit / (loss) after tax	2,084	(52,069)
<i>Adjustments for:</i>		
Depreciation, impairment and amortisation	15,844	9,051
Defined benefit fund expense / actuarial gain	108	91
Net (profit) / loss on disposal of property, plant and equipment	(184)	(123)
Net loss/(profit) on investments recognised through profit and loss	(20,836)	2,643
Share of Associates profit	(152)	(1,951)
Distributions received	(2,500)	(9,202)
Distributions received		
Finance Costs	793	308
Income tax received / (paid)	12,264	7,687
Income tax expense / (benefit)	2,055	(23,386)
<i>Changes in assets and liabilities:</i>		
Increase in inventories	214	(386)
Increase in trade and other receivables	48,295	(66,202)
Increase in prepayments	(3,256)	(668)
Increase in deferred acquisition cash flows	130,186	(78,631)
Increase in trade and other payables	(5,806)	27,999
Increase in provisions	2,258	31,823
Increase in unearned income	3,867	39,343
Increase in outstanding claims	(122,007)	95,127
Net cash from / (used in) operating activities	<u>63,227</u>	<u>(18,546)</u>

NOTES TO THE FINANCIAL STATEMENTS**7. TRADE AND OTHER RECEIVABLES**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Current		
Trade receivables	42,945	36,196
Other receivables (a)	-	45,052
Allowance for impairment loss (b)	(155)	(116)
	42,790	81,132

(a) Other receivables

Other receivables in 2023 relate to the proceeds on sale of the Groups freehold Land and Buildings (refer to note 13) and the upfront cash incentive received through the leaseback of the building (refer to Note 16).

(b) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. As at 30 June 2024, trade receivables of an initial value of \$109,000 (2023: \$79,000) were impaired and fully provided for. These amounts have been included in the other expenses item.

Movements in the provision for impairment loss were as follows:

Balance at the beginning of the financial year	116	80
Bad debts recognised through Profit and Loss	109	79
Bad debts written off	(70)	(43)
Balance at the end of the financial year	155	116

There are no expected credit losses (ECL's) in relation to trade receivables as lifetime ECL's are considered immaterial.

The ageing analysis of trade receivables is as follows:

	Neither past due nor impaired \$'000	Past due but not impaired				Impaired \$'000	Total \$'000
		0-3 mths \$'000	3-6 mths \$'000	6-12 mths \$'000	> 12 mths \$'000		
2024							
Consolidated	42,434	185	171	-	-	155	42,945
2023							
Consolidated	30,586	5,213	281	-	-	116	36,196

See note 28 on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS**8. INVENTORIES**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Finished goods at cost	<u>2,023</u>	<u>2,237</u>

During 2024, \$12,171,000 was recognised as an expense for inventories carried at cost. This is recognised in cost of sales.

9. DEPOSITS IN TRUST ACCOUNT**Current Assets**

RAA Travel trust bank balance	1,645	11,687
Customer deposits - car subscriptions	1	1
Solar battery deposits in trust	<u>6</u>	<u>6</u>
	<u>1,652</u>	<u>11,694</u>

Current Liabilities

RAA Travel trust liabilities	1,645	11,687
Customer deposits - car subscriptions	1	1
Solar battery deposits in trust	<u>6</u>	<u>6</u>
	<u>1,652</u>	<u>11,694</u>

Cash balances held in trust accounts are not available for use by the Group. Cash in the RAA Travel trust account represents funds held on behalf of travel clients, payable to travel service providers.

10. OTHER CURRENT ASSETS

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Prepayments	<u>8,377</u>	<u>5,121</u>

NOTES TO THE FINANCIAL STATEMENTS**11. FINANCIAL ASSETS**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Current		
<i>Financial assets measured at fair value through profit and loss</i>		
Unit Trusts and Interest Bearing Securities (i)	310,317	182,880
Shares - Australian unlisted (ii)	8,795	1,973
	319,112	184,853
<i>Financial assets at amortised cost</i>		
Short-term deposits held for reinvestment	5,417	86,587
Loan to Related Parties (iii)	1,113	1,234
Total Current	325,642	272,674
Non-current		
<i>Financial assets at amortised cost</i>		
Loan to Related Parties (iii)	2,777	3,622
Total Financial Assets	328,419	276,296

(i) Unit Trusts and Interest Bearing Securities

The fair value of investments has been determined directly by reference to published price quotations. There are no individually material investments.

(ii) Unlisted shares

Australian unlisted shares are carried at fair value. An additional share issue was made on 1 July 2024 in exchange for the Group's shares in Club Consortium (refer to note 13). The fair value of the existing investment was determined using the issue price of the additional shares.

(iii) Loans and Receivables

The loan to ACC CAD Pty Ltd for \$3,890,548 is expected to be repaid over 10 years, with loan repayments of both interest and principal made every 6 months. The loan is carried at cost, not fair value, with fixed interest calculated at the agreed interest rate of BBSW90 + 2% at each date of repayment.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN ASSOCIATES

			Consolidated 2024 \$'000	Consolidated 2023 \$'000
	Equity Interest			
Associate	2024	2023		
Australian Club Consortium Pty Ltd (i)	33.33%	33.33%	651	387
Club Consortium Pty Ltd (ii)*	25.56%	25.56%	5,219	5,832
Total Investment in Associates			5,870	6,219
(i) Australian Club Consortium Pty Ltd				
The Group has a 33.33% share in Australian Club Consortium Pty Ltd which holds 100% shareholding in ACC CAD Pty Ltd.				
Summarised financial information				
Current assets			5,361	4,992
Non-current assets			10,100	12,923
Current liabilities			(4,912)	(5,290)
Non-current liabilities			(8,595)	(11,464)
Net assets			1,954	1,161
Carrying amount of Group's investment in Associate			651	387
Total revenue			12,412	10,525
Total expenses			(11,345)	(10,768)
Net profit/(loss) before income tax			1,067	(243)
Income tax			(275)	56
Net profit/(loss) after income tax			792	(187)
Share of net profit/(loss) of Associate accounted for using the equity method			264	(62)

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN ASSOCIATES (continued)

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
(ii) Club Consortium Pty Ltd*		
The Group has a 25.56% share in Club Consortium Pty Ltd which holds a 20% shareholding in Club Assist Corporation Pty Ltd.		
Summarised financial information		
Current assets	63	57
Non-current assets	20,352	22,759
Current liabilities	-	-
Non-current liabilities	-	-
Net assets	<u>20,415</u>	<u>22,816</u>
Carrying amount of Group's investment in Associate	<u>5,218</u>	<u>5,832</u>
Total revenue	-	7,883
Total expenses	(436)	-
Net profit before income tax	(436)	7,883
Income tax	(3)	(7)
Net profit after income tax	<u>(439)</u>	<u>7,876</u>
Share of net profit of Associate accounted for using the equity method	<u>(112)</u>	<u>2,013</u>
Share of dividends paid	<u>502</u>	<u>1,534</u>

* On 1 July 2024 the Group sold its 25.56% shareholding in Club Consortium in exchange for additional shares in AMS. As a result of this transaction, the Group's Investment in Club Consortium has been reclassified as a Current Asset Held for Sale at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS**13. PROPERTY, PLANT AND EQUIPMENT****(a) Reconciliation of carrying amounts at the beginning and end of the period**

	Consolidated			
	Land and Buildings	Plant, Equipment and Motor Vehicles	Furniture, Fittings and Leasehold	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2022				
Cost or fair value	42,249	31,696	25,360	99,306
Accumulated depreciation	(2,567)	(20,413)	(21,085)	(44,066)
Net book amount	<u>39,682</u>	<u>11,283</u>	<u>4,275</u>	<u>55,241</u>
Year ended 30 June 2023				
Opening net book amount	39,682	11,283	4,275	55,241
Additions	36	11,354	1,009	12,399
Net disposals	(37,359)	(511)	(1,123)	(38,993)
Depreciation	(436)	(2,929)	(1,315)	(4,680)
Net revaluation increment / (decrement)	(1,455)	-	-	(1,455)
Closing net book amount	<u>469</u>	<u>19,197</u>	<u>2,846</u>	<u>22,512</u>
At 1 July 2023				
Cost or fair value	640	41,442	16,193	58,275
Accumulated depreciation	(171)	(22,244)	(13,348)	(35,763)
Net book amount	<u>469</u>	<u>19,197</u>	<u>2,846</u>	<u>22,512</u>
Year ended 30 June 2024				
Opening net book amount	469	19,197	2,846	22,512
Additions	3	4,837	2,016	6,856
Net disposals	(150)	(343)	(6)	(499)
Depreciation	(9)	(3,546)	(1,091)	(4,646)
Closing net book amount	<u>313</u>	<u>20,145</u>	<u>3,765</u>	<u>24,223</u>
At 30 June 2024				
Cost	475	45,485	18,045	64,005
Accumulated depreciation	(162)	(25,340)	(14,280)	(39,782)
Net book amount	<u>313</u>	<u>20,145</u>	<u>3,765</u>	<u>24,223</u>

(b) Disposal of freehold land and freehold buildings

The Group disposed of the majority of its freehold land and buildings on 29 June 2023. The Group engages an accredited independent valuer that uses the International Valuation Standards as a reference, to determine the fair value of its freehold land and buildings. 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. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market-based yields for comparable properties.

