



Annual concise report

For the year ended 30 June 2016

The Royal Automobile Club of W.A. (Incorporated)
ABN 33 212 133 120

The President's report

It is my pleasure to provide this Annual Report on the range of initiatives delivered by RAC over the past 12 months. RAC has placed a strong focus this year on giving back to our members and the overall profit after tax for the year ended 30 June 2016 was \$30.3 million.

This past year has provided RAC with a great opportunity to reflect on our place in WA history. To mark the end of our 110th year, we inducted a new member into the RAC Walk of Fame - Dr Ken Michael AC. Dr Michael has worked tirelessly in his field for better mobility in WA and it was an honour to be able to recognise his work.

Through our focus on giving back, RAC has added significant new benefits for members, including a 50 per cent discount on the most popular passes to the State's national parks and reserves, encouraging Western Australians to get outdoors and explore their own State. We also launched a ground-breaking fuel discount offer for members.

Keeping Western Australians safe on the roads continues to dominate our work. In the past year our community education team has delivered road safety messages to more than 50,000 people across the State. This includes over 10,000 year 10, 11 and 12 students attending two bstreetsmart events this year.

In partnership with WA Police, the Department of Fire and Emergency Services, St John Ambulance, Royal Perth Hospital and the Theatrical Response Group, bstreetsmart provided an upfront and at times confronting re-enactment of a vehicle crash scene. The event informs young drivers about the importance of the decisions they make while in a car and the impact this could have on their lives, their families and the communities in which they live.

Regional road safety has again been a focus for RAC with one of this year's bstreetsmart events held exclusively for regional students.

We have also continued our Wheatbelt road safety campaign, aimed at helping to reduce the devastating road toll in the region. Featuring the life-sized Elephant in the Wheatbelt sculpture, the focus has now moved to what local communities can do to help improve road safety across the region. We've seen some great interaction with Wheatbelt residents who have taken on the challenge to become road safety ambassadors for their town. RAC's sponsorship of the WAM Wheatbelt tour saw musicians raising awareness of road safety at local performances and our partnership with the WA Sports Federation encouraged road safety discussions in Wheatbelt sports clubs.



Further to our work in the Wheatbelt, RAC also teamed up with Surfing WA to support their 'No Txt No Wrecks' campaign through our Community Sponsorships program. The campaign runs alongside WA surfing competitions and provides a reminder of the dangers of inattention while driving.

Our Community Sponsorships program has delivered more than \$1.4 million back to the WA community through the support of a range of programs and initiatives since the program began in 2011.

We have also continued our strong focus on members being able to easily, safely and more sustainably move around their community. To help inform this discussion and encourage change, this year RAC conducted a walking survey and hosted a trial of electric bikes (e-bikes).

The walking survey highlighted the need for better planning and greater investment in creating pedestrian-friendly environments to encourage more people to walk. Our e-bike trial included 40 participants from four employers and demonstrated the importance of alternative modes of transport, with commuting car trips dropping from 61 per cent to 32 per cent during the trial.

In support of mobility options for Western Australians, RAC provided a response to Department of Transport's Green Paper on the WA taxi industry. Taxis are an integral part of the WA transport system and account for almost 13 million trips a year. RAC's response highlighted the need for the provision of an affordable, reliable, safe and accountable service.

The need for transport improvements was also the key theme for our campaign leading into the July Federal Election.

United with other motoring clubs across Australia, RAC called for investment to help 'Keep WA Moving', looking specifically at additional rail projects, real innovation through investment in the technology needed to deliver a smarter transport network and investment in regional transport infrastructure.

This is my final year as RAC President and it has been a great honour serving all our members over the past three years. It has been my pleasure to again work with a committed RAC Council, leadership team and RAC people, and also with RAC Patron Her Excellency the Honourable Kerry Sanderson AO, Governor of Western Australia. Thank you to all our members who remain at the heart of RAC.



Esme J Bowen

Esme Bowen

President

The Royal Automobile Club of W.A. (Incorporated)
Perth, W.A.

Date: 5 September 2016

The Group CEO's report

Our commitment to achieve more for members and give back to Western Australia has remained at the heart of RAC's activities this year.

While RAC's financial result for the 2015/16 year has been delivered in the context of WA's changing economic climate and flat outlook, RAC has continued to invest in the benefits and services it provides for its members.

RAC Group revenue for the year ended 30 June 2016 was \$676.7 million and an overall profit after tax of \$30.3 million.

The total net assets of the Group as at 30 June 2016 were \$809.9 million.

Our State is undergoing a period of significant change. The Australian Bureau of Statistics has predicted Perth will become Australia's third largest city, after Sydney and Melbourne, by 2028.

Our population is swelling and our roads and transport infrastructure is reaching capacity. We are on track to have some of the most congested roads in the nation in just 15 years' time. In 2031, our public transport system will be expected to carry double the passengers compared to 2012 and congestion is estimated to cost the economy \$16 billion in lost productivity. There is also the impact on the community, taking time away from their daily lives.

An Infrastructure Australia report also found that by 2031 without action, at both the State and Federal levels, the Mitchell Freeway, Tonkin Highway and Graham Farmer Freeway would be operating at between 82 and 96 per cent of their capacity.

The Leach, Canning and Roe Highways, as well as the Kwinana Freeway and major rail lines, have also been predicted to buckle under the pressure of record congestion levels.

Any discussion of expansion of the road network must be balanced against the need to make better use of the infrastructure we already have, and of the new and emerging technology and social solutions - many of which have already arrived.

We can also no longer continue a conversation about roads in isolation. While our road network will always be critical to facilitating mobility in the State, it can no longer accommodate alone the increasing demand being placed on it. We need to see an integrated approach that includes rail and other modes including cycling.

The latest independent analysis to RAC regarding federal road funding shows for every dollar Canberra collects from WA motorists, only 48 cents is being returned in funding for the State's road network. This is a trend that has continued under successive Federal Governments.



