



# Annual concise report

## For the year ended 30 June 2015

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



**For the better**

# The President's report

It is my pleasure to provide this Annual Concise Report on the range of initiatives delivered by RAC over the past 12 months. Giving back to members has been RAC's strong focus over the past 12 months where the overall profit after tax for the year ended 30 June 2015 was \$19.5 million.

This year has been very significant for RAC, marking its 110 year anniversary. Reflecting on our history and role within Western Australia, RAC entered a partnership with the City of Albany to support the Anzac Centenary commemoration. RAC supported the Anzac Albany volunteer program and also provided access to accommodation during the commemorations.

We also reflected on the efforts of our club and its members during the First World War which included raising funds for the purchase of two field ambulances for the Red Cross. RAC members also used their own vehicles to transport injured troops from Fremantle Port to hospital.

Through our focus on giving back, the club continued its support for the state's only dedicated 24 hour emergency rescue helicopter, RAC Rescue, based in Perth. The service is funded by the State Government and managed by the Department of Fire and Emergency Services (DFES). RAC Rescue has now flown more than 4,000 missions and has helped save hundreds of lives.

This year RAC also reached a significant milestone through our Community Sponsorships programme which has now provided more than \$1 million in funding to more than 150 community initiatives across the State.

Supporting more transport options, including cycling, for our members remained a priority for RAC and we have been calling for increased investment in cycling infrastructure to address the piecemeal approach to the existing network. RAC's cycling survey received more than 5,500 responses this year and clearly identified that the community supports more investment in both on-road and off-road infrastructure. RAC will continue to advocate about the importance of cycling as a transport option and as a key ingredient to WA having healthy and active cities.

RAC's strong focus on WA's poor road safety record and the devastating impact of road trauma in the community has continued over the past 12 months. Our advocacy has included raising concerns regarding the governance and co-ordination of road safety in Western Australia, the State Government's lack of optimal use of funding from the

RAC Rescue is managed by the Department of Fire and Emergency Services



Road Trauma Trust Account, and also our own commitment of \$3 million over five years towards our Wheatbelt campaign aimed at helping to address the region's poor road safety record.

The first part of the Wheatbelt campaign has focused on starting a conversation with the community and dispelling the myths about road safety in the region.

To achieve this, RAC unveiled the Elephant in the Wheatbelt, a life-size African elephant sculpture made out of crashed cars.

The elephant is a symbol of the continued silence about the impact of road trauma in the Wheatbelt community, which has a road fatality rate 11 times that of the metropolitan area, six times the state rate, and twice the rate of nearby regions. Over the next few months the Elephant will continue to visit communities across the Wheatbelt to promote the road safety message.

RAC held its largest ever bstreetsmart youth road safety event with more than 6,500 year 10, 11 and 12 students attending. In partnership with WA Police, DFES, 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.

In addition, our Community Education team also delivered road safety messages to more than 35,000 students across WA.

RAC's Risky Roads campaign also received more than 5,000 nominations for roads across the State which the community believe are unsafe and in need of urgent attention from State and Local Governments. We will continue to use this important information to advocate for increased investment and solutions to the concerns raised by members and the community.

RAC also supported and welcomed the introduction of a no-fault Compulsory Third Party (CTP) insurance scheme for WA. The new scheme is now expected to be implemented in July 2016.

Over the past year it has been my pleasure to again work with a committed RAC Council and RAC management and staff. I would also like to acknowledge the commitment of RAC members and to thank you for your ongoing support.

RAC is a proud WA membership organisation. As we reflect on the club's achievements over the past year and also the past 11 decades, we realise that while much has changed, RAC's enduring commitment to WA has not wavered for those 110 years and continues to remain strong.



*Esme J Bowen*

**Esme Bowen**

President

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

Date: 9 September 2015

# The Group CEO's report

RAC's commitment to give back to its members has remained at the heart of RAC's activities during the past 12 months, also a year where we celebrated RAC's 110 year anniversary.

RAC's financial result for 2014/15 has also been delivered in the context of changing economic trends and forecasts for Western Australia.

While these changes continue to evolve, and provide the potential for a period of economic uncertainty, RAC, as a member organisation, has continued to invest in the member benefits and services it provides.

RAC Group revenue for the year ended 30 June 2015 was \$660.8 million and an overall profit after tax of \$19.5 million.

The total net assets of the Group as at 30 June 2015 was \$795.9 million.

The past 12 months has seen forecasts for Western Australia's population to grow at an accelerated rate, and changes and uncertainty regarding Government infrastructure and investment programs, all resulting in even more pressure being placed on the State's future in a number of areas including the delivery of transport infrastructure, and the mobility options available for RAC members.