On disposal, the full value of the asset revaluation reserve was transferred to retained earnings. The buildings sold were leased back over at three-year period. A lease liability and right of use asset have been recognised in line with the sale and leaseback transaction.

NOTES TO THE FINANCIAL STATEMENTS**13. PROPERTY, PLANT AND EQUIPMENT (continued)**(c) **Carrying amounts if land and buildings were measured at cost less accumulated depreciation and impairment**

	Consolidated			
	2024		2023	
	Freehold Land \$'000	Freehold Buildings \$'000	Freehold Land \$'000	Freehold Buildings \$'000
Cost value	-	475	110	530
Accumulated depreciation	-	(162)	-	(170)
Net carrying amount	<u>-</u>	<u>313</u>	<u>110</u>	<u>360</u>

14. INTANGIBLE ASSETS(a) **Reconciliation of carrying amounts at the beginning and end of the period**

	Consolidated		
	Computer Software	Brand#	Total
	\$'000	\$'000	\$'000
At 1 July 2022			
Cost or fair value	55,015	15,400	70,415
Accum. Amortisation	(47,606)	-	(47,606)
Net book amount	<u>7,409</u>	<u>15,400</u>	<u>22,809</u>
Year ended 30 June 2023			
Opening net book amount	7,409	15,400	22,809
Additions	1,148	-	1,148
Amortisation	(2,418)	-	(2,418)
Closing net book amount	<u>6,139</u>	<u>15,400</u>	<u>21,539</u>
At 1 July 2023			
Cost or fair value	56,163	15,400	71,563
Accum. amortisation	(50,024)	-	(50,024)
Net book amount	<u>6,139</u>	<u>15,400</u>	<u>21,539</u>
Year ended 30 June 2024			
Opening net book amount	6,139	15,400	21,539
Additions	137	-	137
Amortisation	(2,357)	-	(2,357)
Closing net book amount	<u>3,919</u>	<u>15,400</u>	<u>19,319</u>
At 30 June 2024			
Cost or fair value	56,298	15,400	71,698
Accum. Amortisation	(52,379)	-	(52,379)
Net book amount	<u>3,919</u>	<u>15,400</u>	<u>19,319</u>

purchased as part of business combinations

NOTES TO THE FINANCIAL STATEMENTS**14. INTANGIBLE ASSETS (continued)****(b) Description of the Group's intangible assets***(i) Computer software*

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. These intangible assets have been assessed as having a finite life of 5 years and are amortised using the straight-line method over their useful life. The amortisation has been recognised in the Statement of Profit or Loss in the line item “Depreciation, impairment and amortisation expense”. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) Brand

Brand represents the RAA Insurance brand name and is carried at cost less accumulated impairment losses. This intangible asset has been determined to be an indefinite life asset as it is expected to continue to generate value for the Group. For the purpose of assessing impairment, the RAA Insurance brand is allocated to the cash-generating unit (CGU) of RAA Insurance Holdings Limited.

The impairment test for brand is performed by comparing the CGU's carrying amount with its recoverable amount. The recoverable amount has been determined based on a value in use calculation using profit projections as at 30 June 2024 from financial budgets covering a three year period. The Gordon Growth Model has been used to project the cash flows beyond this period. The pre-tax discount rate used is 12.31% (2023: 12.03%) which has been determined using a weighted average cost of capital calculation.

(c) Impairment recognised

As at 30 June 2024, no impairment in relation to Computer Software has been recognised for the year (2023: nil).

NOTES TO THE FINANCIAL STATEMENTS**15. GOODWILL**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Opening net book amount	67,651	67,651
Impairment loss	<u>(4,408)</u>	<u>-</u>
Closing net book amount	<u>63,243</u>	<u>67,651</u>

(a) Description of the Group's goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

The Goodwill balance represents that recorded upon purchase of RAA Insurance Holdings Limited (\$61,199,000) and the assets of DB Solar Pty Ltd T/A Living Energy Solutions and Lovell Electrical Pty Ltd (\$2,044,000).

(b) Impairment tests for cash generating units containing goodwill

For the purpose of assessing impairment, the relevant goodwill amounts are allocated to the RAA Insurance and RAA Solar & Battery CGU. The impairment test for goodwill is performed by comparing the CGU's carrying amount with its recoverable amount. The recoverable amount has been determined based on a value in use calculation using cashflow projections as at 30 June 2024 covering a five year period. The Gordon Growth Model has been used to project the cash flows beyond this period.

\$61,199,000 of the goodwill balance relates to the RAA Insurance CGU and uses the key assumption that insurance policy growth will continue at an average of 1.95% per year, based on the past performance and future expectations of RAA Insurance Holdings Limited. The pre-tax discount rate used is 12.31% (2023:12.03%) which has been determined using a weighted average cost of capital calculation. For the year ended 30 June 2024 no impairment loss has been recognised for the RAA Insurance CGU (2023: nil). Sensitivity analysis has been performed around the key assumptions; this analysis indicated that no reasonably possible change in key assumption would cause the CGU's carrying amount to exceed its recoverable amount.

The remaining \$6,452,000 of the goodwill balance relates to the RAA Solar & Battery CGU and uses the key growth rate assumption of 3% in calculating terminal value. The pre-tax discount rate used is 12.5% (2023:10.03%) which has been determined using a weighted average cost of capital calculation. For the year ended 30 June 2024, the CGU's carrying amount was determined to be higher than its recoverable amount and an impairment loss of \$4,408,000 (2023: nil) was recognised. The impairment loss was fully allocated to goodwill and included in 'depreciation, impairment and amortisation'.

NOTES TO THE FINANCIAL STATEMENTS**16. TRADE AND OTHER PAYABLES**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Current		
Trade payables	8,949	5,448
Security deposit (i)	-	(298)
GST and Stamp Duty	-	4,566
Other payables and accruals (ii)	<u>25,507</u>	<u>15,453</u>
	<u>34,456</u>	<u>25,169</u>
Non Current		
Other payables and accruals (ii)	<u>-</u>	<u>5,052</u>
	<u>34,456</u>	<u>30,221</u>

Liabilities are recognised for goods and services received but not yet paid and then subsequently measured based on amortised cost.

(i) Security Deposit

The Group provides roadside assistance services to Assist Australia Pty Ltd under a Services Agreement. A security deposit received from Assist Australia Pty Ltd secures the performance of the services to be provided under the Services Agreement and Assist Australia Pty Ltd's obligation to pay for those services.

(ii) Other payables and accruals non current

The Group received an upfront cash incentive of \$5.052 million in 2023 upon signing of the Mile End lease. This amount is non-interest bearing and is required to be repaid in December 2024. The balance has been reclassified to current other payables and accruals in 2024.

17. UNEARNED INCOME

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Contract liability - road service premiums	48,846	44,978

NOTES TO THE FINANCIAL STATEMENTS**18. INTEREST BEARING LIABILITIES****Current**

Lease liabilities	7,371	3,000
Bank Loan	11,000	30,000
	18,371	33,000

Non-Current

Lease liabilities	10,738	15,639
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On 30 June 2024, the Association held a \$11 million revolving cash advance facility. The total facility limit was \$25 million. Interest is charged on the loan at the bank bill rate plus a margin of 1.8%. The loan is secured over all assets and undertakings of the Association and RAA Innovation Pty Ltd.