Governments must urgently address the infrastructure gap and the funding deficit currently facing WA.

Looking to the future of motoring and how we are able to move around our communities, RAC has purchased and is trialling an autonomous shuttle bus - the RAC Intellibus - to better understand how this technology can work in our city. This is an Australian-first trial of a fully electric, fully driverless bus and our goal has been to deliver a real trial, for real people, on real roads.

This purposeful trial is still in the early stages but these are exciting times for our State and RAC. As new technology emerges, RAC aims to be at the forefront to represent members and understand the best possible mobility outcomes; just as we have done throughout our history.

This year RAC has also invested further in holiday accommodation for members. The acquisition of Ningaloo Reef Resort, Exmouth Cape Holiday Park and Monkey Mia Dolphin Resort was settled in Sept 2015. RAC also purchased Busselton's Peppermint Park - now known as RAC Busselton Holiday Park in April 2016. Along with Pinnacles Holiday Park the RAC Parks and Resorts family consists of five parks.

These acquisitions build on RAC's goal to provide members with good quality and affordable holiday accommodation in key tourism destinations around WA, to encourage Western Australians to holiday in their own backyard.

In January, RAC was proud to be named as the sponsor of Western Australia's second dedicated rescue helicopter - a further investment in saving lives and assisting with serious injuries.

Joining the existing Perth-based RAC Rescue helicopter, the helicopters operate together as the State's only dedicated 24 hour emergency rescue helicopter service. They help to provide medical assistance which is not always immediately on hand.

The RAC Rescue helicopters are managed by the Department of Fire and Emergency Services and I would like to acknowledge the State Government for delivering this important regional service. RAC is proud to have sponsored the Perth-based rescue helicopter since its inception in 2003.

This year we were able to reflect on RAC history as we marked the 90th anniversary of the introduction of our Roadside Assistance service. This service has evolved over its 90 years and has come a long way since starting out as motorcycles with side cars that carried enough equipment to fix a flat tyre. Now, RAC Roadside undertakes almost 400,000 rescues each year.

The service we provide our members was further highlighted this year in our response to the May storm. We received nearly 4,500 claims, making it one of the biggest storms we have experienced. I am proud of how our people looked after RAC members during this time, dedicating long hours to ensure claims were lodged and processed quickly. This high level of service for members is what RAC prides itself on.

Thank you to outgoing President Esme Bowen and to RAC Councillors. Thanks also to our leadership team and all RAC people - the commitment you show to our members every day is what makes RAC a great organisation.

Thank you to all RAC members for your support. You are at the heart of our organisation and we look forward to continuing to provide valuable and relevant services as we move forward together, and to make a positive difference to your lives.



Terry Agnew

Group CEO

The Royal Automobile Club of W.A. (Incorporated)

Perth, W.A.

Date: 5 September 2016

Councillors' report

Annual Concise Report

30 June 2016

The concise financial report is an extract which has been derived from the full financial report of The Royal Automobile Club of W.A. (Incorporated) for the financial year ended 30 June 2016. This report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

A free copy of The Royal Automobile Club of W.A. (Incorporated) (the "Club") and its controlled entities (the "Group" or "RAC") full financial report is available to all members upon request by contacting Legal Services on (08) 9436 4665.

Statement by Councillors

In the opinion of the Council, the accompanying concise financial report of The Royal Automobile Club of W.A. (Incorporated):

- (a) gives a true and fair view of the state of affairs of The Royal Automobile Club of W.A. (Incorporated) and the entities it controlled as at 30 June 2016; and
- (b) gives a true and fair view of the result of The Royal Automobile Club of W.A. (Incorporated) and the entities it controlled for the year ended 30 June 2016.

Signed in accordance with a resolution of Councillors on 5 September 2016.



Esme Bowen

President

The Royal Automobile Club of W.A. (Incorporated)
Perth, W.A.

Date: 5 September 2016



Meeting of Councillors

The numbers of meetings of the Club Council and of each Council's committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Councillor were:

Councillor	Meetings of committees					
	Full meeting of councillors		Club Board meetings		Audit and risk committee	
	A	B	A	B	A	B
Esme Bowen	8	8	4	5	3**	5
Anthony Evans	6	8	5	5	*	*
Jacqueline Ronchi	8	8	5	5	5	5
Dennis Banks	8	8	*	*	5	5
Allan Blagaich	5	8	*	*	*	*
Helen Cook (Subsidiary Director)	*	*	*	*	5	5
Freda Crucitti	7	8	*	*	*	*
Jill Darby	8	8	5	5	*	*
Ross Dowling	7	8	4	5	*	*
Dalton Gooding	6	8	*	*	*	*
Alden Halse	7	8	*	*	5	5
Stephanie Proud	8	8	*	*	*	*
Elizabeth Re	6	8	*	*	*	*
Emmerson Richardson	7	8	*	*	*	*
Tim Shanahan	8	8	*	*	*	*
Julie Wadley	7	8	4	5	*	*

A = Number of meetings attended of the Council and each Council committee

B = Number of meetings held during the time the Councillor held office or was a member of the committee during the year

* = Not a member of the relevant committee

** = Attended in their capacity as Club President

The changes during the year to the composition of the Club Council and each Council committee is detailed in the corporate governance statement.



Independent auditor's report to the members



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of The Royal Automobile Club of W.A. (Incorporated)

Report on the concise financial report

We have audited the accompanying concise financial report of The Royal Automobile Club of W.A. (Incorporated) which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows for the year ended on that date and related notes, derived from the audited financial report of The Royal Automobile Club of W.A. (Incorporated) for the year ended 30 June 2016. The concise financial report also includes discussion and analysis and the Councillors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Councillors' responsibility for the concise financial report

The Councillors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Associations Incorporation Act 1987* WA, and for such internal controls as the Councillors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of The Royal Automobile Club of W.A. (Incorporated) for the year ended 30 June 2016. We expressed an unmodified audit opinion on the financial report in our report dated 5 September 2016. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

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

Independent auditor's report to the members

continued



Independence

In conducting our audit, we have complied with the independence requirements of the *Australian professional accounting bodies*.