The National Infrastructure Audit conducted by Infrastructure Australia has painted an independent and confronting picture regarding WA's looming congestion crisis. It is now estimated that seven of the nation's 10 most congested roads, including the top four, will be located in Perth by 2031. The impact of congestion is now forecast to cost the economy nearly \$16 billion in lost productivity in the same year.

Increased and ongoing investment in our transport infrastructure is essential if WA is going to meet the needs of our next generations. This is why RAC is concerned that for every dollar the Australian Government collects from WA motorists, it is estimated that only 34 cents is returned to transport infrastructure across WA. Our concern is that the funding received may further decline.

WA urgently needs a fairer distribution of funding from the Australian Government and the State Government must step up, and not scale back its own infrastructure investment program.



The Australian Government's reintroduction of fuel excise indexation is another hit for WA motorists and the current and chaotic approach to infrastructure funding must be replaced by long term strategic planning and projects that will help shape our cities and connect our regions into the future.

To assist Governments to meet the transport challenge, and to provide increased options for the mobility of RAC members, RAC has focused on a number of infrastructure priorities and solutions.

These include investment in technology that will squeeze more out of existing infrastructure, funding towards a better public transport system including light rail, more cycling infrastructure and the extension of projects that will assist to address WA's unacceptable road safety record.

RAC also initiated an independent review into aspects of WA's taxi industry. The taxi industry is a key part of WA's transport network with almost 13 million trips recorded in 2013, and the industry will play a key role in providing for the future mobility needs of Western Australians. RAC's aim through the review is to advocate for a level playing field, provide greater certainty for RAC members, the community, taxi drivers and the taxi industry as a whole.

RAC is also working to make family holidays within our State more accessible, by investing in tourism. This year RAC signed an agreement to acquire three tourism accommodation properties, the Monkey Mia Dolphin Resort in Shark Bay, Exmouth Cape Holiday Park and the Ningaloo Reef Resort in Coral Bay. This is in addition to RAC's investment in the Pinnacles Holiday Park, in Cervantes. These tourism initiatives build on RAC's plan to provide members with good quality holiday accommodation in key tourism destinations around WA.

Through our desire to build greater innovation, RAC hosted RAC Seedspark; WA's first start-up accelerator program. We also opened the RAC Electric Highway® with a series of charging stations for electric vehicles allowing a continuous trip from Perth to Augusta. This highway is the first dedicated electric vehicle charging link of its kind in Australia and something the RAC is proud to be able to bring the community.

The advancement of vehicle technology requires new thinking and investment in supporting infrastructure. The RAC Electric Highway® is just one step forward in preparation for the future of motoring. We also need to think beyond electric vehicles and we are calling on the State and Australian Governments to act now and investigate the future infrastructure needs to prepare for the introduction of driverless vehicles.

Automated vehicles have the potential to not only eliminate human error, but also the three biggest killers on our roads - speeding, drink and drug driving and inattention. However, for automated cars to operate independently of human interaction, a sophisticated communication network and regulatory framework is needed.

RAC also reaffirmed its commitment to young Western Australians through the launch of the RAC Little Legends Club. RAC Little Legends is open to all primary school-aged children across the State and provides an opportunity for its members to learn bicycle, pedestrian and passenger safety in an effort to save lives on our roads.

Educating children from an early age will also ensure road safety messages have maximum impact and a lasting impression through to their adult life.

I would like to thank and acknowledge the efforts of RAC people who focus every day on delivering benefits and services to more than 800,000 members across the State.

I would also like to acknowledge the support of the RAC Council, led by President Esme Bowen. Thanks also to the Executive Team for their commitment throughout the year.

Finally, thank you to RAC members for your ongoing support. We look forward to continuing RAC's journey with you, a journey that started 110 years ago.



*Terry Agnew*

**Terry Agnew**

Group CEO

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

Date: 9 September 2015

# Councillors' report

## Annual Concise Report

30 June 2015

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 2015. 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 2015; 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 2015.

Signed in accordance with a resolution of Councillors on 9 September 2015.



**Esme Bowen**

President

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

Perth, W.A.