19. PROVISIONS

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Current		
Employee benefits (i)	19,351	18,111
Workers' compensation (ii)	230	330
Member remediation provision (iii)	31,168	29,768
	50,749	48,209
Non-current		
Employee benefits (i)	1,905	2,045
Workers' compensation (ii)	411	553
	2,316	2,598

(a) Movement in provisions

Movement in the workers' compensation provision during the financial year is set out below:

Balance at beginning of financial year	883	949
Re-measurement of the estimated future liability	(242)	(66)
Balance at end of financial year	641	883

(b) Nature and timing of provisions*(i) Employee benefits*

Refer to Note 1 for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of employee benefits.

(ii) Workers' compensation

The provision for workers' compensation represents the present value of a reasonable estimate of the liabilities for claims incurred up to and including 30 June 2024, net of recoveries.

NOTES TO THE FINANCIAL STATEMENTS**19. PROVISIONS (continued)***(iii) Member remediation provision*

Prior to the Australian Securities and Investments Commission (ASIC) announcing its insurance industry-wide pricing promises review, RAA Insurance appointed an external expert to provide an independent assessment of the Entity's pricing mechanisms and the scope was subsequently expanded to include ASIC's review. The review performed discovered that some of the wording in marketing material was inadequate in describing how discounts were applied to premiums. As a result, there were instances whereby members may not have received the full premium discounts they were entitled to. The marketing material has now been corrected and RAA Insurance self-reported a regulatory breach to ASIC.

RAA Insurance is committed to comprehensively and efficiently addressing the remediation of these issues to impacted members. This will take some time, as the business works through the process and contacts those members who have been impacted. The remediation program will be independently monitored by an external party to support an open and transparent approach to resolving the matters for our members.

The Group has recognised a provision of \$31.168 million as at 30 June 2024 (2023: \$29.768 million) for member refunds, interest attributable to those refunds and the cost incurred in establishing and administering the remediation program. An associated estimated recovery of \$3.630 million (2023: \$4.212 million) relating to GST and Stamp Duty has been recognised within 'Trade and other receivables' (note 7) on the Statement of Financial Position, resulting in a net provision of \$27.538 million. This represents a movement of \$2.564 million from 2023, the impact of which was recognised in the Statement of Comprehensive Income as a remediation expense.

The main drivers of the movement from prior year have been the recognition of interest for the current reporting period (year ended 30 June 2024), reduction of the recovery relating to GST and Stamp Duty, and additional costs recognised for administering the remediation program less the administration costs incurred during the period – which were applied against the existing provision.

The Group has engaged a third party during the year to support the administration of the program. At the time of preparing this financial report, The Group has now commenced remediation payments to members affected.

Determining the amount of the provision, which represents management's best estimate of the costs of settling the identified matters, required the exercise of significant judgement. Management has formed a view on a number of significant assumptions, including the number of impacted policies and policyholders, the number of years impacted, interest attributable to the refunds and associated remediation costs. The appropriateness of the underlying assumptions will be reviewed on an ongoing basis as the remediation program progresses and adjustments will be made to the provision as appropriate.

NOTES TO THE FINANCIAL STATEMENTS**20. RETAINED EARNINGS**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Balance at beginning of the financial year	183,940	219,564
Net profit / (loss) after tax	2,083	(52,069)
Transfer of asset revaluation reserve on disposal of land and buildings	-	16,530
Actuarial gains / (loss) from defined benefit superannuation scheme	(13)	(85)
	<hr/> 186,010 <hr/>	<hr/> 183,940 <hr/>

21. RESERVES

	Consolidated 2024 \$'000	Consolidated 2023 \$'000 (Restated)
Unrealised Capital Reserve on RAA Insurance Acquisitions	34,473	34,473
Balance at end of financial year	<hr/> 34,473 <hr/>	<hr/> 34,473 <hr/>

Nature and purpose of reserves*Unrealised capital reserve on RAA Insurance Holdings Limited Acquisition*

The unrealised capital reserve on RAA Insurance Holdings Limited acquisition is used to recognise the uplift to fair value of the pre-existing investment of the Association on the gaining of control of RAA Insurance Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS**22. INSURANCE DISCLOSURES**

The information in note 22 relates to the results of RAA Insurance Limited (RAAI Insurance) in isolation from the Group and may not tie to the results of the Group due to intercompany eliminations and classification on consolidation.

(a) Contribution to profit from General Insurance activities

	RAA Insurance 2024	RAA Insurance 2023 (Restated)
	\$'000	\$'000
Insurance revenue	525,071	437,034
Insurance service expenses	(432,874)	(564,299)
Insurance service result before reinsurance contracts held	92,197	(127,265)
Allocation of reinsurance premiums	(102,577)	(73,231)
Amounts recovered from the reinsurer	36,175	170,690
Net expense from reinsurance contracts	(66,402)	97,459
Insurance service result	25,795	(29,806)
Investment return	11,319	7,154
Insurance finance income from contracts issued	3,706	6,993
Net financial result	15,025	14,147
Other income	94	18
Member remediation expense	(2,564)	(25,556)
Profit before tax	38,350	(41,197)
Income tax expense	(11,534)	12,328
Profit after tax attributable to owners of the Company	26,816	(28,869)
Other comprehensive income	-	-
Total comprehensive income attributable to owners of the Company	26,816	(28,869)

(b) Reconciliation of net insurance contract (liabilities) / assets

The below table reconciles the balances of insurance contract and reinsurance contract (liabilities) / assets presented within the consolidated Group financial statements to the RAA Insurance Limited financial statements.

	2024			2023 (Restated)		
	Assets \$'000	Liabilities \$'000	Net \$'000	Assets \$'000	Liabilities \$'000	Net \$'000
Insurance contracts issued	-	(178,949)	(178,949)	-	(306,666)	(306,666)
Intercompany eliminations*	(28,989)	-	(28,989)	(23,279)	-	(23,279)
Insurance contract liabilities	(28,989)	(178,949)	(207,938)	(23,279)	(306,666)	(329,945)
Reinsurance contracts issued	36,539	(9,175)	27,364	167,405	(9,855)	157,550
Reinsurance contract assets	36,539	(9,175)	27,364	167,405	(9,855)	157,550
Net insurance contract (liabilities) / assets	7,551	(188,124)	(180,573)	144,126	(316,521)	(172,395)

*RAA Group intercompany transactions with RAA Insurance eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
22. INSURANCE DISCLOSURES (continued)
(c) Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims.

The breakdown of groups of insurance contracts that are in an asset position and those that are in a liability position represented within RAA Insurance's financial statements is set out below:

in \$000	2024					2023 (Restated)				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the PV of future cash flows	Risk adjustment		Excluding loss component	Loss component	Estimates of the PV of future cash flows	Risk adjustment	
	(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
Opening Insurance contract liabilities as at 1 July	50,292	7,513	244,061	4,800	306,666	44,944	-	165,297	4,497	214,738
Opening Insurance contract assets as at 1 July	-	-	-	-	-	-	-	-	-	-
Net Insurance contract liabilities as at 1 July	50,292	7,513	244,061	4,800	306,666	44,944	-	165,297	4,497	214,738
Insurance revenue	(525,071)	-	-	-	(525,071)	(437,035)	-	-	-	(437,035)
Insurance service expenses										
Incurred claims and other expenses	-	-	391,393	(312)	391,081	-	-	515,034	303	515,337
Amortisation of insurance acquisition cash flows	49,306	-	-	-	49,306	41,449	-	-	-	41,449
Losses on onerous contracts and (reversals) of those losses	-	(7,513)	-	-	(7,513)	-	7,513	-	-	7,513
Insurance service result before reinsurance contracts held	(475,765)	(7,513)	391,393	(312)	(92,197)	(395,586)	7,513	515,034	303	127,264
Net finance expenses from insurance contracts	-	-	(3,706)	-	(3,706)	-	-	(6,993)	-	(6,993)
Total changes in the statement of comprehensive income	(475,765)	(7,513)	387,687	(312)	(95,903)	(395,586)	7,513	508,042	303	120,271
Cash flows										
Premiums received, including taxes received	647,204	-	-	-	647,204	551,188	-	-	-	551,188
Claims and other expenses paid net of non-RI recoveries, including taxes paid	-	-	(562,248)	-	(562,248)	-	-	(475,936)	-	(475,936)
Insurance acquisition cash flows	(52,407)	-	-	-	(52,407)	(61,850)	-	-	-	(61,850)
Total cash flows	594,797	-	(562,248)	-	32,549	489,338	-	(475,936)	-	13,402
Taxes paid and other movements	(115,547)	-	51,184	-	(64,363)	(88,404)	-	46,658	-	(41,746)
Net movement at end of reporting period	3,485	(7,513)	(123,377)	(312)	(127,717)	5,348	7,513	78,763	303	91,927
Insurance contract liabilities as at 30 June	53,777	-	120,684	4,488	178,949	50,292	7,513	244,061	4,800	306,666
Insurance contract assets as at 30 June	-	-	-	-	-	-	-	-	-	-
Net Insurance contract liabilities as at 30 June	53,777	-	120,684	4,488	178,949	50,292	7,513	244,061	4,800	306,666

NOTES TO THE FINANCIAL STATEMENTS

22. INSURANCE DISCLOSURES (continued)

(d) Roll-forward of net asset or liability for reinsurance contracts issued showing the asset for remaining coverage and the amounts receivable on incurred claims.