Auditor's opinion

In our opinion, the concise financial report, including the discussion and analysis and the Councillors' declaration of The Royal Automobile Club of W.A. (Incorporated) for the year ended 30 June 2016 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Ernst & Young

Ernst & Young
5 September 2016

Corporate governance statement

The Council of The Royal Automobile Club of W.A. (Incorporated) ('Club') is responsible for the corporate governance of the Club. The Council guides and monitors the business and affairs of the Club on behalf of the members. The corporate governance of subsidiary companies is the responsibility of the Board of Directors of RACWA Holdings Pty Ltd.

Council composition

The composition of the Council is determined in accordance with the following principles and guidelines:

- > Councillors are elected from the membership of the Club and hold office for a period of three years;
- > only Honorary Life Members, Gold Life Members or Personal Members who have been entitled to vote for the preceding five years are entitled to hold office as a Councillor;
- > the Council elects from its members Councillors to hold the positions of President, Senior Vice President and Vice President;
- > a Councillor cannot hold the office of President for more than three consecutive years;
- > at each Annual General Meeting ('AGM') one third of the Council will retire from office and are eligible for re-election;
- > while a Councillor holds the position of President or Senior Vice President for the year commencing as at the date of the next AGM, or ceases to hold the position of President at the conclusion of the next AGM because their term as President has expired, or will be one of the directors of the Australian Automobile Association, then the Councillor shall not be required to retire from office; and
- > when a vacancy on Council occurs, the Council may fill the vacancy and the appointee holds office for the unexpired portion of the

appointee's predecessor's term. Candidates to fill casual vacancies are nominated by Councillors. Where there is more than one candidate to fill a casual vacancy, Council determines the appointee by ballot.

Council members

The Councillors in office during the financial year were:

Esme Bowen

Anthony Evans

Jacqueline Ronchi

Dennis Banks

Allan Blagaich

Freida Crucitti

Jill Darby

Ross Dowling

Dalton Gooding

Alden Halse

Stephanie Proud

Elizabeth Re

Emmerson Richardson

Tim Shanahan

Julie Wadley

as other regulatory and ethical expectations and obligations. Each Councillor is bound by the terms of a Code of Conduct. In addition, Council is responsible for identifying areas of significant business risks and ensuring arrangements are in place to adequately manage those risks. Council seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the consolidated entity is delegated by Council to the Chief Executive and the executive team. Council ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Chief Executive and the executive team.

Council is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by Council. Council has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of the committees, these mechanisms include the following:

- > Council approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- > the strategic plan is a dynamic document and Council is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the Club;
- > implementation of operating plans and budgets by management and Council, and monitoring of progress against budget. This includes the establishment and monitoring of

Council responsibilities

As the Council acts on behalf of, and is accountable to the members, Council seeks to identify the expectations of the members, as well

Corporate governance statement

continued

key performance indicators, both financial and non financial, for all significant business processes;

- > monitoring occupational health and safety;
- > procedures to allow Councillors, in the furtherance of their duties, to seek independent professional advice at the Club's expense;
- > ensuring there are effective management processes in place and approving major corporate initiatives;
- > enhancing and protecting the reputation of the organisation; and
- > ensuring the significant risks facing the organisation, including those associated with its legal compliance obligations, have been identified and appropriate and adequate control, monitoring, accountability and reporting mechanisms are in place.

Remuneration process and requirements

Council is responsible for determining and reviewing compensation for the Councillors, in their roles as members of Council and as members of the committee known as the "Club Board", RACWA Holdings Pty Ltd board members, and the Chief Executive.

Rule 15.4(c) of the Club's Rules provide that the Maximum Aggregate Amount and the aggregate amount of remuneration paid to all Councillors during a Financial year will be notified to members each year.

The Maximum Aggregate Amount of remuneration that may be paid to Councillors (in their roles as members of Council) during a Financial Year is \$428,643. The aggregate amount of remuneration that was paid to Councillors (in their roles as members of Council) in the 2016 Financial Year was \$260,560 (excluding superannuation).

Club Board

The Council has appointed a committee known as Club Board, comprising members of the Council and the Chief Executive. The Club Board has delegated authority granted by the Council in accordance with a charter approved by Council. The Club Board reports to the Council on a regular basis.

The members of the Club Board during the year were:

Esme Bowen
Chairman

Julie Wadley

Jill Darby

Anthony Evans

Jacqueline Ronchi

Ross Dowling

Terry Agnew
Chief Executive Officer

Group Audit & Risk Committee

The Council addresses audit and risk through the Group Audit and Risk Committee which operates under a charter approved by Council.

The members of the Group Audit and Risk Committee during the year were:

Jacqueline Ronchi
Councillor, Chairman

Alden Halse
Councillor and Subsidiary Director

Dennis Banks
Councillor and Subsidiary Director

Esme Bowen
Councillor

Helen Cook
Subsidiary Director

It is the committee's responsibility to ensure that an effective internal control framework exists within the Club. This includes internal controls to deal both with the effectiveness and efficiency of significant business

processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non financial considerations such as the benchmarking of risk key performance indicators.

The committee also provides Council with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Group Audit and Risk Committee is also responsible for:

- > reporting to Council on compliance with internal controls existing within the Club;
- > directing and monitoring the internal audit function; and
- > nominating the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit.

The external auditor is invited to attend all Group Audit and Risk Committee meetings and is able to discuss any matters with the Group Audit and Risk Committee without management's presence.

Communication to members

Council aims to ensure that the members, on behalf of whom they act, are informed of the performance of the Council.