Date: 9 September 2015



## Meeting of Councillors

The numbers of meetings of the Club Council and of each Council's committee held during the year ended 30 June 2015, 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
<b>Esme Bowen</b>	8	8	6	6	4**	5
<b>Anthony Evans</b>	7	8	5	6	*	*
<b>Jacqueline Ronchi</b>	8	8	6	6	5	5
<b>Dennis Banks</b>	8	8	*	*	5	5
<b>Allan Blagaich</b>	7	8	*	*	*	*
<b>Freda Crucitti</b>	7	8	*	*	*	*
<b>Jill Darby</b>	8	8	5	6	*	*
<b>Ross Dowling</b>	8	8	5	6	*	*
<b>Dalton Gooding</b>	7	8	*	*	*	*
<b>Alden Halse</b>	7	8	*	*	5	5
<b>Colin O'Sullivan</b>	3	3	*	*	2	2
<b>Emmerson Richardson</b>	8	8	*	*	*	*
<b>Julie Wadley</b>	8	8	6	6	*	*
<b>Tim Shanahan</b>	7	8	*	*	*	*
<b>Elizabeth Re</b>	8	8	*	*	*	*
<b>Stephanie Proud</b>	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



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## 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 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of 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 2015. 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 2015. We expressed an unmodified audit opinion on the financial report in our report dated 9 September 2015. 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 2015 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

*Ernst & Young*

Ernst & Young  
9 September 2015

# 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

Council composition 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 the Councillors. Where there is more than one candidate to fill the 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**

**Freda Crucitti**

**Jill Darby**

**Ross Dowling**

**Dalton Gooding**

**Alden Halse**

**Colin O'Sullivan**  
(until 25 November 2014)

**Tim Shanahan**

**Elizabeth Re**

**Emmerson Richardson**

**Julie Wadley**

**Stephanie Proud**  
(from 25 November 2014)

- > Esme Bowen took office as President on 6 November 2013.
- > Anthony Evans took office as Senior Vice President on 6 November 2013.
- > Jacqueline Ronchi was elected to the position of Vice President on 25 November 2013.
- > All of the above persons, other than Stephanie Proud, were also Councillors during the year ended 2014.

## 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 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

# Corporate governance statement

continued

establishment and monitoring of 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 \$421,064. The aggregate amount of remuneration that was paid to Councillors (in their roles as members of Council) in the 2015 Financial Year was \$255,450 (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

## 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:

**Colin O'Sullivan**  
Chairman until 27 October 2014

**Jacqueline Ronchi**  
Chairman from 27 October 2014

**Alden Halse**

**Dennis Banks**

**Esme Bowen**

**Helen Cook**  
Subsidiary Director from 27 October 2014

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 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 income statement

	Notes	Consolidated	
		2015 \$'000	2014 \$'000
<b>Revenue</b>	2	<b>660,781</b>	640,979
Other income		<b>6,109</b>	15,087
Claims expense		<b>(254,800)</b>	(235,765)
Outwards reinsurance premium expense		<b>(38,630)</b>	(37,918)
Insurance policy acquisition costs		<b>(38,138)</b>	(35,913)
Employee benefits expense		<b>(161,404)</b>	(150,327)
Depreciation and amortisation expense		<b>(21,391)</b>	(21,010)
Rent and outgoings		<b>(11,426)</b>	(17,518)
Management and service fees		<b>(757)</b>	(440)
Materials and consumables used		<b>(25,065)</b>	(27,627)
Postage, printing and stationery		<b>(5,178)</b>	(5,058)
Telecommunications expense		<b>(2,195)</b>	(2,294)
Information technology expense		<b>(9,140)</b>	(4,503)
Consulting expense		<b>(15,512)</b>	(10,095)
Advertising and promotional expenses		<b>(15,255)</b>	(12,826)
Towing and subcontractor expenses		<b>(16,211)</b>	(15,399)
Acquisition costs		<b>(2,567)</b>	(16)
Other expenses		<b>(24,316)</b>	(28,835)
Impairment of goodwill and intangible assets		<b>(4,437)</b>	(2,172)
Finance costs		<b>(7,941)</b>	(8,792)
Share of net profit of associates accounted for using the equity method		<b>56</b>	409
<b>Profit before income tax</b>		<b>12,583</b>	39,967
Income tax benefit/(expense)		<b>6,918</b>	(2,022)
<b>Profit for the year</b>		<b>19,501</b>	37,945

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

# Consolidated statement of comprehensive income

	Notes	Consolidated	
		2015 \$'000	2014 \$'000
<b>Profit for the year</b>		<b>19,501</b>	37,945
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to the income statement</i>			
Changes in available-for-sale financial assets		<b>4,369</b>	25,966
Transfer to the income statement on sale of available-for-sale financial assets		<b>(5,449)</b>	(15,393)
Income tax relating to these items		<b>323</b>	(3,172)
		<b>(757)</b>	7,401
<i>Items that will not be reclassified subsequently to the income statement</i>			
(Loss)/gain on revaluation of land and buildings		<b>(1,858)</b>	3,841
Income tax relating to the revaluation of land and buildings		<b>557</b>	(1,152)
		<b>(1,301)</b>	2,689
<b>Other comprehensive income for the year, net of tax</b>		<b>(2,058)</b>	10,090
<b>Total comprehensive income for the year</b>		<b>17,443</b>	48,035
Total comprehensive income for the year is attributable to: Members of The Royal Automobile Club of W.A. (Incorporated)		<b>17,443</b>	48,035

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

## Discussion and analysis

### Consolidated Income Statement and Consolidated Statement of Comprehensive Income

#### Revenue from continuing operations

Revenue from operating activities for the Club and the entities it controlled, (together the "Group"), increased by \$19.802m during the year. This increase is primarily the result of insurance policy growth across both the Motor and Home portfolios, as well as higher distributions from the trusts in which the Group investment portfolio invests. This is in accordance with the discussion below.