The breakdown of groups of reinsurance contract assets and those that are in a liability position represented within RAA Insurance's financial statements is set out below:

In \$'000	2024				2023 (Restated)			
	Assets for remaining coverage	Amounts receivable on incurred claims		Total	Assets for remaining coverage	Amounts receivable on incurred claims		Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 1 July	-	150,210	17,195	167,405	-	71,489	14,925	86,414
Reinsurance contract liabilities as at 1 July	(9,855)	-	-	(9,855)	(7,495)	-	-	(7,495)
Net reinsurance contract assets as at 1 July	(9,855)	150,210	17,195	157,550	(7,495)	71,489	14,925	78,919
	-	-	-	-	-	-	-	-
Allocation of reinsurance premiums	(102,577)	-	-	(102,577)	(73,231)	-	-	(73,231)
Amounts recovered from the reinsurers	-	34,601	1,574	36,175	-	168,420	2,270	170,690
Net income or expenses from reinsurance contracts held	(102,577)	34,601	1,574	(66,402)	(73,231)	168,420	2,270	97,459
Cash flows								
Premiums paid	107,083	-	-	107,083	73,536	-	-	73,536
Amounts received	-	(167,041)	-	(167,041)	-	(89,699)	-	(89,699)
Total cash flows	107,083	(167,041)	-	(59,958)	73,536	(89,699)	-	(16,163)
Taxes paid and other movements	(3,825)	-	-	(3,825)	(2,665)	-	-	(2,665)
Net movement in reinsurance contract assets as at 30 June	681	(132,440)	1,574	(130,185)	(2,360)	78,721	2,270	78,631
Reinsurance contract assets as at 30 June	-	17,770	18,769	36,539	-	150,210	17,195	167,405
Reinsurance contract liabilities as at 30 June	(9,175)	-	-	(9,175)	(9,855)	-	-	(9,855)
Net reinsurance contract assets as at 30 June	(9,175)	17,770	18,769	27,364	(9,855)	150,210	17,195	157,550

NOTES TO THE FINANCIAL STATEMENTS

22. INSURANCE DISCLOSURES (continued)

(e) General Insurance Risk Management

The RAA Insurance Board has overall responsibility for the establishment and oversight of the Risk Management Framework (RMF).

Insurance risk refers to the inherent risk in any insurance contract that an insured event may occur and the uncertainty of the amount of the resulting claim. The Company manages this risk through the RMF, and the terms and conditions of its insurance contracts.

Key aspects of the RMF that aim to mitigate insurance risk include:

Underwriting operations are managed in accordance with documented underwriting guidelines, with management oversight, regular quality assessments and monitoring of operations conducted.

Claims operations are managed in accordance with documented claims guidelines, with management oversight, regular performance assessment and monitoring of operations conducted.

Treatment plans and business improvements are implemented where required.

Actuarial models utilise information from the management information system to calculate premiums and monitor claims patterns. Past experience and statistical methods form part of this process.

Concentration risk

The Company is a domestic insurer that only operates in South Australia and Broken Hill, with Broken Hill operations to be wound down in FY25. As a result, a concentration risk exists due to the nature and location of the business. The Company has identified a potential insurance concentration risk related to geographic location which could impact the Company should there be a catastrophe. This risk has been mitigated through the Company’s reinsurance arrangements.

The Company’s exposure to concentration of insurance risk is mitigated by maintaining a diversified portfolio of two main classes of business (Motor - Comprehensive and Third Party, and Home - Building and Contents).

<u>Risk</u>	<u>Source of concentration</u>	<u>Risk management measures</u>
Natural catastrophes:	Risks concentrated in the following regions:	Underwriting strategies require individual risk premiums to be differentiated in order to identify the higher loss value.
- Earthquake	- South Australia	The Company utilises risk address level natural perils models. Based on the probable maximum loss (PML) per the models, the Company purchases catastrophe reinsurance cover to limit exposure to any single event. For the year ended 30 June 2024, the Company had a quota share reinsurance arrangement whereby 25% of the Home - Building and Contents premium was ceded to reinsurers. Commencing next financial year (ending 30 June 2025), the Company will move to a Whole Account Quota Share (WAQS) arrangement whereby 25% of premium will be ceded for all products. This limits the Company's exposure.
- Bushfire	- Broken Hill, to be wound down in FY25	
- Flood		
- Storms		

NOTES TO THE FINANCIAL STATEMENTS

22. INSURANCE DISCLOSURES (continued)

(e) General Insurance Risk Management

Underwriting and Product Development

Underwriting and product development are managed by the Chief Product & Pricing Officer as part of the Company's RMF. These risks are associated with the acceptance criteria for writing business, applicable terms and conditions, and the systems and procedures in place to manage the underwriting process.

The Product Governance Framework sets out the systems, processes, procedures and arrangements in relation to the design and distribution of insurance products.

Pricing

Pricing risks relating to insurance contracts can impact the overall business strategy of the Company and also expose the business to financial risks. Pricing risks are managed by the Chief Product & Pricing Officer as part of the Company's RMF.

Claims

Operational and financial risks relating to the claims business unit are managed by Claims Senior Management as part of the Company's RMF.

Reinsurance

Risks arising from the Company's reinsurance arrangements are managed by the Chief Reinsurance and Finance Officer with the support of the Reinsurance Committee, as part of the Company's RMF. The RMF details the roles and responsibilities, and systems and procedures in place to manage its reinsurance arrangements. The Company maintains a Reinsurance Management Strategy (ReMS) that details the roles and responsibilities, and systems and procedures in place to manage its reinsurance arrangements. The ReMS has been developed in accordance with requirements of APRA's GPS 230 Reinsurance Management.

Climate Risk

The Company currently manages climate risk against large natural perils events and is maturing its understanding of the impacts relating to climate change risk.

The Company is exposed to significant natural perils risk, and currently charges premiums reflecting its assessment of each individual property's exposure to these risks. The Company is developing its understanding of changing climate risk using specialist experts in natural perils modelling. The Company is also developing its understanding of portfolio segments most likely to be impacted by climate change in the medium to long term.

The Company purchases reinsurance to manage climate risk and profitability and provide capital protection against large natural perils events.

The Company proactively monitors new housing developments to build its understanding of how climate change may impact the physical risk in these areas over time to assist with making decisions on whether to underwrite based on these risks and any proposed mitigation.

All investment decisions must consider environmental, social and governance factors. All asset managers engaged by the Company must be signatories to the UN Principles of Responsible Investing (UN PRI). Key amongst these principles is to monitor, manage and reduce the impact on the environment through transport, waste, consumption of natural resources, energy use and procurement. Environmental concerns apply across many other sectors as changes in energy and in climate conditions may have pervasive effects. Being a signatory to the UN PRI results in Management having a duty to discriminate against investing in companies that fail to manage their environmental and social impacts effectively, or against those that fail to adopt robust ethical policies and governance practices. The Company's asset managers are signatories to the 2021 Global Investor Statement to Governments on the Climate Crisis.

98% of the Company's investments are cash and bonds with these exposures fully placed with governments, financial institutions and corporations. The Company does not invest in mining companies.