Information is communicated to the members through:

- > the concise financial report;
- > the RAC website, rac.com.au;
- > the Club's Official Journal; and
- > the AGM of the Club.

Consolidated statement of profit or loss

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Revenue	2	676,721	660,781
Other income		43,012	6,109
Claims expense		(274,940)	(254,800)
Outwards reinsurance premium expense		(38,240)	(38,630)
Insurance policy acquisition costs		(41,069)	(38,138)
Employee benefits expense		(168,673)	(161,404)
Depreciation and amortisation expense		(20,714)	(21,391)
Rent and outgoings		(13,266)	(11,426)
Management and service fees		(944)	(757)
Materials and consumables used		(21,651)	(20,093)
Postage, printing and stationery		(5,726)	(5,178)
Telecommunications expense		(2,075)	(2,195)
Information technology expense		(8,798)	(9,140)
Consulting expense		(10,878)	(15,512)
Advertising and promotional expenses		(18,014)	(15,255)
Towing and subcontractor expenses		(22,929)	(21,183)
Acquisition costs		(497)	(2,567)
Other expenses		(30,546)	(24,316)
Impairment of goodwill and intangible assets		-	(4,437)
Finance costs		(5,830)	(7,941)
Share of net profit of associates accounted for using the equity method		(77)	56
Profit before income tax		34,866	12,583
Income tax (expense)/benefit		(4,542)	6,918
Profit for the year		30,324	19,501

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

	Notes	2016 \$'000	2015 \$'000	Consolidated
Profit for the year		30,324	19,501	
Other comprehensive income				
<i>Items that may be reclassified subsequently to the profit or loss</i>				
Changes in available-for-sale financial assets		(16,554)	4,369	
Transfer to the profit or loss on sale of available-for-sale financial assets		(4,557)	(5,449)	
Income tax relating to these items		6,333	323	
		(14,778)	(757)	
<i>Items that will not be reclassified subsequently to the profit or loss</i>				
Loss on revaluation of land and buildings		(2,150)	(1,858)	
Income tax relating to the revaluation of land and buildings		645	557	
		(1,505)	(1,301)	
Other comprehensive income/(loss) for the year, net of tax		(16,283)	(2,058)	
Total comprehensive income for the year		14,041	17,443	
Total comprehensive income for the year is attributable to: Members of The Royal Automobile Club of W.A. (Incorporated)		14,041	17,443	

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Discussion and analysis

Consolidated statement of profit or loss and Consolidated statement of comprehensive income

Revenue from continuing operations

Revenue from operating activities of the Club and its controlled entities increased by \$15.940m compared to the prior year. The net increase was the result of revenue growth in both the insurance and motoring businesses, together with new revenue from the purchase of four tourism parks during the year. This was offset by a loss of revenue from the sale of the residential aged care business in November 2015 and a decrease in revenue from the home care business as a result of the introduction of consumer directed care legislation that came into effect in July 2015.

Trends in revenue arising from sales

Insurance premium revenue

There has been continued insurance policy growth across both the Motor and Home portfolios.

Reinsurance and other recoveries

One large storm event in May 2016 resulted in \$8.273m of claims expenses and \$6.273m of reinsurance and other recoveries. In the prior year, the size of events covered by reinsurance was substantially lower. Non-event recoveries were largely consistent with the prior year.

Retirement village revenue

A weak property market and lower

turnover of village residents resulted in a decline in deferred management fee revenue.

Commissions and fees

The sale of the residential aged care business in November 2015 resulted in a reduction to client fees received.

Subsidies and grants

As with Commissions and fees, government subsidies and grants were lower due to the sale of the residential aged care business. The introduction of consumer directed care legislation in July 2015 also reduced subsidies and grants earned by the home care business when compared to the prior year.

Consolidated statement of comprehensive income

continued

Tourism revenue

Four tourist holiday parks were acquired during the year as part of the Group's tourism strategy, taking the total number of parks to five at year end. The current year tourism revenue includes the additional revenue generated by these four parks since acquisition.

Trends in revenue arising from other revenue

Dividends and distributions from other corporations

There was a reduction in the trust distributions received from the Group investment portfolio (noting that the trust distributions in the prior year were higher than normal).

Other income

The residential aged care business was sold in November 2015 which resulted in a gain on disposal of \$37469m.

Main influences on costs of operations

Claims expense

Claims expense increased during the year, in line with growth in the number of insurance policies issued. One large storm event in May 2016 resulted in an additional \$8.273m of claims expenses in the current year. There were also impacts from an increase in the average claim size for Motor insurance claims.

Insurance policy acquisition costs

All product, underwriting, and actuarial costs directly attributable to the sales of insurance policies are capitalised to a Deferred Acquisition Costs asset and released to the Profit or Loss Statement ("P&L") over the following 12 months. In the prior year, extended hours of operation were implemented together with increased sales resources. This resulted in higher capitalised costs in the prior year, which were released to the P&L in the current year.

Employee benefits expense

Overall there was a net increase in staff numbers to support business growth, tourism acquisitions and member based activities. Staff also received a market based salary increase during the year.

Consulting expense

Consulting expense reduced as the prior year included a range of projects aimed at improving the Group's online presence and the delivery of services to members.

Advertising and promotional expenses

The Group continued to promote its products and services during the year aligned to the "for the better" campaign. This year the Group also sponsored a second rescue helicopter located in the south west and expanded its electric highway to twelve locations. Campaigns and initiatives were also undertaken to promote the Group's priorities of safe, accessible and sustainable mobility.

Acquisition costs

Four tourist holiday parks were acquired during the year as part of the Group's tourism strategy. The acquisition costs for three parks purchased in the current year were largely incurred in the prior year.

Other expenses

Increase in other expenses were due to restructuring costs associated with the sale of the residential aged care business and formation of the home care joint venture, together with changes in the fair value of the Group's retirement villages.