#### Trends in revenue arising from sales

##### Insurance premium revenue

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

##### Membership subscriptions revenue and entrance fees

There has been moderate growth in the premium membership products together with a general membership price increase.

##### Services

Member discount cards were restructured during the year and made available online directly with the discount provider. All new sales are direct between the member and the discount provider at no cost to the Club. This has resulted in a reduction in sales and equivalent reduction in cost of sales (materials and consumables used) for the Club. There were also impacts from the

temporary closure of an Auto Services site and a slow down in contracted work in the Driver Training centre.

##### Reinsurance and other recoveries

The size of events covered by reinsurance was substantially lower compared to the prior year, resulting in the decrease in reinsurance recovery revenue.

##### Commissions and fees

The Carine land development project was largely completed, with profits realised in the prior year. The Group commenced development of a retirement village on its share of the land from that project, with most costs being capitalised.

# Consolidated statement of comprehensive income continued

## **Subsidies and grants**

Subsidy revenue has increased in both the home care and residential care businesses due to expansion of the businesses.

## **Trends in revenue arising from other revenue**

### **Dividends and distributions from other corporations**

Distributions from trusts within the Group investment portfolio were higher than the prior year.

### **Interest from financial assets received**

A general reduction in interest rates during the year resulted in lower interest income from deposits held. In addition, some funds on deposit were used to repay borrowings.

### **Other income**

In both the current and prior periods, gains were realised on the sale of investments in the Group Investment portfolio. The value of investment sales in the current year was significantly lower than the prior year.

## **Main influences on costs of operations**

### **Claims expense**

There was an increase in claims expense during the year, in line with growth in the number of insurance policies issued. The average cost associated with each claim also increased over the year.

### **Insurance policy acquisition costs**

Staff levels in the call centres were increased to provide a better service to members through extended hours of operation and increased sales resources.

### **Employee benefits expense**

The home care business in the St Ives Group was expanded during the year, which required more staff to be employed.

Staff levels across RAC were also increased to support business growth. In addition, staff received a market related salary increase during the year.

### **Rent and outgoings**

The Carine land development project was largely completed, with profits realised in the prior year. The Group commenced development of a retirement village on its share of the land from that project, with most costs being capitalised.

### **Materials and consumables used**

Member discount cards were restructured during the year and made available online directly with the discount provider. All new sales are direct between the member and the discount provider at no cost to the Club. This has resulted in a reduction in sales and equivalent reduction in cost of sales (materials and consumables used) for the Club. An Auto Services site was temporarily closed during the year resulting in a reduction in materials used.

### **Consulting and information technology expenses**

Higher consulting and information technology expenses were incurred to support a range of IT projects aimed at the improvement of the Group's online presence and general services to members.

### **Advertising and promotional expenses**

The Club launched a "for the better" advertising campaign during the year. Other activities undertaken included the creation and launch of the first Electric Highway in Australia, the Elephant in the Wheatbelt campaign (to highlight road safety in the Wheatbelt), the RAC Rescue Helicopter, and other advocacy initiatives to deliver the Group's priorities of safe, accessible, and sustainable mobility.

### **Acquisition costs**

Stamp duty and advisory costs were incurred during the year for the acquisition of three properties in north-west Western Australia as part of the Group's tourism strategy. The acquisition is expected to settle after year end.

### **Impairment expense**

Due to sustained weaker performance of the Driving Centre business, goodwill and customer relationship intangible assets were fully impaired during the financial year.

### **Income tax expense**

The accounting profit for the Group was \$12.583m giving rise to an income tax expense at 30% of \$3.775m. However, there was a net tax benefit of \$6.918m. This was the result of changes in the interpretation of tax law associated with retirement villages that have enabled the Group to claim additional deductions relating to previous years. There was also a tax benefit for the recognition of franking credits received on dividends from the Group investment portfolio.

## **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 on the revaluation of the Group investment portfolio. Whilst the performance of the investment portfolio was strong this year, all gains were realised either through trust distributions or sales of investments.