2% of the Company's investments are made in Australian Hybrid Notes, all positions of which are subject to climate change analysis and consideration.

NOTES TO THE FINANCIAL STATEMENTS

22. INSURANCE DISCLOSURES (continued)

The Company is working towards developing a series of climate change risk scenarios, including a scenario aligned with the Paris Agreement, to test the resilience of the business to climate change risk over multiple time horizons, as required of APRA’s CPG 229 Climate Change Financial Risks.

The Company’s exposure to physical risk comes from insurance coverage of assets in existing high-risk hazard areas associated with bushfires, floods and storms including locations that may be impacted in the future. The extent to which the Company is exposed to key physical risks is expected to increase over time.

Management’s understanding of climate change risk is evolving as more data relating to the underlying science and events becomes available. Climate change risk monitoring of the insurance portfolio will be used by Management to assist decision making around future climate change-related strategies and underwriting considerations.

A transitioning economy will also provide both risks and opportunities to the Company due to climate-related changes in society. For example, an increased uptake of electric and hybrid vehicles and solar panels provides additional opportunities. The Company has established a baseline for emissions and opportunities to reduce and manage emissions.

In addition to the physical and transition risks, the Company is developing additional metrics to monitor the external climate environment. The metrics represent items directly relevant to anticipated changes in climate in South Australia and reporting will be used by Management to assist decision making around future climate-related strategies.

As part of its commitment to reducing the environmental impact of its operations, the Company is conducting a number of activities, including:

- collaborating with other organisations to accelerate the transition to zero carbon and zero waste in SA;
- offsetting the Company’s emissions; and
- engaging its supply chain to address our highest emitting emissions categories.

Management of climate risks will continue to evolve as the Company further develops its understanding of climate change risk and its impact on the business. Risks relating to climate are currently managed across the business through a combination of:

a) Disruptive event management, business continuity planning, recovery and resumption plans. The Company’s Risk & Assurance team oversee the program, facilitate regular testing and assist in plan development.

b) Peril modelling looking at the economic impacts of and the challenges preparing for climate change with a scope of activities that includes:

- assessing exposure and vulnerability to changing climate risk;
- scenario analysis and stress testing; and
- assisting with evaluating and designing an appropriate reinsurance program.

c) Continued implementation of the Environment and Climate Change Strategy.

The development of scenario analysis and stress testing may identify additional metrics and targets for future consideration.

NOTES TO THE FINANCIAL STATEMENTS**22. INSURANCE DISCLOSURES (continued)****(e) Capital management****Capital management Strategy**

The capital management strategy plays a central role in managing risk to protect policyholders while meeting the objective of providing an appropriate level of capital to satisfy regulators and create shareholder value. Capital finances growth, capital expenditure, business plans and provides support during adverse outcomes from insurance, investment performance and other activities.

RAA Insurance aims to hold capital to meet the highest requirements derived from the following considerations.

The regulated controlled entity is subject to APRA's prudential standards, which set out the basis for calculating the Prudential Capital Requirement (PCR), the minimum level of capital that the regulator deems must be held to meet policyholder obligations.

The PCR uses a risk-based approach for measuring the capital adequacy of the Company. The PCR is intended to take into account the full range of risks to which the Consolidated Entity is exposed.

The PCR for a regulated institution equals the Prescribed Capital Amount (PCA) plus any supervisory adjustment determined by APRA.

The Company uses the standardised framework for calculating the PCA set out in Prudential Standard GPS 110 Capital Adequacy, referred to as the Standard Method. The PCA is the sum of the following Risk Charges; Insurance, Insurance Concentration, Asset, Asset Concentration and Operational less an Aggregation Benefit.

The Company periodically reviews its capital needs and risk profile where there are potential significant changes to the business using modelling techniques such as Dynamic Financial Analysis. These reviews incorporate a number of factors such as investment mix, profitability and insurance liability profile to simulate multiple scenarios to determine a target level of capital to sustain the business in the event of numerous adverse impacts.

The Company has reviewed and updated the target capital in 2024. The Company targets a Capital Range (Target Capital Range) of 1.6 to 1.8 times the PCR. The Company's impairment risk range is a PCA Coverage between 1.4 and 1.6 times PCR. If the PCA Coverage falls below the level of 1.4 times the PCR, the Board will initiate discussions with the Shareholder in relation to the injection of capital. The Financial Impairment Threshold is breached if the PCA Coverage is below 1.1. In this case the Board will instigate discussions with the Shareholder in relation to an injection of capital or subordinated debt to restore the Company's capital position to at least 1.1 times the PCR.

NOTES TO THE FINANCIAL STATEMENTS**22. INSURANCE DISCLOSURES (continued)****(e) Capital management (continued)**

	RAA Insurance 2024 \$'000	RAA Insurance 2023 \$'000
Common Equity Tier 1 capital		
Paid-up ordinary shares	39,321	34,321
Reserves	2,498	2,498
Retained earnings (APRA basis)	58,884	83,676
Current year's earnings (APRA basis)	26,815	(29,122)
Net surplus / (deficit) relating to insurance liabilities	(28,411)	4,390
Tier 1 capital (before deductions)	99,104	95,765
Less: Regulatory adjustments to Common Equity Tier 1 Capital		
Regulatory adjustments for accounts receivable	211,056	-
Regulatory adjustments for accounts payable	(174,271)	-
Excess of deferred tax assets over deferred tax liabilities	(4,153)	(6,560)
Total Tier 1 capital	131,739	89,205
Total capital base	131,739	89,203
Prescribed capital amount (PCA)		
Insurance risk charge	32,956	34,741
Insurance concentration risk charge	11,250	19,725
Asset risk charge	22,564	28,103
Asset concentration risk charge	-	-
Operational risk charge	18,044	14,171
Aggregation benefit	(13,269)	(16,474)
Total PCA	71,545	80,266
PCA Coverage	1.84	1.11

The above PCA Coverage is based on RAA Insurance's estimated annual APRA return as at 30 June 2024. The PCA Coverage for 30 June 2023 is presented as lodged in the Company's annual APRA return.

NOTES TO THE FINANCIAL STATEMENTS

23. RELATED PARTY DISCLOSURES

(a) Ultimate parent

Royal Automobile Association of SA Inc. is the ultimate parent entity of the Group.

(b) Subsidiaries

The consolidated financial statements include the financial statements of the Royal Automotive Association of SA Inc. and the listed subsidiaries below;

Name		Equity interest		Investment	
		2024	2023	2024	2023
		%	%	\$	\$
RAA Insurance Holdings Limited	Subsidiary	100%	100%	128,497,581	123,497,581
RAA Innovation Pty Ltd	Subsidiary	100%	100%	100,000	100,000
				128,597,581	123,597,581

On 27 December 2023 the Association were allotted a further 5,000,000 ordinary shares in RAA Insurance Holdings Limited at \$1 per share.

(c) Related parties

Where the Association has transacted with a entity with which an Association Board member also holds position, the details are provided below;

RAA Insurance Holdings Limited	Subsidiary
RAA Innovation Pty Ltd	Subsidiary
Australian Club Consortium Pty Ltd	Associate
Club Consortium Pty Ltd	Associate

NOTES TO THE FINANCIAL STATEMENTS**23. RELATED PARTY DISCLOSURES (continued)****(d) Transactions with related parties**

The following tables provide the total amount of transactions of the Parent that were entered into with related parties for the relevant financial year.

Subsidiaries and Associates

Related party	Transaction Type	RAA of SA 2024 \$	RAA of SA 2023 \$
RAA Insurance Holdings Limited	Dividend revenue	-	-
	Distribution services	55,091,026	44,542,718
	IT services and administration	16,096,914	16,714,419
	Insurance Premiums	34,156	47,477
		71,222,096	61,304,614
Australian Club Consortium Pty Ltd	Administration	110,223	101,496
	User charges	3,312,840	2,812,764
		3,423,063	2,914,260
Club Consortium Pty Ltd	Dividend revenue	501,615	1,533,600

The terms and conditions of the transactions with RAA Insurance Holdings Limited are largely fixed under distribution and cost sharing agreements with RAA Insurance Limited. All transactions with related parties are made on normal commercial terms unless indicated.