Impairment expense

There were no impairments of goodwill or acquired intangible assets in the current year. In the prior year, the goodwill and intangible assets of the Driving Centre business were fully impaired.

Income tax expense

The consolidated accounting profit for the Club was \$34.866m, which would give rise to a tax expense of \$10.460m. The net tax expense was reduced to \$4.542m due to franking credits received from the investment portfolio and capital losses from prior years applied to the gain on sale of the residential aged care business in November 2015.

Other comprehensive income

Changes in fair value of available for sale financial assets

The change in the fair value of available for sale financial assets reflects the unrealised gains or losses on the revaluation of the Group investment portfolio. The net return received on the Group's investment portfolio this year was a small positive return. This is reflective of financial market volatility experienced during the year. The investment portfolio return consisted of distributions receivable offset by unrealised losses.

Revaluation of land and buildings

A weak property market and high vacancy rates in the Perth central business district resulted in a small decline in the fair value of the Group's non-retirement-related direct property holdings. External valuations were obtained to support property carrying values.

Consolidated balance sheet

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	3	87,449	110,974
Trade and other receivables		171,124	177,783
Loans and advances		90,165	73,693
Reinsurance and other recoveries receivable		16,472	13,379
Inventories		1,560	1,326
Financial assets at fair value through profit or loss		94,618	98,352
Available-for-sale financial assets		38,094	38,177
Held-to-maturity investments		22,710	24,694
Current tax receivables		2,690	12,454
Deferred acquisition costs		19,072	20,643
		543,954	571,475
Assets classified as held for sale	6	41,814	-
Total current assets		585,768	571,475
Non-current assets			
Loans and advances		95,341	80,941
Reinsurance and other recoveries receivable		1,760	2,439
Investments accounted for using the equity method		7,200	7,686
Financial assets at fair value through profit or loss		125,753	124,372
Available-for-sale financial assets		216,036	210,199
Property, plant and equipment		147,425	143,278
Investment properties		277,306	265,258
Intangible assets and goodwill		145,608	229,556
Total non-current assets		1,016,429	1,063,729
Total assets		1,602,197	1,635,204
Liabilities			
Current liabilities			
Trade and other payables		44,606	136,099
Interest bearing loans and borrowings		131,709	114,917
Provisions		47,869	46,907
Outstanding claims liabilities		65,505	61,026
Unearned premium liabilities		217,714	201,716
Retirement village resident loans		189,070	185,066
		696,473	745,731
Liabilities directly associated with assets classified as held for sale	6	17,864	-
Total current liabilities		714,337	745,731
Non-current liabilities			
Outstanding claims liability		8,191	7,490
Interest bearing loans and borrowings		46,034	48,155
Deferred tax liabilities		18,093	32,036
Provisions		5,594	5,885
Total non-current liabilities		77,912	93,566
Total liabilities		792,249	839,297
Net assets		809,948	795,907
Equity			
Reserves		47,173	63,456
Retained earnings		762,775	732,451
Capital and reserves attributable to members of The Royal Automobile Club of W.A. (Incorporated)		809,948	795,907
Total equity		809,948	795,907

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated balance sheet

continued

Discussion and analysis Consolidated balance sheet

Cash and cash equivalents

There was a decrease in cash during the year to fund long-term growth initiatives via the acquisition of four tourist holiday parks and the development of Stage 1 of the Carine retirement village.

Loans and advances

There was an increase in lending activity within the Finance business over the prior year, which was in line with business growth objectives.

Reinsurance and other recoveries

One large storm event in May 2016 resulted in higher reinsurance recoveries receivable at year-end.

Financial assets at fair value through profit or loss

Investments in the Insurance investment portfolio were liquidated during the year and transferred to the Group investment portfolio via dividends.

Available-for-sale financial assets

The net return received on the Group's investment portfolio this year was a small positive return. This is reflective of financial market volatility experienced during the year. The investment portfolio return consisted of distributions receivable and realised gains offset by unrealised losses.

Assets and Liabilities associated with assets classified as held for sale

On 1 July 2016, the Group sold 50% of its interest in Home Care Holdings Pty Ltd and its subsidiaries to Quadrant Private Equity through the issue of shares. From that date, the Group no longer has a controlling interest and the investment in Home Care Holdings Pty Ltd will be equity accounted as a joint venture investment. The associated assets and liabilities are consequently presented as held for sale in these 2016 financial statements.

Property, plant and equipment

The net increase during the year was due to the purchase of four tourist holiday parks. This was partially offset by the sale of the residential aged care business.

Investment properties

Construction of Stage 1 of the Carine retirement village commenced during the year. This resulted in an increase in investment properties. Stage 2 of the Albany retirement village was completed during the year.

Intangible assets and goodwill

There was a large decrease in the Retirement Division intangibles and goodwill due to the sale of the residential aged care business and the reclassification of the home care business assets into the 'Assets classified as held for sale' category. A general amortisation charge is also booked each year against the Group's finite life intangible assets.



Consolidated balance sheet

continued

Trade and other payables

Trade and other payables reduced during the year following the accommodation bonds liability being sold with the residential aged care business in November 2015.

Interest bearing loans and borrowings

There was an increase in investment notes issued by the Finance business to support the growth in the lending portfolios. External borrowings in the Retirement Division were repaid during the year using funds from the sale of the residential aged care business.

Outstanding claims liability

There was an increase in the number of open claims at year-end relating to the May 2016 storm event. There was also an increase in open claims during the year, in line with growth in the number of insurance policies issued.

Unearned premium liability

The unearned premium liability increased as a result of insurance policy growth in the Motor and Home portfolios during the year.

Retirement village resident loans

Resident loans increased during the year as a result of new units brought to market and sold at the Albany retirement village.