### **Revaluation of land and buildings**

There was a small net decline in the market value of the Group's direct property holdings at 30 June 2015 by \$1.858m. This was in accordance with external valuations obtained.

Consolidated balance sheet	Notes	Consolidated	
		2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	110,974	81,605
Trade and other receivables		177,783	146,476
Loans and advances		73,693	93,414
Reinsurance and other recoveries receivable		13,379	16,428
Inventories		1,326	2,027
Financial assets at fair value through profit or loss		98,352	103,081
Available-for-sale financial assets		38,177	45,005
Held-to-maturity investments		24,694	71,832
Current tax receivables		12,454	-
Deferred acquisition costs		20,643	18,191
Deferred development costs		-	127
<b>Total current assets</b>		<b>571,475</b>	<b>578,186</b>
<b>Non-current assets</b>			
Loans and advances		80,941	76,203
Reinsurance and other recoveries receivable		2,439	3,005
Investments accounted for using the equity method		7,686	3,552
Financial assets at fair value through profit or loss		124,372	125,390
Available-for-sale financial assets		210,199	207,267
Property, plant and equipment		143,278	144,190
Investment properties		265,258	249,708
Intangible assets and goodwill		229,556	234,416
<b>Total non-current assets</b>		<b>1,063,729</b>	<b>1,043,731</b>
<b>Total assets</b>		<b>1,635,204</b>	<b>1,621,917</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		136,099	125,585
Interest bearing loans and borrowings		114,917	158,780
Current tax liabilities		-	9,147
Provisions		46,907	43,824
Outstanding claims liabilities		61,026	57,598
Unearned premium liabilities		201,716	193,541
Retirement village resident loans		185,066	177,053
<b>Total current liabilities</b>		<b>745,731</b>	<b>765,528</b>
<b>Non-current liabilities</b>			
Outstanding claims liability		7,490	6,382
Interest bearing loans and borrowings		48,155	36,849
Deferred tax liabilities		32,036	28,018
Provisions		5,885	5,971
<b>Total non-current liabilities</b>		<b>93,566</b>	<b>77,220</b>
<b>Total liabilities</b>		<b>839,297</b>	<b>842,748</b>
<b>Net assets</b>		<b>795,907</b>	<b>779,169</b>
<b>Equity</b>			
Reserves		63,456	66,809
Retained earnings		732,451	712,360
Capital and reserves attributable to members of The Royal Automobile Club of W.A. (Incorporated)		795,907	779,169
<b>Total equity</b>		<b>795,907</b>	<b>779,169</b>

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

# Consolidated balance sheet

## Discussion and analysis Consolidated balance sheet

### Cash and cash equivalents

Funds on deposit in the St Ives Group were changed to a shorter maturity period during the year resulting in a reclassification from Held-to-Maturity Investments to Cash. In addition, funds were transferred from the Group investment portfolio for the acquisition of additional Tourism assets. The acquisition is expected to settle after year-end.

### Trade and other receivables

Receivables increased during the year due to:

- > higher trust distributions to be received from the Group investment portfolio;
- > sales of investments in the Insurance investment portfolio that had not settled at year-end; and
- > an increase in premiums due from insurance policyholders reflecting growth in the Insurance business.

### Loans and advances

There was a decline in the property loan book within the Finance business due to increased activity in the property market resulting in higher loan payouts, combined with cautious lending practices on new property developments. Consumer loan receivables were stable through the year.

### Reinsurance and other recoveries

The cost of major claim events was substantially lower compared to the prior year, resulting in lower reinsurance recovery receivables 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.

### Held-to-maturity investments

Funds on deposit in the St Ives Group were changed to a shorter maturity period resulting in a reclassification to Cash and Cash Equivalents. In addition, funds previously on deposit were used to repay borrowings.

### Investments accounted for using the equity method

During the year, the Group acquired a 50% investment in Motoring Club Finance Limited, a financial services company providing personal loans to members of the Royal Automobile Association in Adelaide. The Group also acquired a 33% investment in Australian Club Consortium Pty Ltd, which investigates and invests in systems, products and services beneficial to automotive clubs in Australia.

### Investment properties

The increase during the year was caused by the revaluation of individual units in retirement villages and additional units being built.

### Intangible assets and goodwill

A general amortisation charge is booked each year against the Group's intangible assets. Due to sustained weaker performance in the Driving Centre business,

goodwill and customer relationship intangible assets were fully impaired during the year. Goodwill was recognised during the year for the acquisition of the Cervantes Pinnacles Caravan Park.

### Trade and other payables

The Insurance investment portfolio was restructured at year-end and some of the investment purchases had not settled at year-end. All other balances were largely consistent with the prior year.