(e) Outstanding balances with related parties

The following table provides the total outstanding balances of the Parent with related parties at the end of the relevant financial year.

Related party	Balance Type	RAA of SA 2024 \$	RAA of SA 2023 \$
Australian Club Consortium Pty Ltd	Loan receivable	3,890,547	4,856,172

No transactions have been entered into with specified Directors or Executives. During the financial year, specified Directors and Executives purchased goods and services, which were domestic or minor in nature, from the Association on the same terms and conditions available to customers and Members.

Outstanding balances at year end are unsecured and settlement occurs in cash. No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense recognised for bad or doubtful debts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS

24. KEY MANAGEMENT PERSONNEL

(a) Directors

The Constitution of the Association provides for the payment of Directors’ fees. The remuneration committee reviews the remuneration packages of all Directors and Executives on an annual basis and makes recommendations to the Board. Employees involved in the management of the Association are remunerated on a basis determined by relevant industrial awards or commensurate with the duties, responsibilities and performance required of the individual positions as recommended by independent remuneration consultants.

The specified Directors of the Association during the financial year were:

- KJ Gramp (President) (appointed 27 November 2023)
- D Osborn (Vice President) (appointed 27 November 2023)
- PR Siebels
- VM Angove
- SR Starick
- M Small
- J McGill
- S Holmes
- K Cheater

The aggregate compensation made to the specified Directors during the financial year is set out below:

	Consolidated 2024 \$	Consolidated 2023 \$
Short-term employee benefits	537,803	518,014
Post-employment benefits	54,485	50,242
	592,288	568,256

Some Directors of the Association are also Directors of related organisations. Remuneration paid to these Directors is paid by those organisations and not by the Association. Remuneration paid by related organisations to the Associations’ Directors during the year totalled \$332,800 (2023: \$319,909).

NOTES TO THE FINANCIAL STATEMENTS**24. KEY MANAGEMENT PERSONNEL (continued)****(b) Specified Executives**

The following Executives also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

▪	N Reade	Chief Executive Officer
▪	T Page	Chief Executive, Insurance
▪	GM Norman	General Manager, Travel and Distribution
▪	E Perry	General Manager, Community and Corporate Affairs
▪	S Pafumi	Group Chief Financial Officer (resigned 10 May 2024)
▪	B Denton	Acting Group Chief Financial Officer (appointed 11 May 2024)
▪	D Nycz	General Manager, Automotive Services
▪	J Galdes	Chief Technology Officer
▪	M Healy	Chief Marketing Officer
▪	B Owen	Chief Strategy Officer and General Manager Home & Energy
▪	B Vivian	Chief People Officer (resigned 25 August 2023)
▪	M Rudloff	Acting Chief People Officer (appointed 26 August 2023 until 15 October 2023)
▪	L Schonfeldt	Chief People Officer (appointed 16 October 2023)
▪	C Richards	Acting Chief Governance & Risk Officer (until 22 October 2023)
▪	S Crago	Chief Governance & Risk Officer (appointed 23 October 2023)

The aggregate compensation made to the specified Executives during the financial year is set out below:

	Consolidated 2024 \$	Consolidated 2023 \$
Short-term employee benefits	4,984,265	4,248,391
Long-term employee benefits	69,293	81,436
Post-employment benefits	311,644	299,265
Termination benefits	119,185	433,930
	<u>5,484,387</u>	<u>5,063,022</u>

No transactions have been entered into with specified Directors or Executives. During the financial year, specified Directors and Executives purchased goods and services, which were domestic or minor in nature, from the Group on the same terms and conditions available to customers and Members.

NOTES TO THE FINANCIAL STATEMENTS**25. DEFINED BENEFIT PENSION PLAN**

The Group contributes to a number of superannuation schemes, which provide benefits on retirement, resignation, disablement or death of members of those schemes. Superannuation guarantee contributions are expensed as they are incurred. The members of the schemes and the Group make contributions as specified in the rules of the respective schemes.

Schemes providing accumulation benefits do not require actuarial assessments. In the event of termination of the schemes, or voluntary or compulsory termination of each employee, the assets of each scheme are sufficient to satisfy all vested benefits.

The last actuarial assessment of the defined benefit scheme in the Group was made at 30 June 2024 by Mercer Investments Nominees Limited. Actuarial assessments are carried out annually. The conclusion of the actuarial review was that the funds within the scheme were considered adequate to satisfy all benefits payable in the event of termination of the scheme and voluntary or compulsory termination of employment of each employee.

Disclosures in accordance with AASB 119 Employee Benefits and in relation to the defined benefit section of the RAA Staff Superannuation Scheme.*Accounting policy*

Actuarial gains and losses are recognised immediately through retained earnings in the year in which they occur.

Scheme information

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the Scheme is closed to new members. All new members receive accumulation only benefits.

Reconciliation of the present value of the defined benefit obligation

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Opening defined benefit obligation	2,830	2,442
Service cost	138	127
Net Interest	126	114
Contributions by scheme participants	23	25
Actuarial gains/(losses)	126	197
Benefits paid	(771)	-
Contributions to accumulation section	(10)	(11)
Taxes, premiums and expenses paid	(87)	(64)
Closing defined benefit obligation	2,375	2,830
<i>Reconciliation of the fair value of scheme assets</i>		
Opening fair value of fund assets	3,544	3,369
Interest income	156	150
Actual return on fund assets less interest income	144	75
Contributions by scheme participants	23	25
Benefits paid	(771)	-
Contributions to accumulation section	(10)	(11)
Taxes, premiums and expenses paid	(87)	(64)
Closing fair value of fund assets	2,999	3,544

NOTES TO THE FINANCIAL STATEMENTS
25. DEFINED BENEFIT PENSION PLAN (continued)

Reconciliation of the assets and liabilities recognised in the Statement of Financial Position

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Defined benefit obligation *	(2,375)	(2,830)
Fair value of scheme assets	2,999	3,544
Net superannuation asset	624	714
<i>* includes contributions tax provision</i>		
<i>Amounts recognised in the Statement of Comprehensive Income</i>		
Actuarial (gains) / losses - liability experience	126	197
<i>Expense recognised in the Statement of Profit or Loss</i>		
Service cost **	138	127
Interest cost	126	114
Interest income	(156)	(150)
Superannuation expense	108	91

*** No allowance has been made above for employer contributions for accumulation members or additional employer contributions for defined benefit members.*

Expected benefit payments for the financial year ending;		
30 June 2025	810	1,025
30 June 2026	368	634
30 June 2027	235	303
29 June 2028	434	208
29 June 2029	106	356
Following 5 years	815	810
The weighted average duration of the defined benefit obligation was	3 years	4 years

NOTES TO THE FINANCIAL STATEMENTS
25. DEFINED BENEFIT PENSION PLAN (continued)
Fair value of fund assets

Asset Category	Total \$'000	Quoted prices	Observable inputs	Unobservable inputs
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Investment Funds - Balanced	2,999	-	2,999	-
Total	<u>2,999</u>	<u>-</u>	<u>2,999</u>	<u>-</u>

Scheme assets

The percentage invested in each asset class at the reporting date:

	Consolidated 2024	Consolidated 2023
Australian Equity	26%	25%
International Equity	30%	30%
Fixed Income	14%	16%
Property	14%	14%
Alternatives / Other	13%	12%
Cash	3%	3%

Actual return on scheme assets

Actual return on scheme assets	<u>300</u>	<u>225</u>
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Principal actuarial assumptions at the reporting date relating to Defined Benefit obligation

Expected salary increase rate	4.0% pa	3.0% pa
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Fair value of scheme assets

The fair value of Scheme assets includes no amounts relating to:

- any of the Employer's own financial instruments
- any property occupied by, or other assets used by, the Employer.

Expected rate of return on scheme assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of investment tax and investment fees.

NOTES TO THE FINANCIAL STATEMENTS

25. DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity Analysis

	Base	Discount Rate Sensitivity		Salary Rate Sensitivity	
Discount rate	5.10%	4.60%	5.60%	5.10%	5.10%
Salary increase rate	4.00%	4.00%	4.00%	3.50%	4.50%
Defined Benefit obligation	2,375	2,375	2,375	2,375	2,375

Nature of asset / liability

The Group has recognised an asset in the Statement of Financial Position in respect of its defined benefit superannuation arrangements. If a surplus exists in the Scheme, the Group may be able to take advantage of it in the form of a reduction in the required contribution rate for both defined benefit (and potentially for defined contribution members), depending on the advice of the Scheme’s actuary.