Current tax receivable and net deferred tax liabilities

The current tax receivable arises from the refund of surplus tax instalments paid during the year. In the prior year, the receivable was higher due to the refund of tax paid resulting from changes in the interpretation of tax law relating to retirement villages.

The deferred tax liabilities of the Group decreased during the year by \$15163m. Of this, \$8185m was transferred to held for sale liabilities. The remaining decrease is primarily

due to movements in the value of available for sale investments.

The deferred tax assets of the Group decreased by \$1.220m. Of this, \$0.868m was transferred to held for sale liabilities. The remaining decrease is primarily due to a reduction in tax losses, which was partially offset by an increase in property, plant and equipment, provisions and accruals.

Deferred tax assets have been offset against deferred tax liabilities on the balance sheet.

Reserves

Reserves decreased during the year as a result of a decline in the market value of the Group investment portfolio and direct property holdings.

Other significant movements in balance sheet items

There have been no other significant changes in the composition of the balance sheet.



Consolidated statement of changes in equity

	Attributable to owners of The Royal Automobile Club of W.A. (Incorporated)			
	Property, plant and equipment revaluation reserve \$'000	Available-for-sale investments revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Consolidated entity				
Balance at 1 July 2014	38,611	28,198	712,360	779,169
Profit/(Loss) for the year	-	-	19,501	19,501
Other comprehensive income	(1,301)	(757)	-	(2,058)
Total comprehensive income/(loss) for the year	(1,301)	(757)	19,501	17,443
Transactions with owners in their capacity as owners:				
Transfer of revaluation surplus	(1,295)	-	1,295	-
Adjustment to retirement village sinking funds	-	-	(705)	(705)
	(1,295)	-	590	(705)
Balance at 30 June 2015	36,015	27,441	732,451	795,907
Balance at 1 July 2015	36,015	27,441	732,451	795,907
Profit/(Loss) for the year	-	-	30,324	30,324
Other comprehensive income	(1,505)	(14,778)	-	(16,283)
Total comprehensive income/(loss) for the year	(1,505)	(14,778)	30,324	14,041
Balance at 30 June 2016	34,510	12,663	762,775	809,948

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Discussion and analysis

Consolidated statement of changes in equity

The change in equity for the year was an increase of \$14.041m. This consisted of an increase in retained earnings of \$30.324m and a net decrease in reserves of \$16.283m.

The net decrease in reserves consisted of the following items:

> a decrease of \$1.505m from the revaluation of the Group's property portfolio; and

> a decrease of \$14.778m arising from unrealised losses on the Group's investment portfolio during the year.

Consolidated statement of cash flows

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		213,271	214,264
Insurance premiums received		441,890	415,857
Reinsurance and other recoveries received		43,930	48,442
Payments to suppliers and employees (inclusive of goods and services tax)		(346,599)	(343,966)
Claims paid		(317,870)	(297,082)
Client fees and subsidies		45,143	46,051
Outward reinsurance premium paid		(38,338)	(42,008)
Insurance policy holder acquisition costs		(39,498)	(40,590)
Net (advances to)/receipts from finance customers		(26,386)	12,964
Net proceeds from/(repayment of) finance borrowings		24,038	(16,067)
Dividend and distributions received		22,555	13,195
Interest income received		11,022	13,312
Income taxes received/(paid)		5,574	(10,603)
Interest paid		(5,468)	(7,848)
Other income received		3,991	3,036
Net cash inflow from operating activities		37,255	8,957
Cash flows from investing activities			
Payments for property, plant and equipment		(6,577)	(13,407)
Payments for intangibles		(4,662)	(3,686)
Proceeds from sale of property, plant and equipment		414	427
Payments for investment property		(10,832)	(4,821)
Payments for available-for-sale financial assets		(52,316)	(11,735)
Proceeds from sale of available-for-sale financial assets		29,815	20,000
Dividends received from associates		409	409
Loans to related parties		(855)	(2,513)
Purchase of financial assets at fair value through profit or loss		(345,672)	(469,202)
Proceeds from sale of financial assets through profit or loss		347,638	475,697
Receipts from investment in jointly controlled operations		-	516
Payment for investment in joint ventures and associates		(57)	(4,501)
Proceeds from sale of business		28,984	-
Payment for acquisition of business (net of cash acquired)		(41,292)	(4,626)
Receipts from held-to-maturity investments		1,983	47,138
Net cash (outflow)/inflow from investing activities		(53,020)	29,696
Cash flows from financing activities			
Repayment of borrowings		(25,213)	(16,230)
Proceeds from borrowings		15,593	-
Retirement village resident loans received		3,944	4,835
Accommodation bonds		3,615	2,111
Net cash outflow from financing activities		(2,061)	(9,284)
Net (decrease) increase in cash and cash equivalents		(17,826)	29,369
Cash and cash equivalents at the beginning of the financial year		110,974	81,605
Cash and cash equivalents at end of year	3	93,148	110,974

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

continued

Discussion and analysis

Consolidated statement of cash flows

Insurance premiums received

Insurance premiums received has increased during the year as a result of insurance policy growth across both the Motor and Home portfolios.

Claims paid

There was an increase in claims paid during the year, in line with growth in the number of insurance policies issued. One large storm event in May 2016 resulted in an additional \$8.273m of claims expenses in the current year. There were also impacts from an increase in the average claim size for Motor insurance claims.

Net receipts from finance customers and net repayment of finance borrowings

There was an increase in investment notes issued by the Finance company to fund growth in its lending activity. This was in line with its business objectives.

Dividends and distributions received

Trust distributions earned by the Group investment portfolio in the prior year were received in July 2015. These distributions were significantly higher than the prior year and reflective of market activity at the time.

Income taxes received/(paid)

The Group received net refunds on tax previously paid as a result of a lower taxable profit in the prior year relative to instalments pre-paid and refunds on tax paid resulting from changes in interpretations of tax law in relation to retirement villages.