### Interest bearing loans and borrowings

External borrowings in the Retirement division were repaid during the year using funds from the Group. The refinancing of those borrowings is currently being negotiated. There was also repayment of investment notes issued by the Finance business following a decline in the property loan book.

### Outstanding claims liability

There was an increase in open claims during the year, in line with growth in the number of insurance policies issued. The average cost associated with each claim also increased over the year.

### 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 over the year as a result of general increases

# Consolidated balance sheet

continued

in retirement village investment property values in line with property market movements.

## **Current tax receivable and net deferred tax liabilities**

The current tax receivable arises from the refund of surplus tax instalments paid during the year as well as the refund of prior year tax paid resulting from changes in the interpretation of tax law relating to retirement villages.

The deferred tax liabilities of the Group increased during the year by \$2.210m. This increase resulted from movements in the value of deferred

management fees and the recognition of a deferred tax liability on land and buildings held by the St Ives Group.

The deferred tax assets of the Group decreased by \$1.808m. The main driver was the usage of capital losses which was partially offset by an increase in 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's direct property holdings and a decline in the unrealised gains on the Group investment portfolio. Whilst the performance of the investment portfolio was strong this year, all gains were realised either through trust distributions or sales of investments.

## **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

Consolidated Entity	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
<b>Balance at 1 July 2013</b>	35,922	20,797	674,415	731,134
Profit/(Loss) for the year	-	-	37,945	37,945
Other comprehensive income	2,689	7,401	-	10,090
<b>Total comprehensive income/(loss) for the year</b>	<b>2,689</b>	<b>7,401</b>	<b>37,945</b>	<b>48,035</b>
<b>Balance at 30 June 2014</b>	<b>38,611</b>	<b>28,198</b>	<b>712,360</b>	<b>779,169</b>
<b>Balance at 1 July 2014</b>	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)
<b>Total comprehensive income/(loss) for the year</b>	<b>(1,301)</b>	<b>(757)</b>	<b>19,501</b>	<b>17,443</b>
Transfer of revaluation surplus	(1,295)	-	1,295	-
Adjustment to retirement village sinking funds	-	-	(705)	(705)
	(1,295)	-	590	(705)
<b>Balance at 30 June 2015</b>	<b>36,015</b>	<b>27,441</b>	<b>732,451</b>	<b>795,907</b>

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 \$16.738m. This consisted of an increase in retained earnings of \$20.091m and a net decrease in reserves of \$3.353m.

The net decrease in reserves consisted of the following items:

- > a decrease of \$1.301m from the revaluation of the Group's property portfolio;

- > a decrease of \$0.757m arising from a decrease in unrealised gains on the Group's investment portfolio; and
- > a decrease of \$1.295m arising from transferring revaluation surpluses from the property reserve to retained earnings.

Other than current year profit, the increase in retained earnings consisted of:

- > the transfer of revaluation surpluses from reserves (described above); and
- > a decrease of \$0.705m caused by changing the recognition of revenue on the retirement village sinking funds.

# Consolidated statement of cash flows

	Notes	Consolidated	
		2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		214,264	212,227
Insurance premiums received		415,857	401,350
Reinsurance and other recoveries received		48,442	41,829
Payments to suppliers and employees (inclusive of goods and services tax)		(343,966)	(313,014)
Claims paid		(297,082)	(274,323)
Client fees and subsidies		46,051	40,597
Outward reinsurance premium paid		(42,008)	(38,734)
Insurance policy holder acquisition costs		(40,590)	(36,237)
Net receipts from/(advances to) finance customers		12,964	(25,452)
Net (repayment of)/proceeds from finance borrowing		(16,067)	21,829
Dividend and distributions received		13,195	9,101
Interest income received		13,312	13,116
Income taxes paid		(10,603)	(8,595)
Interest paid		(7,848)	(8,901)
Other income received		3,036	449
<b>Net cash inflow from operating activities</b>		<b>8,957</b>	<b>35,242</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(13,407)	(11,668)
Payments for intangibles		(3,686)	(3,579)
Proceeds from sale of property, plant and equipment		427	304
Payments for investment property		(4,821)	-
Payments for available-for-sale financial assets		(11,735)	(98,888)
Proceeds from sale of available-for-sale financial assets		20,000	77,100
Dividends received from associates		409	409
Loans to related parties		(2,513)	-
Purchase of financial assets at fair value through profit or loss		(469,202)	(432,211)
Proceeds from sale of financial assets through profit or loss		475,697	423,808
Receipts from investment in jointly controlled operations		516	5,389
(Payment for)/proceeds from investment in joint ventures		(4,501)	282
Proceeds from sale of intangibles		-	77
Payment for acquisition of subsidiary (net of cash acquired)		(4,626)	-
Receipts from held-to-maturity investments		47,138	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>29,696</b>	<b>(38,977)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(16,230)	(4,052)
Retirement village resident loans received		4,835	4,701
Accommodation bonds		2,111	4,904
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(9,284)</b>	<b>5,553</b>
<b>Net increase in cash and cash equivalents</b>		<b>29,369</b>	<b>1,818</b>
Cash and cash equivalents at the beginning of the financial year		81,605	79,787
<b>Cash and cash equivalents at end of year</b>	3	<b>110,974</b>	<b>81,605</b>