The Employer may at any time by notice to the Trustee terminate its contributions. The Employer has a liability to pay the contributions due prior to the effective date of the notice, but there is no requirement for the Employer to pay any further contributions, irrespective of the financial condition of the Scheme.

26. LEASES

Group as a lessee

The Group has lease contracts for commercial properties used in its operations. These leases have lease terms between 2 to 7 years. There are several lease contracts that include extension and termination options and variable lease payments. The Group also has leases of office equipment.

The Group has applied the low value and short term leases exemptions where available.

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

	Commercial Property	Office Equipment	Total
	\$'000	\$'000	\$'000
At 1 July 2023	15,801	86	15,887
Additions	2,477	-	2,477
Depreciation expense	(4,347)	(86)	(4,433)
At 30 June 2024	13,931	-	13,931

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

NOTES TO THE FINANCIAL STATEMENTS**26. LEASES (continued)**

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
As at 1 July	18,639	10,654
Additions	3,195	9,689
Accretion of interest	793	310
Payments	(3,815)	(2,014)
	<u>18,812</u>	<u>18,639</u>
As at 30 June	18,812	18,639
Current	7,371	3,000
Non-current	10,738	15,639

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	4,433	1,953
Interest expense on lease liabilities	793	310
	<u>5,226</u>	<u>2,263</u>
Total amount recognised in profit or loss	5,226	2,263

27. CONTINGENT LIABILITY

The Group has provided the following guarantees:

	Consolidated 2024 \$'000	Consolidated 2023 \$'000
Bank guarantees provided as security for :		
- leasing of office space at 150 Grenfell Street	3,478	-
- leasing of office and workshop space at 101 Richmond Road	2,526	2,526
- outstanding workers' compensation claims	1,124	1,124
- leasing of office space at King William Street	648	648
- procurement of equipment as part of the RAA EV Charger program	-	500
- leasing of warehouse property at Adelaide Airport	133	-
- leasing of retail property at Elizabeth Shopping Centre, Elizabeth	47	47
- leasing of retail property at Colonnades Shopping Centre, Noarlunga	46	46
- provision of small passenger vehicle inspections	50	50
	<u>8,052</u>	<u>4,941</u>
	8,052	4,941

In the ordinary course of business, RAA Insurance occasionally receives enquiries from various regulators and government bodies. RAA Insurance cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however, should RAA Insurance become aware that an enquiry is developing further or if any regulatory or government action is taken against RAA Insurance, appropriate disclosure is made in accordance with the relevant accounting standards. On occasion, RAA Insurance is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of RAA Insurance have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims or litigation exists as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS**28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****Capital Management**

For the purpose of the Group’s capital management, capital includes retained earnings, available debt facilities and all other equity reserves attributable to the Group. A capital management strategy is in place to ensure that all approved capital expenditures are adequately funded over the life of the expenditures and that any risks related to funding are mitigated in accordance with the Group Capital Management Policy and associated risk frameworks such that Member value is maximised.

Capital management is reviewed annually at the time that the coming financial year’s budget is finalised. Capital expenditures are monitored monthly as part of the cash flow monitoring process and, where required, liquidity is adjusted to meet the Group’s commitments.

The Group’s capital management aims to meet all financial covenants attached to any borrowings that are defined as part of its capital structure. Any breach of covenants may result in the lender to call in any outstanding loans. No changes were made to the objectives, policies or processes for managing the Group’s capital during the financial year or any period prior.

Risk exposures and responses

The Group manages its exposure to key financial risks, including interest rate risk in accordance with the Group’s financial risk management policy. The objective of the policy is to support the delivery of the Group’s financial targets whilst protecting future financial security.

The Group uses different measures to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risk rests with the Investment Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: Interest rate risk and equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to market interest rates relates primarily to the Group’s investment in debt securities and long-term borrowings with floating interest rates.

The Group’s approach to minimising interest rate risk associated with debt securities is to invest in high quality (minimum of S&P A- or APRA Grade 3), liquid Australian fixed interest and cash and to actively manage the duration and mix of the fixed and variable interest portfolio.

The Group’s sensitivity to movements in interest rates in relation to the value of cash and interest-bearing debt securities is shown on the following page on table 1:

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Table 1 - Sensitivity to movements in interest rates

	Exposure at 30 June \$'000	Net Profit / (Loss)		Equity	
		100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
2024					
Cash	52,879	529	(529)	529	(529)
Short term deposits	5,417	54	(54)	54	(54)
	58,296	583	(583)	583	(583)
2023					
Cash	47,066	329	(329)	329	(329)
Short term deposits	86,587	606	(606)	606	(606)
	133,653	935	(935)	935	(935)

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group manages the equity price risk through diversification of equity instruments.

The portfolio of equity securities are exposed to price risk. A downturn in the equities market could have had a negative impact on the Group's future financial performance. The impact of any significant movement is managed by ensuring that the investment portfolio consists of high-quality holdings of Australian and International companies diversified over a wide range of industries.

The Group's sensitivity to movements in equity prices is highlighted in table 2

Table 2 - Sensitivity to movements in equity prices

	Exposure at 30 June \$'000	Net Profit / (Loss)		Equity	
		10% increase \$'000	10% decrease \$'000	10% increase \$'000	10% decrease \$'000
2024					
Unit Trusts	22,927	1,605	(1,605)	1,605	(1,605)
	22,927	1,605	(1,605)	1,605	(1,605)
2023					
Unit Trusts	34,965	2,448	(2,448)	2,448	(2,448)
	34,965	2,448	(2,448)	2,448	(2,448)

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk that one party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, including trade and other receivables and recoveries, and from its financing activities and investments.

Receivables and Recoveries

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board and are regularly monitored.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an on-going basis with the result that the Group's experience of bad debts has not been significant.

For Insurance, outstanding premiums on policies arise on those which are generally paid on a monthly instalment basis. Payment default will result in the termination of the insurance contract with the policy owner, as provided by law, eliminating both the credit risk and insurance risk for the unpaid balance.

Other claim recoveries are a collection of relatively small amounts against which a substantial impairment provision has been made. The allowance for impairment is assessed by Management in conjunction with actuaries at least annually. Reinsurance recoveries are regularly reviewed by management.

Financial Assets and Cash deposits

Credit risk relating to investments is reduced through a conservative Investment risk appetite and Investment Mandate, active management by the Group Investments Manager and to invest in a minimum S&P rating of BBB. For the Investment Mandate, Western Asset Management will apply default credit limits. Changes to these default credit limits are subject to approval by the Investment Committee.

NOTES TO THE FINANCIAL STATEMENTS**28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The carrying amount of financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk relating to receivables, cash and cash equivalents and investments is shown in the table below.

Table 3 - Exposure to credit risk: Cash & Receivables

	AAA \$'000	AA \$'000	A \$'000	Below A \$'000	Not rated \$'000	Total \$'000
2024						
Current						
Cash and cash equivalents	-	58,296	-	-	-	58,296
Deposits in trust account	-	1,652	-	-	-	1,652
Trade and other receivables	-	-	-	-	42,790	42,790
Premium receivable*	-	-	-	-	273,544	273,544
Financial Assets	52,780	48,571	181,321	4,718	35,612	323,002
Reinsurance & other recoveries*	-	19,017	17,298	224	45,370	81,909
	52,780	127,536	198,619	4,942	397,316	781,193
Non Current						
Financial Assets	-	-	-	-	2,777	2,777
	-	-	-	-	2,777	2,777
2023 (Restated)						
Current						
Cash and cash equivalents	-	47,066	-	-	-	47,066
Deposits in trust account	-	11,694	-	-	-	11,694
Trade and other receivables	-	-	-	-	81,132	81,132
Premium receivable*	-	-	-	-	212,228	212,228
Financial Assets	99,912	75,662	28,932	29,871	38,298	272,675
Reinsurance & other recoveries*	-	73,091	92,564	1,954	43,081	210,690
	99,912	207,513	121,496	31,825	374,739	835,485
Non Current						
Financial Assets	-	-	-	-	3,622	3,622
	-	-	-	-	3,622	3,622

*Balances included within insurance contract liabilities and reinsurance contract assets.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's ability to meet their obligations to repay their financial liabilities as and when they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and committed available credit lines.