Payments for property, plant and equipment

In the prior year, payments for property, plant and equipment included a range of IT projects aimed at improving the Group's online presence and the delivery of services to members.

Payments for investment property

Payments for investment property increased during the year as a result of commencing the development of stage 1 of the Carine retirement village.

Payments for and proceeds from sale of available for sale investments

Dividends from subsidiaries and reinvestment of trust distributions received, together with operating activity, resulted in a net inflow to the Group investment portfolio.

Purchase of and proceeds from sale of financial assets at fair value through profit or loss

There was a net outflow from the Insurance investment portfolio to part fund both a dividend to the Group and the company's general operations during the year.

Proceeds from sale of business

The Group sold its residential aged care business in November 2015. It received \$28.984m in cash proceeds.

Payment for acquisition of subsidiaries, net of cash acquired

During the year, four tourism parks were purchased for a total value of \$41.292m.

Repayment of borrowings

Following the sale of the residential aged care business, the St Ives Group used the sale proceeds to repay its external borrowings.

Proceeds from borrowings

The Group received external borrowings during the year which were used to support the purchase of the four tourism parks.



Notes to the consolidated financial statements

1. Basis of preparation of concise financial report

(a) Basis of preparation

The concise financial report has been prepared in accordance with the requirements of Accounting Standard AASB 1039 "Concise Financial Reports".

The accounting policies adopted are consistent with those of the prior year, except as follows. In the current year, the Group has adopted the

following new standards and amendments to standards issued by the AASB that are relevant to its operations and effective for the current annual reporting period:

- > AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
- > AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The adoption of these new and amended standards has not had a significant impact on the financial results or position of the Group. Disclosures have been changed where required.

(b) Rounding of amounts

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar. The financial report has been presented in Australian dollars.

2. Revenue

	Consolidated	
	2016 \$'000	2015 \$'000
Sales revenue		
Sale of goods	12,683	10,449
Services	35,602	38,252
Commission received	5,722	5,698
Membership subscription and entrance fees	70,090	68,435
Finance interest income	14,037	14,073
Insurance premium revenue	395,267	373,862
Reinsurance and other recoveries revenue	46,460	38,707
Retirement village revenue	7,605	12,725
Accommodation bonds retention	126	533
Commissions and fees	5,584	12,108
Subsidies and grants	37,342	42,331
Tourism revenue	13,448	1,391
	643,966	618,564
Other revenue		
Rental income	1,358	1,201
Interest from financial assets	10,748	12,720
Dividends and distributions from other corporations	16,186	23,522
Other items	4,463	4,774
	32,755	42,217
	676,721	660,781

Notes to the consolidated financial statements

continued

3. Cash and cash equivalents

	Consolidated	
	2016 \$'000	2015 \$'000
Current assets		
Cash at bank and in hand	83,662	107,390
Deposits at call	2,289	1,761
Cash deposits - trust account	1,498	1,823
	87,449	110,974

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Balances as above	87,449	110,974
Cash classified as held for sale	5,699	-
Balances per consolidated statement of cash flows	93,148	110,974

4. Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2016 in respect of:

(i) Guarantees

RACWA Holdings Pty Ltd has provided a guarantee to Westpac Banking Corporation for \$0.059m (2015: \$0.059m) for premises rented for its Carousel member service centre, \$0.428m (2015: \$0.428m) for premises rented by RAC Motoring Pty Ltd and RAC Distribution Pty Ltd from Edith Cowan University, \$0.125m (2015: \$0.125m) for premises rented by Driver Training and Education Pty Ltd from Westralia Airports, \$0.077m (2015: \$0.077m) for premises rented by RAC Distribution Pty Ltd from Richform Pty Ltd, and \$0.120m (2015: nil) for land leased at Monkey Mia from Shire of Shark Bay.

RAC Travel Services Pty Ltd has provided a guarantee to Westpac Banking Corporation for \$0.455m (2015: nil) for International Air Transport Association accreditation requirements under the provisions of their Australian Financial Criteria.

St Ives Group Pty Ltd has provided a bank guarantee of \$0.016m (2015: nil) for premises rented from the City of Subiaco. St Ives Care Pty Ltd has issued a bank guarantee of \$0.049m (2015: nil) for operational and legal purposes.

No material losses are anticipated in respect of any of the above contingent liabilities.

(ii) Other

A Group subsidiary previously entered into contractual agreements to purchase land in the Vasse region in the South West of WA; but for reasons which are now the subject of proceedings commenced by the sellers against the company in the Supreme Court of WA, those purchases did not proceed. The parties to the Court proceedings have filed pleadings, completed discovery and briefed expert witnesses. The plaintiffs intend to resell the land and claim damages from the company, and to that end have entered into a conditional contract of sale with a third party; however only limited detail is available in relation to the progress of that contract. Accordingly, the quantum of damages sought by the plaintiffs remains unknown and final expert opinions remain pending as at the date of these accounts. Any further disclosure may be prejudicial to the proceedings. The impact is not considered material to the Group.

Notes to the consolidated financial statements

continued

5. Business combination

(a) Acquisition of three tourist holiday parks in north-west W.A.

On 15 September 2015, RAC Tourism Assets Pty Ltd, a subsidiary of RACWA Holdings Pty Ltd, acquired 100% of the businesses of Exmouth Cape Holiday Park, Ningaloo Reef Resort, Monkey Mia Dolphin Resort and Shark Bay Airport, for cash consideration of \$33.478m, from the Aspen Park Property Fund.

The acquisition of the businesses provided an opportunity for the Group to further invest in prime tourist locations in Western Australia and complements the Group's Tourism Asset strategy.

The acquired businesses contributed revenues of \$12.080m and net profit after tax of \$0.142m to the Group for the period from 15 September 2015 to 30 June 2016. If the acquisition had occurred on 1 July 2015, the Group's consolidated revenue and consolidated profit for the year ended 30 June 2016 would have been \$681.185m and \$31.594m respectively.