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

## 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.

#### Reinsurance and other recoveries received

During the year, significant non-reinsurance recoveries were received relating to insurance events from previous years. These were one-off recoveries.

#### Payments to suppliers and employees (inclusive of goods and services tax)

During the year, there was an increase in employee benefits expense due to growth in the Retirement division, the employment of additional staff to support general business growth across RAC and a market related salary increase.

In addition, payment was made for the long term sponsorship of the RAC Rescue Helicopter and there was an increase in Advocacy & Member activities.

Costs were also incurred to support a range of IT projects aimed at the improvement of online and general services to members.

#### Claims paid

There was an increase in claims paid

during the year, in line with growth in the number of insurance policies issued. The average cost associated with each claim also increased over the year.

#### Client fees and subsidies

Receipts from client fees & subsidies increased in both the home care and residential care businesses due to expansion of the businesses.

#### Net receipts from finance customers & net repayment of finance borrowings

There was a decline in the property loan book within the Finance business due to increased activity in the property market resulting in higher loan payouts, combined with cautious lending practices on new property developments. As a result, there was a repayment of investment notes issued by the Finance business.

#### Payments for & proceeds from sale of available for sale investments

Investments were sold within the portfolio for the acquisition of additional Tourism assets. In the prior year, a re-balancing of the Group investment portfolio occurred.

#### Purchase of & proceeds from sale of 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.

#### Payment for investments in joint ventures

During the year, the Group acquired a 50% investment in Motoring Club Finance Limited, a financial services company providing personal loans to members of the Royal Automobile Association in Adelaide. The Group also acquired a 33% investment in Australian Club Consortium Pty Ltd, which investigates and invests in systems, products and services beneficial to automotive clubs in Australia.

#### Payment for acquisition of subsidiaries, net of cash acquired

During the year, the Group acquired the Cervantes Pinnacles Caravan Park as part of the Tourism strategy and the St Ives Group acquired the remaining shares in two home care operations.

#### Receipts from held-to-maturity investments

Funds on deposit in the St Ives Group were changed to a shorter maturity period resulting in a reclassification to Cash and Cash Equivalents. In addition, funds previously on deposit were used to repay borrowings.



# 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 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- > AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- > AASB 1031 Materiality
- > AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments

> AASB 2014-1 Annual Improvements 2010-2012 Cycle (Part A)

The adoption of these new and amended standards has not had a significant impact on the financial results or position of the Group.

### (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	
	2015 \$'000	2014 \$'000
<b>Sales revenue</b>		
Sale of goods	10,449	10,934
Services	39,643	41,862
Commission received	5,698	5,305
Membership subscription and entrance fees	68,435	66,601
Finance interest income	14,073	14,388
Insurance premium revenue	373,862	356,660
Reinsurance and other recoveries revenue	38,707	41,655
Retirement village revenue	12,725	11,240
Accommodation bonds retention	533	598
Commissions and fees	15,223	19,901
Subsidies and grants	39,216	37,660
	<b>618,564</b>	<b>606,804</b>
<b>Other revenue</b>		
Rental Income	1,201	1,101
Interest from financial assets	12,720	14,308
Dividends and distributions from other corporations	23,522	12,457
Other	4,774	6,309
	<b>42,217</b>	<b>34,175</b>
	<b>660,781</b>	<b>640,979</b>

# Notes to the consolidated financial statements continued

## 3. Cash and cash equivalents

	Consolidated	
	2015 \$'000	2014 \$'000
<b>Current assets</b>		
Cash at bank and in hand	107,390	77,131
Deposits at call	1,761	3,008
Cash deposits - trust account	1,823	1,466
	<b>110,974</b>	81,605

### (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	
	2015 \$'000	2014 \$'000
Balances as above	110,974	81,605
Balances per consolidated statement of cash flows	<b>110,974</b>	81,605

## 4. Contingencies

### (a) Contingent liabilities

The Group had contingent liabilities at 30 June 2015 in respect of:

#### (i) Guarantees

RACWA Holdings Pty Ltd has provided a guarantee to Westpac Banking Corporation for \$0.059m (2014: \$0.059m) for premises rented for its Carousel member service centre, \$0.428m (2014: \$0.428m) for premises rented by RAC Motoring Pty Ltd and RAC Distribution Pty Ltd from Edith Cowan University, \$0.125m (2014: \$0.125m) for premises rented by Driver Training and Education Pty Ltd from Westralia Airports, and \$0.077m (2014: nil) for premises rented by RAC Distribution Pty Ltd from Richform Pty Ltd.