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. The Group has established comprehensive risk reporting covering its operations that reflect expectations of management of the expected settlement of financial assets and liabilities.

The following liquidity risk disclosures reflect all contractually fixed pay-off repayments and interest resulting from recognised financial liabilities as at 30 June 2024. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. Trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's on-going operation. Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

NOTES TO THE FINANCIAL STATEMENTS**28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Fair value**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both assets and liabilities. There are three primary methods of determining fair value according to the following hierarchy;

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 – using inputs that have a significant effect on the recorded fair value of the asset or liability that are not based on observable market data

The table below summarises the basis for the determination of the fair value of the Group's financial instruments at 30 June 2024 that are measured at fair value after initial recognition, other than those where the carrying value is a reasonable approximation of fair value. The carrying value of financial liabilities is considered to approximate fair value.

The following table shows the valuation techniques used in measuring fair values.

Table 4 - Maturities (liquidity risk)

	1 year or less \$'000	1 to 5 yrs \$'000	Over 5 yrs \$'000	Total \$'000
2024				
Liquid Financial Assets				
Cash and cash equivalents	52,879	-	-	52,879
Trade and other receivables	42,790	-	-	42,790
Financial Assets	325,642	2,777	-	328,419
Deposits in trust account	1,652	-	-	1,652
Investments in associates - Held for Sale	5,219	-	-	5,219
Reinsurance contract assets	27,364	-	-	27,364
	455,546	2,777	-	458,323
Financial liabilities				
Trade and other payables	34,456	-	-	34,456
Member remediation provision	31,168	-	-	31,168
Insurance contract liabilities	207,938	-	-	207,938
Lease Liabilities	3,609	13,799	2,162	19,570
Deposits in trust account	1,652	-	-	1,652
Revolving cash advance facility	11,000	-	-	11,000
	289,823	13,799	2,162	305,784
Net inflow / (outflow)	165,723	(11,022)	(2,162)	152,539
2023 (Restated)				
Liquid Financial Assets				
Cash and cash equivalents	47,066	-	-	47,066
Trade and other receivables	81,132	-	-	81,132
Financial Assets	272,674	3,622	-	276,296
Deposits in trust account	11,694	-	-	11,694
Reinsurance contract assets	157,550	-	-	157,550
	570,116	3,622	-	573,738
Financial liabilities				
Trade and other payables	25,169	5,052	-	30,221
Member remediation provision	29,768	-	-	29,768
Insurance contract liabilities	329,945	-	-	329,945
Lease Liabilities	3,642	14,135	2,579	20,356
Deposits in trust account	11,694	-	-	11,694
Revolving cash advance facility	30,000	-	-	30,000
	430,218	19,187	2,579	451,984
Net inflow / (outflow)	139,898	(15,565)	(2,579)	121,754

NOTES TO THE FINANCIAL STATEMENTS
28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)
Table 5 - Fair Value

Classification	Fair Value Hierarchy	Pricing Inputs and Valuation Techniques				
Financial assets	2	Valued at redemption price as established by the Responsible Entity of the funds based on market value of underlying securities held by the fund managers at 30 June 2024.				
Property, plant and equipment	2	Valued at market value based on third party property valuation conducted 30 June 2024 using discounted cashflow model in a 10 year lease back scenario.				
Loans receivables and payable	3	The fair value is calculated by utilising discounted cash flow models, based on the maturity of the loans. The discount rates used represent the rate the market is willing to offer at arms-length for customers of similar credit quality. The net fair value of impaired loans is calculated by discounting expected cash flows using these rates.				
		Level 1	Level 2	Level 3	Total fair value	Total carrying
		\$'000	\$'000	\$'000	\$'000	\$'000
2024						
Assets						
Financial assets at fair value through profit or loss		-	319,112	-	319,112	319,112
Property, Plant and Equipment revalued		-	311	-	311	313
Loans and receivables		-	-	4,048	4,048	3,890
Liabilities						
Loans and Borrowings		-	-	(11,000)	(11,000)	(11,000)
		-	319,423	(6,952)	312,471	312,315
2023 (Restated)						
Assets						
Financial assets at fair value through profit or loss		-	56,470	-	56,470	56,470
Property, Plant and Equipment revalued		-	469	-	469	469
Loans and receivables		-	-	5,110	5,110	4,856
Liabilities						
Loans and Borrowings		-	-	(30,000)	(30,000)	(30,000)
		-	56,939	(24,890)	32,049	31,795

NOTES TO THE FINANCIAL STATEMENTS

29. AUDITORS REMUNERATION

The auditor of the Parent is KPMG

Amounts received or due and receivable by KPMG for:

- An audit or review of the financial report of the entity and any other entity in the consolidated group
- Other services in relation to the entity and any other entity in the consolidated group
 - Income tax compliance
 - Other tax consulting
 - Other consulting services

RAA of SA 2024	RAA of SA 2023
\$	\$
78,146	71,220
45,733	52,836
126,286	-
1,068,599	49,784
1,318,764	173,840

The auditor of RAA Insurance is KPMG

Amounts received or due and receivable by KPMG for:

- An audit or review of the financial report of the entity
- Other services in relation to the entity
 - Regulatory assurance services
 - Other services

RAA Insurance 2024	RAA Insurance 2023
\$	\$
116,209	117,731
49,873	47,063
118,252	12,415
284,334	177,209
1,603,098	351,049

Total Auditors Remuneration

30. EVENTS AFTER THE REPORTING DATE

In the interval between the end of the financial year and the date of this report, no transactions or events of a material or unusual nature likely, in the opinion of the Directors of the Group, have arisen to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

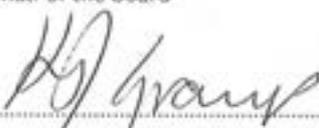
ROYAL AUTOMOBILE ASSOCIATION OF SOUTH AUSTRALIA INC.

Directors' Declaration

In accordance with a resolution of the Directors of the Royal Automobile Association of South Australia Incorporated, we state that:

1. In the opinion of the Directors:
 - a) The financial statements and notes of the Association and of the consolidated entity are in accordance with the Associations Incorporation Act 1985, including:
 - (i) Giving a true and fair view of the Association's and consolidated entity's financial position as at 30 June 2024 and of their performance for the year ended on that date.
 - (ii) Complying with Accounting Standards and Constitution of the Association.
 - b) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.
 - c) In accordance with Section 35(5) of the Associations Act 1985, the Directors hereby state that during the financial year ended 30 June 2024;
 - (i)
 - a. No Director of the Association
 - b. No firm of which a Director is a member; and
 - c. No body corporate in which a Director has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the Director, firm, or body corporate and the Association.
 - (ii) No Director of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary value except for the following:
 - i. *All Directors have received Director fees paid in conjunction with their role as Directors as set out in Note 24 of the preceding Financial Report.*
 - ii. *Some Directors of the Association are also Directors of RAA Insurance Holdings Ltd. This remuneration has been disclosed in Note 24 of the preceding Financial Report.*
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with the Associations Incorporation Act 1985 for the financial year ended 30 June 2024.

On behalf of the board


.....
K J Gramp
President


.....
D Osborn
Vice President

Adelaide, 29 August 2024



Independent Auditor's Report

To the members of the Royal Automobile Association of South Australia Incorporated

Opinion

We have audited the **Financial Statements** of the Royal Automobile Association of South Australia Incorporated (the Association).

In our opinion, the accompanying Financial Statements present fairly, in all material respects the financial position of the Association as at 30 June 2024 and its financial performance for the year ended on that date in accordance with *Australian Accounting Standards* and the *Associations Incorporation Act (South Australia) 1985*.

The **Financial Statements** comprise:

- Consolidated Statement of financial position as at 30 June 2024;
- Consolidated Statement of profit or loss, Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in the Association's annual report which is provided in addition to the Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Statements

The Directors are responsible for:

- the preparation and fair presentation of the Financial Statements in accordance with *Australian Accounting Standards* and the *Associations Incorporation Act (South Australia) 1985*;
- implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Association's and group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Statements.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf This description forms part of our Auditor's Report.



Paul Cenko
Partner

Adelaide

30 August 2024