The following summarises the class of consideration transferred and the recognised amounts of assets acquired at the acquisition date:

	Fair value recognised on acquisition \$'000
Purchase consideration:	
Cash consideration transferred	33,478
Identifiable assets acquired:	
Property, plant and equipment	33,912
Inventories	423
Trade and other receivables	318
Trade and other payables	(26)
Provisions	(977)
Net identifiable assets acquired	33,650
Bargain purchase	
A gain on bargain purchase was recognised as a result of the acquisition as follows:	
Total consideration transferred	33,478
Fair value of identifiable net assets acquired	(33,650)
Gain on bargain purchase arising on acquisition	(172)

Acquisition-related costs of \$0.123m (2015: \$3.240m) were incurred on stamp duty, legal fees and due diligence costs. These costs are included in Acquisition costs, Other expenses and Consulting expenses in the Statement of profit or loss.

(b) Acquisition of Busselton Peppermint Park

On 6 April 2016, RAC Tourism Assets Pty Ltd, a subsidiary of RACWA Holdings Pty Ltd, acquired 100% of the business of the Busselton Peppermint Park, a tourist park, for cash consideration of \$9.534m, from its private owners. The acquisition is aligned to the Group's Tourism Asset strategy.

The acquired business contributed revenues of \$0.296m and a net loss after tax of (\$0.153m) to the Group for the period from 6 April 2016 to 30 June 2016. If the acquisition had occurred on 1 July 2015, the Group's consolidated revenue and consolidated profit for the year ended 30 June 2016 would have been \$678.555m and \$30.810m respectively (excluding other acquisitions in note 5(a)).

The goodwill of \$2.863m comprises the fair value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to the consolidated financial statements

continued

The following summarises the class of consideration transferred and the recognised amounts of assets acquired at the acquisition date:

	Fair value recognised on acquisition \$'000
Purchase consideration:	
Cash consideration transferred	9,534
Identifiable assets acquired:	
Property, plant and equipment	6,814
Trade and other receivables	104
Inventories	5
Trade and other payables	(26)
Provisions	(226)
Net identifiable assets acquired	6,671
Goodwill	

Goodwill was recognised as a result of the acquisition as follows:

Total consideration transferred	9,534
Fair value of identifiable net assets acquired	(6,671)
Goodwill arising on acquisition	2,863

Acquisition-related costs of \$0.607m were incurred on stamp duty, legal fees and due diligence costs. These costs are included in Acquisition costs, Other expenses and Consulting expenses in the Statement of profit or loss.

(c) Prior period

On 11 July 2014, RAC Tourism Assets Pty Ltd, a subsidiary of RACWA Holdings Pty Ltd, acquired 100% of the business of the Cervantes Pinnacles Caravan Park, a tourist park, for a cash consideration of \$4.250m, from its private owners. Goodwill of \$3.747m was recognised on acquisition.

On 30 April 2015, Community Care Services Australia Pty Ltd (CCSA), a wholly-owned subsidiary of the Group acquired the remaining 50% of the issued share capital of Community Care Services Victoria Pty Ltd and the remaining 50% of the issued share capital of Community Care Services Canberra Pty Ltd. CCSA previously had a 50% joint venture in these two entities with Aveo. The acquisition brought CCSA's shareholding to 100%. Goodwill of \$0.497m was recognised on acquisition.

6. Assets and liabilities of disposal group classified as held for sale

(a) Description

As of 1 July 2016, the Group no longer has a controlling interest in Home Care Holdings Pty Ltd and its subsidiaries through the issue of shares to Quadrant Private Equity. From that date, the investment in Home Care Holdings Pty Ltd will be equity accounted as a joint venture investment. The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements.

Notes to the consolidated financial statements

continued

The subsidiaries of Home Care Holdings Pty Ltd that will be deconsolidated on 1 July 2016 are;

- > St Ives Care Pty Ltd,
- > Community Care Services Australia Pty Ltd,
- > Community Care Services Canberra Pty Ltd,
- > Community Care Services South Australia Pty Ltd,
- > Community Care Northern Territory Pty Ltd,
- > Home Care Finance Pty Ltd,
- > AT&A Pty Ltd,
- > Community Care Services Victoria Pty Ltd,
- > Community Care Services New South Wales Pty Ltd,
- > Community Care Services Queensland Pty Ltd,
- > Home Care Finance Holdings Pty Ltd,
- > Home Care Bidco Pty Ltd.

(b) Assets classified as held for sale

The following major classes of assets and liabilities are reclassified as held for sale in relation to the deconsolidation on 1 July 2016;

	Consolidated	
	2016 \$'000	2015 \$'000
Assets classified as held for sale		
Intangible assets	32,455	-
Property, plant and equipment	876	-
Trade and other receivables	1,916	-
Cash	5,699	-
Deferred tax assets	868	-
Total assets of disposal group held for sale	41,814	-

(c) Liabilities directly associated with assets classified as held for sale

	Consolidated	
	2016 \$'000	2015 \$'000
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	7,444	-
Provisions	2,235	-
Deferred tax liabilities	8,185	-
	17,864	-

7. Events occurring after the reporting period

On 1 July 2016, the Group sold 50% of its interest in Home Care Holdings Pty Ltd and its subsidiaries to Quadrant Private Equity through the issue of shares. From that date, the Group no longer has a controlling interest and the investment in Home Care Holdings Pty Ltd will be equity accounted as a joint venture investment. The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements (refer to note 6). Any further disclosure would be prejudicial to both parties.

On 26 August 2016, RAC entered into a contract to sell a property in Balcatta for \$5100m. This property settled on 31 August 2016.

There has been no other matter or circumstance that has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future years.

For general enquiries call 13 17 03
or visit rac.com.au