RAC Travel Services Pty Ltd was not required to provide a guarantee to Westpac Banking Corporation in 2015 (2014: \$0.329m) as the IATA accreditation requirements under the provisions of the Australian Financial Criteria were successfully met following the 2014 Annual Financial Review exercise performed by IATA.

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

#### (ii) Other

A Group subsidiary had previously entered into contractual obligations to purchase land at Vasse. A notice of termination was issued by the subsidiary and the contract has now been terminated by the seller. Proceedings have commenced in the Supreme Court with the seller taking action for damages. Any further disclosure would be prejudicial to proceedings. The impact is not considered material to the Group.

# Notes to the consolidated financial statements continued

## 5. Business combination

### (a) Acquisition of Cervantes Pinnacles Caravan Park

On 11 July 2014, RAC Tourism Assets Pty Ltd, a wholly-owned 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.

The Group acquired Cervantes Pinnacles Caravan Park to provide further diversification of the Group's assets as part of the Group's Tourism Asset strategy.

The acquired business contributed revenues of \$1.370m and a net loss after tax of \$0.165m to the Group for the period from 11 July 2014 to 30 June 2015. If the acquisition had occurred on 1 July 2014, the Group's consolidated revenue and consolidated profit for the year ended 30 June 2015 would have been \$660.802m and \$19.499m respectively.

The goodwill of \$3.747m 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.

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

<b>Purchase consideration:</b>	<b>\$'000</b>
Cash consideration transferred	4,250
<b>Identifiable assets acquired:</b>	<b>Fair value recognised on acquisition \$'000</b>
Property, plant and equipment	493
Inventories	10
Net identifiable assets acquired	503
<b>Goodwill</b>	<b>\$'000</b>
Goodwill was recognised as a result of the acquisition as follows	
Total consideration transferred	4,250
Fair value of identifiable net assets acquired	(503)
Goodwill arising on acquisition	3,747

Acquisition-related costs of \$0.212m (2014: \$0.146m) were incurred on stamp duty, legal fees and due diligence costs.

### (b) Acquisition of home care joint ventures in the St Ives Group

On 30th April 2015, Community Care Services Australia Pty Ltd, a wholly-owned subsidiary of the St Ives 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.

Community Care Services Australia Pty Ltd previously had a 50% joint venture in these two entities with Aveo. The acquisition brings Community Care Services Australia's shareholding to 100%.

The acquired businesses contributed revenues of \$0.695m and a net profit after tax of \$0.139m to the Group for the period from 1 May 2015 to 30 June 2015. If the acquisition had occurred on 1 July 2014, the Group's consolidated revenue and consolidated profit for the year ended 30 June 2015 would have been \$662.203m and \$19.647m respectively.

# Notes to the consolidated financial statements continued

## 5. Business combination (continued)

The goodwill of \$0.497m 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.

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

<b>Purchase consideration:</b>	<b>\$'000</b>
Cash consideration transferred	850
	<b>Fair value recognised on acquisition \$'000</b>
<b>Identifiable assets acquired:</b>	
Cash and cash equivalents	474
Trade and other receivables	333
Intangible assets	1,700
Property, plant and equipment	25
Trade and other payables	(819)
Deferred tax liability	(510)
Net identifiable assets acquired	1,203
<b>Goodwill</b>	<b>\$'000</b>
Goodwill was recognised as a result of the acquisition as follows	
Total consideration transferred	850
Fair value of pre-existing interest in acquired entities	850
	1,700
Fair value of identifiable net assets acquired	(1,203)
Goodwill arising on acquisition	497

There were no Business Combinations in the prior period.

## 6. Events occurring after the reporting period

On 19 March 2015, RAC Tourism Assets Pty Ltd executed a conditional contract for the purchase of three properties in north-west Western Australia for \$34.370m. The contract of sale is conditional on a number of matters including securing the transfer of a number of operational licences, this process is ongoing and expected to be finalised in the coming months. This purchase is in line with the RAC's Tourism strategy.

A subsidiary within the Group has signed a contract with a third party to dispose of part of its business. The contract is still subject to conditions being satisfied. An estimate of the financial effect cannot be made at this time. Any further disclosure would be prejudicial to both parties.

There has been no other matter or circumstance that has arisen since 30 June 2015 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.



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